

Notice of Meeting:

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

Date: Wednesday 21 June 2023
Time: 1.00pm
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 Tuararu

OPEN AGENDA

Membership

Chairperson Ms Keiran Horne
Heamana

Deputy Chairperson Mr Bruce Robertson
Heamana Tuarua

Members Mayor Paula Southgate
Deputy Mayor Angela O’Leary
Cr Maxine van Oosten
Cr Moko Tauariki
Cr Ryan Hamilton
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

9 June 2023

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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 6727.

Council Report

Item 5

Committee: Strategic Risk and Assurance Committee

Date: 21 June 2023

Author: Chantal Jansen

Authoriser: Michelle Hawthorne

Position: Governance Advisor

Position: Governance and Assurance Manager

Report Name: Confirmation of the Strategic Risk and Assurance Committee Open Minutes -29 March 2023

Report Status	Open
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Staff Recommendation - *Tuutohu-aa-kaimahi*

That the Strategic Risk and Assurance Committee confirm the Open Minutes of the Strategic Risk and Assurance Committee Meeting held on 29 March 2023 as a true and correct record.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Strategic Risk and Assurance Committee Open Minutes - 29 March 2023

Strategic Risk and Assurance Committee

Komiti Whakamauru Tuuraru

OPEN MINUTES

Minutes of a meeting of the Strategic Risk and Assurance Committee held in the Council Chamber and via Audio Visual Link , Municipal Building, Garden Place, Hamilton on Wednesday 29 March 2023 at 9.33am.

PRESENT

Chairperson Ms Keiran Horne
Heamana

Deputy Chairperson Mr Bruce Robertson
Heamana Tuarua

Members Mayor Paula Southgate
 Deputy Mayor Angela O’Leary
 Cr Moko Tauariki
 Cr Kesh Naidoo-Rauf
 Cr Ewan Wilson

In Attendance: Cr Emma Pike
 Lance Vervoort - Chief Executive
 Murray Heke - General Manager Customer, Technology Transformation
 David Bryant - General Manager People and Organisational Performance
 Blair Bowcott - General Manager Growth
 Sean Murray - General Manager Venues, Tourism and Major Events
 Eeva-Liisa Wright - General Manager Infrastructure Operations
 Helen Paki - General Manager Community
 Tracey Musty - Finance Director
 Allan Lightbourne - Chief Information Officer
 Dan Finn - People, Safety and Wellness Manager
 Charlotte Catmur - Sustainability and Climate Change Manager
 Marie Snowball - Safety & Wellness Lead
 Julie Ambury - Enterprise Risk Lead
 Aaron Steele and Matt White - PricewaterhouseCoopers
 Stephen Walker - Audit NZ

Governance Team: Michelle Hawthorne - Governance and Assurance Manager
 Carmen Fookes - Senior Governance Advisor
 Chantal Jansen and Nicholas Hawtin - Governance Advisors

The Chair opened the meeting with a Karakia.

1. **Apologies – Tono aroha**
Resolved: (Ms Horne/ Cr Wilson)

That the apologies for absence from Cr Hamilton , Cr van Oosten and Deputy Mayor O’Leary, and for partial attendance from Cr Naidoo-Rauf are accepted.
2. **Confirmation of Agenda – Whakatau raarangi take**
Resolved: (Ms Horne/Mr Robertson)

That the agenda is confirmed.
3. **Declarations of Interest – Tauaakii whaipaaanga**

Cr Wilson declared a Conflict of Interest to Public Excluded Item C2 (Legal Risks - Committee Update). He did not take part in the discussion and vote on the matter.
4. **Public Forum – AAtea korero**

Peter H Bos spoke to Item 8 (Risk Management Report). His presentation is attached to the minutes of the meeting as **Appendix 1**.

Cr Naidoo-Rauf joined the meeting (09.39am) during the discussion of the above item. She was present when the matter was voted on.

5. **Confirmation of the Strategic Risk and Assurance Committee Open Minutes -14 December 2022**

The Chair took the minutes as true and correct, noting the amendment of Item 5.

Resolved: (Ms Horne /Cr Wilson)

That the Strategic Risk and Assurance Committee confirm the Open Minutes of the Strategic Risk and Assurance Committee Meeting held on 14 December 2022 as a true and correct record, subject to the amendment to Item 5.
6. **Chief Executive Report**

The Chief executive spoke to the report addressing the effects and recovery of Cyclone Gabrielle. He highlighted key areas of health & safety, increased costs, roading infrastructure, the impact of Cyclone Gabrielle, and Council’s Future Fit programme. He noted updates on roading infrastructure as a result of Cyclone Gabrielle would be provided.

Resolved: (Ms Horne/ Mr Robertson)

That the Strategic Risk and Assurance Committee receives the report.
7. **Safety and Wellness Report - 1 November 2022 to 31 January 2023**

The People, Safety and Wellness Manager spoke to the report noting progress of key strategic activities aligned to risks, relationships, and resources. He gave a comprehensive overview on progress and included supplementary updates on wider activities, assurance, and successes. He responded to questions from Members on Governance Health And Safety Group terms of reference, in progress items, critical risk identification, the use of Ora for risk identification to support the business and staff and the next internal Audit review.

Resolved: (Ms Horne/ Mr Robertson)

 - a) That the Strategic Risk and Assurance Committee receives this report; and
 - b) That the Strategic Risk and Assurance Committee recommends that the Council receives the report.

Mayor Southgate joined the meeting (9.53am) during the above item. She was present when the item was voted on.

8. Risk Management Report

The Enterprise Risk Lead spoke to the report noting no significant changes. The City Safe Unit Manager spoke to the direct impact of Cyclone Gabrielle and Hamilton City Council's support to Hawkes Bay. The Enterprise Risk Lead discussed the status of Hamilton City Council's nine strategic risks, three organisational risks and potentially significant emerging risks. She confirmed that Hamilton City Council's strategic and organisational risks have been reviewed over the last quarter and, where relevant, have been updated to reflect the changing risk environment. It was noted there may be the implications for risk assessment in relation to the impact of the North Island's severe weather events through January and February. She responded to questions from Members regarding the Cyclone Gabrielle response, supply chain availability, the totality of our responses, transition from response into recovery, infrastructure capacity, surface flooding, slip damage as major risks, notification process of risks to the public, the ability to meet risk compliance, safety and security in certain critical areas, governance personal and property security, CCTV cameras and remediation from contractors, the global risk landscape, bio diversity risks and the policy review.

Resolved: (Ms Horne /Mayor Southgate)

That the Strategic Risk and Assurance Committee receives the report.

9. PwC - Internal Audit Update and Report

PricewaterhouseCoopers staff spoke to the report highlighting Council's internal audit function that incorporated engagements and actions from PricewaterhouseCoopers (PwC) and Council's internal audit programme. He explained that the report was continually reviewed and updated according to the relevance of items. PricewaterhouseCoopers staff and the Finance Director responded to questions from Members regarding the number of internal audits, transactions that require further investigation, total amount of investigations to be closed off, purchases with no segregation of duties and the alignment of focus areas.

Staff Action: *Staff undertook to update members on the total amount of investigations to be closed off.*

Resolved: (Ms Horne/Cr Tauariki)

That the Strategic Risk and Assurance Committee receives the report.

10. Organisational Improvement Report

The Finance Director spoke to the report and noted the following items; Council's risk management programme, external and internal audit recommendations, completion times, audit risk categorisation and progression, timing of next audit round and the work program prioritisation. The Finance Director also responded to questions from members regarding business continuity management, contractor delivery capability, monitoring contractors service delivery, high rated delayed items and expected delayed timeframes.

Resolved: (Ms Horne/ Mr Robertson)

That the Strategic Risk and Assurance Committee receives the report.

Deputy Mayor O'Leary joined the meeting (10.47am) during the above item. She was not present when the item was voted on.

11. Annual Report 2023 Planning Update

The Finance Director spoke to the report and noted the statutory deadline for finalisation of the annual report had reverted to 31 October 2023 and that the audit timeframes provided by Audit New Zealand would enable the Council to meet its statutory deadlines. Audit NZ staff outlined the context of their work plan and the challenges with capacity. The Finance Director explained that Audit NZ's clearance of other late audits and the sabbatical of the audit director until June 2023 would result in a delay in the finalisation of the audit planning document but the timeframes provided by Audit New Zealand had been incorporated into the finance planning timeframes to enable the Council to meet its statutory deadlines. The Finance Director and Audit NZ staff responded to questions from Members regarding timeframes for audit engagements, Audit NZ service alignment to service delivery, key importance of the risks and certainty around 3 Waters reforms, performance reporting, water quality, reporting on emissions targets, vendor priorities and the importance of Audit NZ to meet the full audit plan in June 2023, late information requests from Audit NZ and clarification on organisational requirements.

Resolved: (Ms Horne/Mr Robertson)

That the Strategic Risks and Assurance Committee receives the report.

11. Audit NZ Final Management Report 30 June 2022

The Finance Director spoke to the report and noted key points related to closed off items in the Audit NZ Final Management Report for 30 June 2022s. Two new recommendations from the final audit were emphasized and 12 prior recommendations were completed. Audit New Zealand staff spoke to the report and noted the process for practicality, and the expenditure systems in place. The Finance Director responded to questions from Members on the assignment of sensitive expenditure approvals to the relevant parties as per the Finance policy, updates of delegations changes, assets record keeping and expected timeframes for Audit New Zealand service delivery.

Resolved: (Ms Horne/Mr Robertson)

That the Strategic Risk and Assurance Committee receives the report.

The meeting was adjourned at 11.26am to 11.40am

12. Compliance Reporting Update

The Governance and Assurance Manager spoke to the report and noted that there are no protected disclosures or instances of fraud or corruption to report since the last Strategic Risk and Assurance Committee meeting. There is also no significant non-compliance with the Privacy Act 2020 to report since the last Strategic Risk and Assurance Committee meeting and took the report as read. No question were raised by Members.

Resolved: (Ms Horne /Mr Robertson)

That the Strategic Risk and Assurance Committee receives the report.

Cr Ewan re-joined the meeting (11.43am) at the conclusion of the above item. He was not present when the above item was voted on.

13. Update on climate change disclosure reporting

The Sustainability and Climate Change Manager spoke to the report and noted delays in reporting the full programme because of funding constraints and limited budget and that a full data analysis would be presented in the Long-Term Plan. It was explained that the Task Force for Climate-related Financial Disclosure (TCFD) was established to provide recommendations on how companies could provide information on their climate risk to inform capital allocation, which could then be used to communicate the integration of climate change into their organisations. Hamilton City Council had scheduled their first voluntary climate change disclosure for 2022-23 and external experts were required for the development of the first disclosure statement. However, as part of the 2023-24 Annual Plan, the external consultants funding for the climate change disclosures programme had been removed and the climate change disclosure would be delayed. The Sustainability and Climate Change Manager responded to questions from Members regarding possible opportunities in terms of sharing resources, climate change works underway, learning from other Councils' climate change approaches, the mitigation of climate change, savings and costs relating to report delays and funding and debt market accountability.

Resolved: (Ms Horne/Cr Tauariki)

That the Strategic Risk and Assurance Committee:

- a) receives the reports; and
- b) notes the delay to the climate change disclosure reporting programme.

14. Resolution to Exclude the Public

Resolved: (Ms Horne /Deputy Mayor O'Leary)

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 Committee Public Excluded Minutes - 14 December 2022) 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:

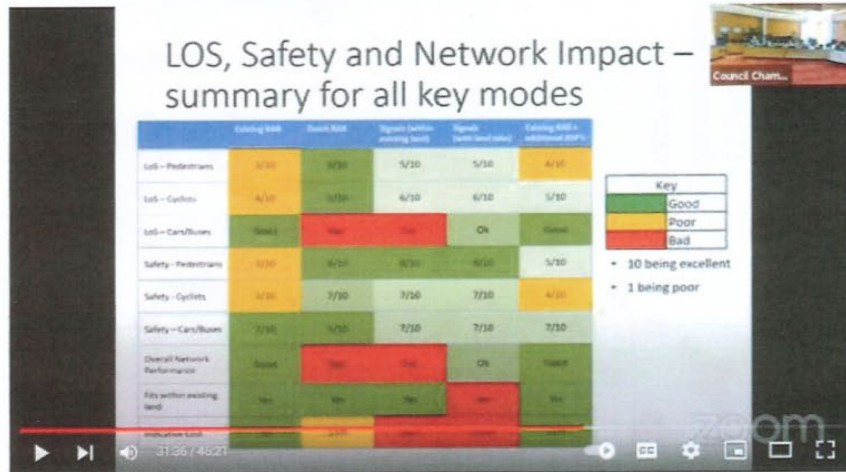
Item C1.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C2.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C3.	to maintain legal professional privilege	Section 7 (2) (g)
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) Section 7 (2) (h) Section 7 (2) (j)
	to enable Council to carry out commercial activities without disadvantage	
	to prevent the disclosure or use of official information for improper gain or improper advantage	

The Chair closed the meeting with a Karakia.

The meeting went into a public excluded session at 11.52am.

The meeting was declared closed at 12.47 pm.

Appendix 1:



Elected Member Briefing – 26 November 2021

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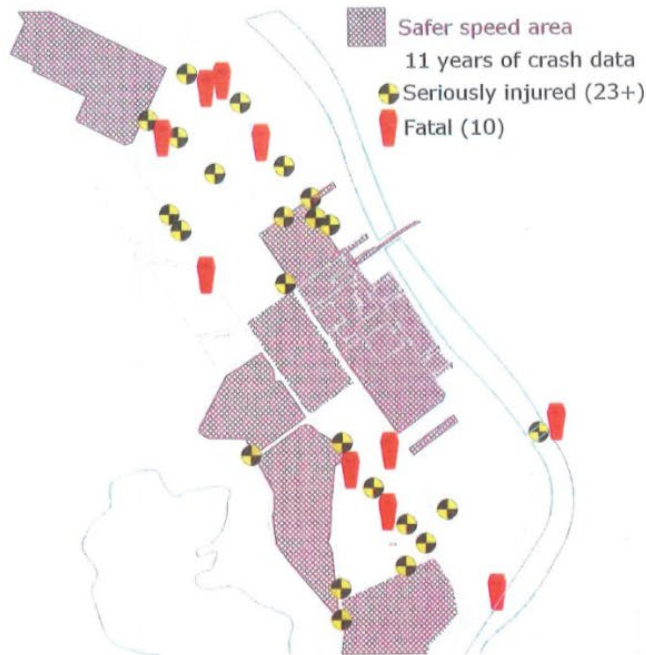
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Central Hamilton



Council Report

Item 6

Committee: Strategic Risk and Assurance Committee

Date: 21 June 2023

Author: Lance Vervoort

Authoriser: Lance Vervoort

Position: Chief Executive

Position: Chief Executive

Report Name: Chief Executive Report

Report Status	Open
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Purpose - *Take*

1. To inform the Strategic Risk and Assurance Committee (SRAC) 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 health & safety, crime and community safety, the economic outlook and subsequent impact on growth and Council's Future Fit programme.
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 risk topics 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*

Health & Safety

7. The health and safety of our staff and contractors continues to be a priority. The Safety & Wellbeing report presented later in this agenda highlights the efforts and focus the business continues to make in support of driving an improved safety culture and performance.
8. Staff shortages remain a challenge in some areas of Council because of staff vacancies. Coming into winter, absence due to colds, flu, and Covid-19 are expected to increase. Wellness measures such as free access to the influenza vaccine for staff have been offered again this year.

Crime & Safety

9. Crime and safety remain a high-profile challenge for both Council staff and the Community. This has been seen in the high-profile incidents of ram raids, shoplifting and robbery within the city. Anecdotally, our teams and sites have experienced a lift in break-ins, and anti-social behaviour. This has resulted in People Leaders focussing on reminders regarding security practices.
10. There have been ongoing discussions with Police, local agencies, and Central Government on making Hamilton a safer city. Council has secured better off funding which enables an increase in City Safe officers across three areas. An additional five officers will be deployed across our three high risk sites (Waterworld, Hamilton Gardens, Te Kaaroro), five officers in the city centre and two officers focusing on river safety.

Weather Events

11. Cyclone Gabrielle had a significant impact on the North Island, this has been covered in previous reports to the Committee. The cyclone has been part of a series of extreme events and weather patterns with above average rain fall and wind over the summer and as well as increasing the work of our operational teams.

Economic Outlook

12. Inflation eased in the March 2023 quarter but remains historically high. The RBNZ recently increased the official cash rate to 5.5%, as a measure to try to contain inflation. The RBNZ has indicated that this last change may be the end of increases. The risk of a recession remains, although the forecast for any recession is to be shallow (around 1% of GDP) but it could last through to the end of 2024.
13. The full impact of macro-economic factors on the community's ability to pay is yet to be seen. In February 2023 fixed rate mortgages were at a record high and the impact of interest rate increase on mortgages will flow through to homeowners in the remainder of 2023 and in to 2024 as more mortgages roll on to higher rates.
14. The macro-economic environment has had an impact on Council's Financial Strategy. Reflective of the controls for Strategic Risk 2, the pressures on Council's budget are being closely managed through forecasting to the end of 2023/24, and the Annual Plan process for the 2023/24 financial year. This work will continue through to the Long-Term Plan process, in particular as part of the development of the significant assumptions for the Long-Term Plan.

Growth and the development cycle

15. The economic outlook impacts the city's development cycle. Staff are monitoring the rate of growth in the city (subdivisions, land use and building consents) and the impact for Council of potentially entering a period where there is a lower level of activity in development work.
16. Council needs to balance maintaining development activity, commercial pragmatism, and need to maintain a view on the long-term outcomes for our community and ultimate recipients of new development areas.

Council's Future Fit programme

17. We are continuing to progress the Future Fit strategic programme. There are four key workstreams: a high-level review and redesign of Council's Operating Model; implementing any changes identified in our current Operating Model; continuing the implementation of "Our Way of Working" and working through the current government reform programme and its impact on Local Government.

18. Future Fit wraps these key strategic activities under one umbrella to ensure Council's Change Management and Communication activities, as well as individual initiatives contained in each work stream, are aligned, and appropriately sequenced across the organisation.
19. We continue to be aware that change is difficult for some and as we work through this programme it will bring times of uncertainty for our workforce. Significant efforts are underway to allay fears by regularly communicating progress on this work.

Financial Considerations - *Whaiwhakaaro Puutea*

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

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

21. Staff consider the matter of this report to be of low significance and that the recommendations comply with Council's legal requirements.
22. 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*

23. 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').
24. The subject matter of this report has been evaluated in terms of the ('the 4 wellbeings') during the process of developing this report.
25. The recommendations set out in this report are consistent with that purpose.
26. No known social, economic, environmental, or cultural considerations were identified in the development of this report.

Risks - *Tuuraru*

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

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

28. 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

Committee: Strategic Risk and Assurance Committee
Date: 21 June 2023
Author: Dan Finn
Authoriser: David Bryant
Position: People, Safety & Wellness Manager
Position: General Manager People and Organisational Performance
Report Name: Safety and Wellbeing Report - 1 February 2023 to 31 April 2023

Report Status	<i>Open</i>
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Purpose – *Take*

1. To inform the Strategic Risk and Assurance Committee on safety and wellness strategic progress, performance, and activities for the period covering 1 of February to 31 of April 2023.

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

2. That the Strategic Risk and Assurance Committee:
 - a) receives this report; and
 - b) recommends that the Council receives the report.

Executive Summary - *Whakaraapopototanga matua*

3. This report is focussed on our continued progress on our 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. Alignment of our Safety Management System (SMS) to the ISO45001 international standard continues to direct key projects currently being undertaken to ensure we are meeting our legislative obligations. The Safety & Wellbeing Team will complete an inhouse audit across the organisation towards the end of 2023 in readiness for an external audit in 2024 for ISO45001 accreditation.
5. Our Contractor Management Framework is now in place with further work progressing to improve the contractor induction process. Leveraging our 'Who's on Location' platform, the Safety and Wellbeing Team are working with the software provider to utilise the contractor induction module. This will help to improve us meeting our legislative requirements in the contractor space.
6. The bowtie risk assessments for our critical risks are progressing, with project teams tasked with verifying the controls we understand are in place. We have created a critical risk inspection template in Ora to assist teams in collating important information that will be gathered and centralised by the Safety and Wellbeing Team. This will assist to improve more robust reporting and connections with our key and relevant stakeholders.

7. Our Safety Governance Committee (chaired by an independent chair), which meets every three months, continues to focus effort on better understanding our critical risks. A relevant site-based health and safety representative is invited to give insights about working in an area where a particular critical risk is prominent, alongside the risks ELT sponsor.
8. Phase 2 of Ora continues to progress well with scoping requirements being finalised for the remaining modules selected. UAT testing for this phase will commence from the 12th of June and consideration is now being given to those who need to participate in this.
9. Staff consider the matters in this report to have low significance and that the recommendations comply with Council's legal requirements.

Discussion - *Matapaki*

Strategic Progress - *Te ahunga whakamua rautaki*

10. The following workstreams outline Council's progress on our 'safety reset' activities previously communicated. They are designed to strengthen and support our wider safety and wellbeing strategy.

Workstream	Status	Next milestone	Comment
SafePlus review recommendations	100%	Recommendations completed	Outstanding recommendations have now been completed through the introduction of our finalised SMS and Ora
SMS development and implementation	100%	The Communications Team have finalised the design of the SMS.	The SMS has been uploaded under the Safety & Wellbeing Tile on Velocity
Technology and communication (Ora)	100%	The new incident management system (Ora) was launched on the 6 th of July 2022 replacing Vault.	Ongoing training and support will be provided by the H&S Team and IS as required
Critical risk management	70%	Organisational critical risks have been confirmed. Risk sponsors have been identified, and Risk Teams have been formed.	Workshops scheduled for 15 th of March to verify the bowties. The S&W Team will have the bowtie software and be in a position to update.
Contractor management	95%	Finalisation of documentation and formulating process on Promapp. Investigating software to support contractor induction process	A pilot workshop has occurred with members of the Facilities Team. The Safety & Wellbeing Team continue to work with the software provider and HCC Transformation Team to roll out on other sites.
Resourcing and structure review	100%	The Safety & Wellbeing Team have a full complement of people now on board.	The current Business Partnering Model is working extremely well. Giving advice, support and working collaboratively is assisting in fostering the culture of care we desire.
<i>Table 1 Key workstreams</i>			

Risks and Incidents - *Ngaa Tuuraru me ngaa Paanga*

11. Incidents profiled for this reporting period are summarised below.
12. There was a total of **80** injuries reported, compared to **92** in the previous period. We continue to provide education and support to ensure events are being correctly reported. Of those injured, **8** resulted in lost time and **15** required medical treatment. Near hit reporting has decreased slightly from the previous period with **42** near hits recorded.



Council WorkSafe Notifiable Events

13. There was 1 event that was notified through to WorkSafe by Council. This event occurred while an employee was using a bandsaw to cut plywood and caught their thumb on the rotating blade. Further details of this notifiable event can be found in **Attachment 1**. The work site was frozen as a precaution for WorkSafe to visit. WorkSafe did not visit the site and responded with 'no action' to be taken.

Contractor WorkSafe Notifiable Events

14. There were 2 events that were notified through to WorkSafe by external contractors, who were performing work on our behalf. Further details of these notifiable events can be found in **Attachments 2 and 3**. Both events were service strikes; 1) striking a live underground electrical mains cable and 2) a strike to a gas pipe.

Relationships – *Whanaungatanga*

15. With a now fully resourced Safety & Wellbeing Team we have been able to better align our internal expertise (skills, knowledge and capability) to support key areas across various business units, including our 'Community Group', which is one of our largest areas accounting for more than half of our entire workforce, including many front line workers.
16. The wellbeing of our staff at Council is always at the forefront of what we do. During this reporting period the level of onsite support provided through our partner company Vitae, has increased across business units. We have also supported nine Good Yarn Mental Health Workshops, with a total of 176 staff participating. Annual health checks were also completed with 158 of our people taking up this offer.
17. Hamilton City Council successfully met the criteria for Work Well Silver Standard Accreditation. This was achieved following an on-site assessment on 26 April 2023. It was confirmed that there was a comprehensive twelve-month action and evaluation plan in place that included a portfolio of evidence that addressed the priority wellbeing areas selected by our people. This is a tremendous achievement.

18. The Safety Governance Committee (SGC) met on the 20th of March 2023. The next meeting is scheduled for the 29th of May 2023 and the meeting minutes are provided as **Attachment 4**.

Resources – Rauemi

19. We are pleased to advise that an appointment has been made for the vacant Safety & Wellbeing Business Analyst position. Michelle Becker joins the team on 24th April. We are looking forward to the continuous improvement of data capture, trend analysis and reporting with her extensive knowledge of ecoPortal which is the software that drives Ora.

Assurance - Kii Taurangi

20. With the exception of one recommendation in the Parks Operational Planning area, all recommendations made in the Council's 'State of Safety' review have now been completed. Designed to measure the level of safety maturity across Council, the updated heatmap (**Attachment 5**) provides visibility on the progress of corrective actions assigned to each business unit. A tremendous amount of work has been done within this reporting period to complete these recommendations.
21. With regards to the last outstanding action, a recommendation to increase the regularity of inspections, monitoring and maintenance of street trees through logged works via IPS has been implemented. Our park trees however remain on reactive maintenance schedules due to the levels of resourcing. A proposal is planned to be put forward for the 2025-35 Long Term Plan (LTP), which will start with data collection, mapping, and condition assessments, and if funded, will enable scheduled park tree maintenance that will reduce the risk profile further in this area.

Success and Recognition - Angituutanga me ngaa Mihi

22. Worker participation is a crucial part of the legislative requirements under the Health & Safety at Work Act 2015. The Health & Safety Representatives from across Council were invited to join the Safety & Wellbeing Team on the 28th of March so they could be given oversight of the key projects for 2023. The Safety & Wellbeing Business Partners play an important role in supporting our safety reps via the Health & Safety Committee Meetings they attend.



Financial Considerations - *Whaiwhakaaro Puutea*

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

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

24. Staff confirm that any recommendations in this report comply with Council's legal and policy requirements.
25. 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*

26. 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 well-beings').
27. The subject matter of this report has been evaluated in terms of the 4 well-being's during the process of developing this report and these are outlined below:

Social

28. The matters and risks 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

29. The matters and risks 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

30. The matters and risks 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

31. Staff consider the matters and risks highlighted in this report to not have a direct impact on the cultural wellbeing.

Risks - *Tuuraru*

32. There are no risks associated with the recommendations in this report.

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

Significance

33. 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.

Engagement

34. Given the low level of significance determined, the engagement level is low. No engagement is required.

Attachments - *Ngaa taapirihanga*

Attachment 1 - WorkSafe Notifiable Event H3 17022023

Attachment 2 - WorkSafe Notifiable Event Hamilton Zoo Service Strike 060423

Attachment 3 - WorkSafe Notifiable Gas Strike Johnson Street Waipa Civil

Attachment 4 - Safety Governance Committee Meeting - Minutes 20 March 2023

Attachment 5 - Risk Assurance report_State of Safety update_May 2023(2)

WorkSafe Notifiable Event

DATE OF EVENT:	Friday, 17 th February 2023
LOCATION:	The Operations Workshop 800 Heapthy Terrace, Claudelands, Hamilton
BUSINESS GROUP INVOLVED:	H3
WHAT HAPPENED?	An employee was using the bandsaw to cut plywood. They turned the bandsaw off, and while the blade was slowing down the employee went to grab the piece of wood that they were cutting and caught their right thumb on the blade. As a result, flesh was removed from the top area of their thumb.
WHAT IMMEDIATE ACTION HAS BEEN TAKEN:	The employee was taken to Anglesea Street Clinic immediately and then the employee was sent to Waikato Hospital. The employee was admitted to hospital whereby the flesh on the top of their right thumb was stitched back on. The employee was kept in hospital and discharged on Sunday. The length of stay in hospital was due to no availability of a doctor to discharge them on Saturday.
NEXT STEPS:	<ul style="list-style-type: none"> • The Safety & Wellbeing Lead has notified WorkSafe this morning once all the facts were established. • We have asked the employee to go back to their doctor today because the hospital medical certificate stated they could do sedentary duties and contradicted itself by also saying they should be off work. • Given the nature of the injury and the requirement to use their hands to work it is important that the employee does not compromise the injury and healing time. • An in-house investigation will now get underway.

WorkSafe Notifiable Event

Item 7

Attachment 2

DATE OF EVENT:	06 April 2023 9.00am
LOCATION:	Hamilton Zoo – Bagust Road Entrance – New Manure Bunker
BUSINESS GROUP INVOLVED:	C&M Earthworks - Visitor Destinations
WHAT HAPPENED?	<p>While C&M Earthworks (Contractors) were auguring retaining wall holes for a new manure bunker, a live underground electrical mains cable was struck shutting off power to the chimp house.</p> <p>The area had been scanned by Civtec for underground services. The cable had been located and spray paint markings were made.</p> <p>Digger augured to approximately 200mm then hole hand dug. However, the augur hit the cable.</p>
WHAT IMMEDIATE ACTION HAS BEEN TAKEN:	<p>When the strike occurred, smoke came from the hole. The excavator operator knew this was a sign of cable strike and exited the machine, removed everyone from the area and contacted the Zoo team and Tom Billington from HCC Facilities Unit.</p> <p>WEL Network services were on site in Bagust Rd disconnecting power. The augur was then removed from the hole. WEL repaired the cable and were able to reinstate power supply around 5:30pm.</p> <p>Worksafe were advised of the notifiable incident at approximately 3.00pm by the C&M Earthworks.</p>
NEXT STEPS:	<ol style="list-style-type: none"> 1. Engineer to redesign pole spacing and depth 2. Worksafe to visit site

WorkSafe Notifiable Event

DATE OF EVENT:	Monday, 17th April 2023 at 10:10am
LOCATION:	Johnson Street, Dinsdale, Hamilton 3204, New Zealand
BUSINESS GROUP INVOLVED:	Development Contractor: Waipa Civil Ltd
WHAT HAPPENED?	Gas strike - 32mm PE road crossing. The crew had walked over the services in the morning and had confused another service marked on the road with the gas in question. The Operator was digging the trench with a Spotter in place. The Spotter briefly turned around to turn on the flexi and as they did so, the Operator dug one more bucket which ripped through the gas line.
WHAT IMMEDIATE ACTION HAS BEEN TAKEN:	All construction machinery was shut down while waiting for the repair. The repair was completed within an hour of reporting. WorkSafe was notified and Development GM Chris Allen.
NEXT STEPS:	<ol style="list-style-type: none"> 1. Waipa Civil will provide updates as to notification to WorkSafe and their own investigation. 2. HCC to complete Ora event entry and update with information supplied by Waipa Civil with assessment and investigation sections completed.

Meeting Minutes

Safety Governance Committee

Time and date:	2:00pm, Monday 20 March 2023
Venue:	Rotoroa Room, Level 3
In Attendance:	Greg Dearsly (Independent Chair), Lance Vervoort (Chief Executive), Dan Finn (People, Safety & Wellness Manager), David Bryant (GM POP), Jo Keall (Group Business Manager, Community), Marie Snowball (Safety & Wellbeing Lead), Claire Toko (H3), Eeva-Liisa Wright (GM – Infrastructure Operations), Ewan Wilson (Elected Member), Amanda Barlow (Minutes)
Guests:	Deane Balsom (Operations TL, H3), Nick Gibson (Operations Assistant, H3), Chris Allen (GM Development) Andre Pieterse (WorksSafe Senior Investigator)
Apologies:	Helen Paki (GM Community), Dion Liddell (AWUNZ) Olly Te Ua (Māori Rep) Virginie Maene (Executive Assistant)

1. Welcome

- Around the room welcome and introductions
- Re-cap from Greg on the purpose of the group

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

The minutes of the Safety Governance Committee Meeting held Tuesday 6 December 2023 have been confirmed.

Moved by: Marie Snowball (Seconded by Lance Vervoort)

The previous meetings action register was reviewed and amended as follows.

Action	Assigned To	Due Date	Comments	Status
Review regulations for Plant, Structures and Working at heights and consider how these will apply to HCC.	Marie	Next meeting	Considered approach using the hierarchy of control MBIE is quiet, Q1 should have a draft, main difference is written requirements. Toward end of 2023 introduction of the law.	Ongoing – due to the pending election later this year

Meeting Minutes

Lance to confirm with Ewan and Olly if they would like to stay on the Committee	Marie	Next Meeting	Confirmed that Ewan and Ollie will continue on the committee	Closed
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Meeting Minutes

3. Case Study and Key Learnings – Notifiable Event H3

- Overview from Nick Gibson who was involved in cutting off the top of his thumb in the circular saw incident.
- Overview from Deane Balsom from his perspective on the event, and the learnings he found through the investigation. Deane highlighted what needs to be improved and what actions the operations team are doing following the event taking place
- Concerns raised for risk assessments completed in the business or SOPs being completed
 - Induction Ora Phase Two – allowance in the new induction module to have a plan in place to ensure the machinery workers are required to use is recorded
 - Assurance to work towards ISO-45001 will provide an overview of the current state for risk assessments and SOPs
- Question the need for plant like this to be put on assets register. **ACTION:** Claire Toko to look at Ungerbok and review if plant and other similar plant is on the register for H3 as unsure this is currently happening.

4. Critical Risk Review – ‘Working with Plant and Machinery’

- Review and explanation of the Bowties developed by the Project Teams. Two critical risks related to plant and machinery:
 - Operating mobile plant and machinery
 - Working with fixed plant and machinery
- A GM sponsor has been allocated for each Bow Tie. Chris Allen spoke to the Bowtie he has been allocated, working with fixed plant and machinery.
- Discussion around the wording of the “top event”, recommendation by governance committee to have the Bowtie Risk assessment groups simplify the language.
- Template is going to be made available in Ora for the Project Teams to complete the verification process. There will be a need for the Project Teams to have conversations with the people on the ground at business units where the critical risks are present.
- Brief discussion of questioning the need to have an independent person to review the critical risks, particularly plant and machinery to have a specialist in the field to review. No outcome decided.

5. Importance of good risk management from a regulatory perspective

- Andre Pieterse, a WorkSafe Senior Inspector was invited to attend this meeting to give his viewpoint on how WorkSafe see management of risk. He was impressed with the conversations held during the meeting based on the incident that happened at H3.
- The old hazard management system under the old ACT didn’t work so have changed it to the risk management system under the new HSWA – implementation of hierarchy of controls, high and low levels of controls.
- There is a need for workers to be competent however, there needs to be assurance that the worker deeming the other worker competent is competent themselves.
- HSWA Section 36 (3) primary duty of care – a PCBU must ensure as far as is reasonably practicable provision of safe plant, safe systems of work and worksite. There is also the need for adequate supervision for a task.
- Discussion of competency and what it does or could look like at Council.
- Duty of workers under the HSWA – take reasonable care for their own safety and others while conducting their tasks at work. They must comply with reasonable instruction given by the PCBU and co-operate with any policy or procedure supplied by the PCBU.
- Discussion on an example of when a worker from another company lost three of his fingers. He was not prosecuted and nor was the company. There is certain criteria that must be met to show a failing to prosecute the company.

Meeting Minutes

6. Review Terms of Reference – Committee make-up, purpose and outcomes

- Purpose – updated to fit with our current purpose
- Objectives – checked in with our Māori liaison and he is happy with the wording. Some wording in red as wanted to question the objective of this committee in conjunction with the roles and responsibilities and if they are in line with what this committee is wanting to achieve.
- Viewpoint of the leaders of the organisation is to exercise their due diligence despite if they are not officers but allows for the members of this committee to understand the risks.
- Opportunity to listen and learn from others in the committee. This committee allows for the group to get a sense of what is happening and collate expertise from across a number of areas– a vehicle to listen and find out how we are doing rather than speaking.
- This committee takes responsibilities for their duties and filters the information up to ELT and other avenues as appropriate.
- Part of ELT's role is being informed through this committee. Adapt the wording of the roles and responsibilities to align with this **(ACTION – Marie)**
- Under the section: amend wording to "advice, provide assurance and recommendations to the strategic leadership team" **(ACTION – Marie)**
- Suggestion was to have the Chair of this committee to report into the SRAC.
- Amend job titles of the members to correct them **(ACTION – Marie)**
- Suggestion to share the role of decentralised team members to attend, another member to be suggested and attend interchangeably with Claire Toko **(ACTION – Marie)**
- Need for the learnings and outcomes of this meeting. Lance to discuss with Dan. Share with HSR's **(ACTION – Marie)**
- Amend wording of "Safety First" to reflect wellbeing of workers first.

7. General Discussion – around the table

- There has been an increase in the number of people in the Community where customer facing roles are being exposed to aggressive and abusive behavior. Actions have been put in place to manage this by having training available to staff and other similar measures.
- There is a lot of aggression towards people in an HCC uniform when out in the community .
- Risk to people working at night (on roads) with people driving through worksites, a road cone is not going to stop someone from driving through a road sign. May look to stop working at night if these risks cannot be managed.
- Governance project in place – 17 recommendations to recommend governance in organisations.

8. Completed Actions Register

Action	Assigned To	Due Date	Comments	Status
Plant, Structures and Working at heights – New regulations	S&W Team	Next meeting	Amanda Barlow presented on this item during this meeting	Completed

Meeting Minutes

Looking at make-up of committee.	Dan	Next meeting	Eeva-Liisa should be here from Infrastructure Operations. Their group has a lot of critical risks areas. Let's review annually, we might swap areas around, so all the exec team gets some exposure.	Completed
It was agreed more time was required to digest the Monitoring What Matters survey results and discuss at next meeting.	Dan Finn	Next meeting		Completed
Further follow up from Governance to confirm Safety and Wellness updates to be included at full Council Meetings.	Dan Finn		Dan to discuss with Becca, more discussion on that. Minutes and reports will go to full council and SRA - quarterly	Completed
Ensure presentations and documents relating to the next meeting are sent out in advance	Marie/Dan	Next meeting	To provide members with time to review and consider questions as part of the discussion	Completed
Investigate if the Chaplain/Counsellor service could be rolled out across the whole Organisation.	Marie Snowball	Next meeting	Service can be scaled up if require, based on interest and operational need	Completed
Speak to Lee-Ann Jordan and Kelvin Powell on setting up interdepartmental learning with Mark's team/leadership.	Helen Paki	Next meeting	A new role has been created which will pick this up	Completed

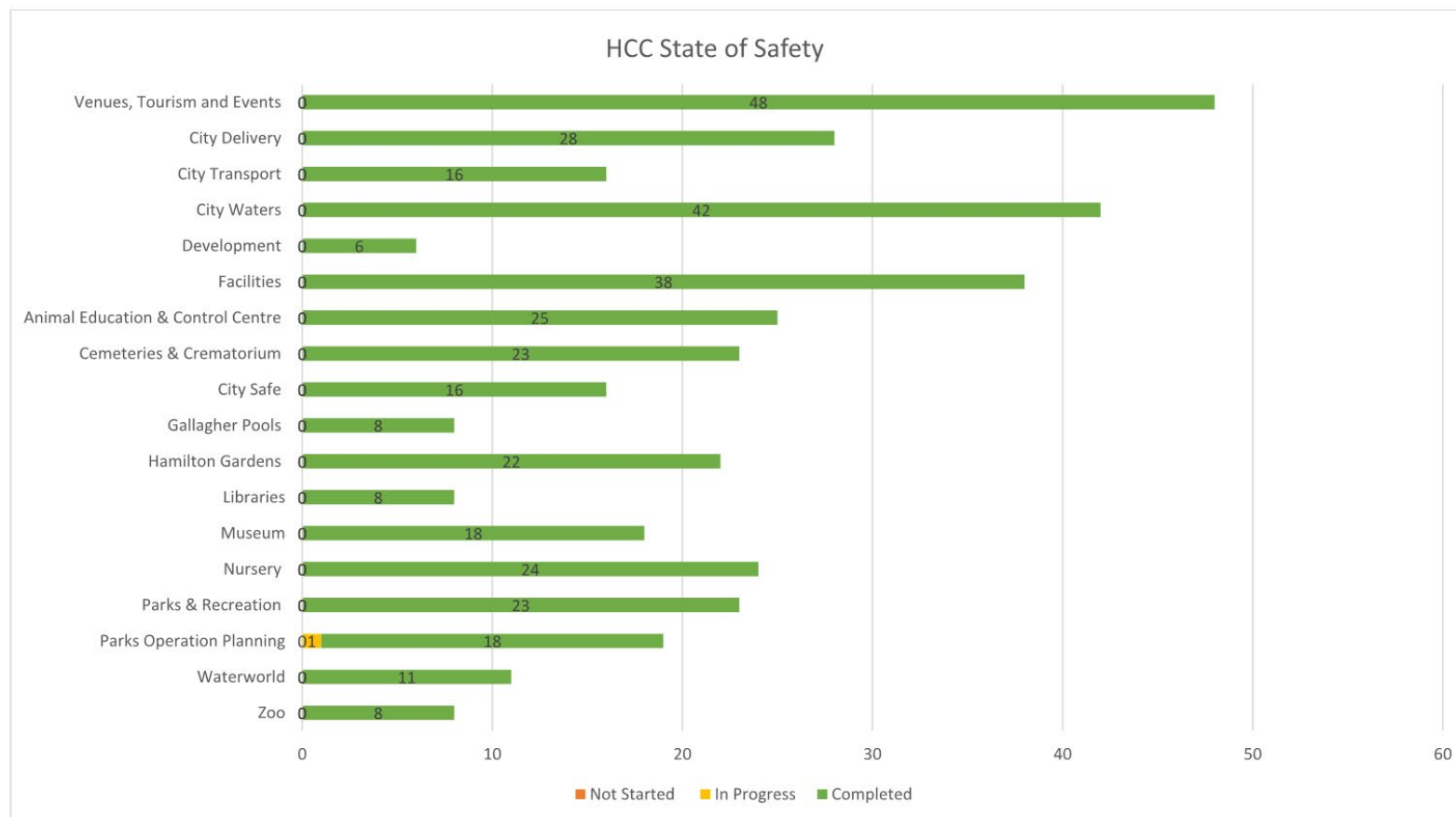
The meeting was declared closed at 4:28pm

Next Meeting:

Meeting Minutes

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State of Safety Review — Progress update 1 February 2023 – 31 April 2023



Council Report

Item 8

Committee: Strategic Risk and Assurance Committee

Date: 21 June 2023

Author: Nicholas Whittaker

Authoriser: David Bryant

Position: Senior Risk and Resilience Advisor

Position: General Manager People and Organisational Performance

Report Name: Risk Management Report

Report Status	<i>Open</i>
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Purpose - *Take*

1. To inform the Strategic Risk and Assurance Committee on the status of Hamilton City 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. Hamilton City Council's strategic and organisational risks have been reviewed over the last quarter and where relevant, have been updated to reflect the changing risk environment.
4. While there has been no movement in residual risk ratings for all strategic and organisational risks this quarter, the impact of rising interest rates, and inflation (Strategic Risk 2) are front of mind with the impacts being felt in Council's Annual Plan decisions. Decisions to defer some of the capital programme to address some areas of budget constraints may lower risk under Strategic Risk 7 - Failure to deliver our Work Programmes, which is still adversely impacted by material and labour shortages.
5. The macro-economic landscape and the impact of a potential recession have been identified as an ongoing challenge in Strategic Risk 5 – Failure to Deliver Growth Outcomes.
6. Crime and safety remain a high-profile challenge for the city (Refer Operational Risk 2). Council has secured better off funding which enables an increase in City Safe officers across three areas. An additional five officers will be deployed across our three high risk sites (Waterworld, Hamilton Gardens, Te Kaaroro), five officers in the city centre and two officers focusing on river safety.
7. In terms of future work, staff will be looking to understand the policy positions of Parties as the national elections draws closer. In particular the impact of any changes in policy and/or government to Strategic Risk 6 – Political Changes Negatively Impact Strategic Direction.
8. Staff consider the matters in this report have medium significance and that the recommendations comply with Council's legal requirements.

Background - *Koorero whaimaarama*

9. The Strategic Risk and Assurance Committee meeting of 16 May 2019 approved, for monitoring purposes, eight strategic risks and three organisational risks (as set out below). At subsequent meetings, staff reported on the status of each risk and associated treatment plans. A ninth strategic risk relating to climate change was added in 2020.
10. The purpose of this report is to highlight significant activity over the last quarter for each risk. Where a risk has no significant update this quarter it has not been included in this report. The attached Risk Register sets out more detail on all strategic and organisational risks including treatment plans.
11. A review of Council's strategic risks with the Executive Leadership Team took place in May 2022. The outcome of this review included proposed changes to risk names and descriptions which were taken to the Strategic Risk and Assurance Committee Workshop on 8 June 2022. Changes to risk names and descriptions were discussed by the Committee and approved.
12. Risk names and descriptions for organisational risks have since been reviewed and updated with risk owners and responsible managers using the same approach applied to strategic risks.

Discussion - *Matapaki*

Strategic Risk 1 – Failure to Respond to a Disaster

13. 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.
14. There is no change to the residual risk rating for this risk – it remains at very high.
15. The CDEM contract is due to expire on 30 June. We have commenced negotiations with the Waikato Regional Council however they are not yet in a position to conclude those negotiations as they are yet to conclude conversations with the building owner and financial impacts are not known. In the meantime, an agreement has been reached between the Waikato Regional Council and Hamilton City Council to roll over the current contact until negotiations can be completed.
16. A review has been completed of the learnings identified from the Auckland weather events and 7 recommendations are considered relevant to Hamilton. ELT were briefed on these and the items have been added to our work plan requiring urgent action. To date, two of these recommendations have been completed.

Strategic Risk 2 – Significant Negative Impact on Financial Strategy

17. 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.
18. There is no change to the residual risk rating for this risk – it remains at medium.
19. Inflation eased in the March 2023 quarter but remains historically high. Domestic inflation in particular was persistently high due to a range of factors while international inflation eased.
20. The RBNZ has increased the official cash rate to 5.5%. The RBNZ has indicated that this last change may be the end of increases. The future direction of monetary policy (i.e., whether the OCR will go up, down or hold) will depend on the extent to which domestic demand and core inflation ease.

21. The forecast remains for any recession to be shallow (around 1% of GDP) but it could last through to the end of 2024. However, higher than expected migration and the rebuild needed from Cyclone Gabrielle will increase demand and subsequently act as a counterbalance to this.
22. The macro-economic environment has had an impact on Council's Financial Strategy. At the 23 March Council meeting, staff advised that the balancing the books deficit for 2023-24 had increased from \$2 million in Year Three of the 2021-31 Long-Term Plan, to \$12 million in the 2022-23 Annual Plan, and subsequently to \$35 million, due to inflation, rising interest costs, increased depreciation due to increases in asset costs, and other cost increases. Tranche One of the Better Off fund reduced the balancing the books deficit to \$24 million. The report also detailed the proposed capital expenditure budget for 2023-24, which has been further reduced by a further \$37 million from \$375 million (as at the 2 March Council meeting) to \$338 million. This reduction in capital expenditure is one of the corrective controls for this risk.
23. Reflective of the controls for strategic risk 2 the pressures on Council's budget are being closely managed through forecasting to the end of 2023/24, and the Annual Plan process for the 2023/24 financial year. This work will continue through to the Long-Term Plan process, in particular as part of the development of the significant assumptions for the Long-Term Plan.
24. The full impact of macro-economic factors on the community's ability to pay is yet to be seen. In February 2023 fixed rate mortgages were at a record high and the impact of interest rate increase on mortgages will flow through to homeowners in the remainder of 2023 and in to 2024 as more mortgages roll on to higher rates.

Strategic Risk 3 – Failure to Meet Compliance Standards

25. 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.
26. There is no change to the residual risk rating for this risk – it remains at high.
27. There are no significant updates this quarter.

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

28. This 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.' This risk links to Strategic Risk 1 – Failure to respond to a disaster and Strategic Risk 8 – Failure to respond to a crisis or emergency. The above means:
 - i. We have taken all necessary measures to protect ourselves from credible cyber threats;
 - ii. We have created resilience and redundancy in our environment to support continuation of our services and information.
 - iii. Our business continuity and disaster recovery activities support rapid recovery of our services and prevent or minimise data loss and service disruption.
29. There is no change to the residual risk rating for this risk.
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.
33. The Strategic Growth and District Plan Committee adopted the Hamilton Urban Growth Strategy (HUGS) on 20 April 2023. The strategy sets out where, when, and how growth will occur over the next 50 years to support community wellbeing. The three outcomes are growing up and out from the central city, growing along transport corridors and supporting the development of quality greenfield communities.
34. The housing market has softened since the beginning of 2022. House sales have fallen as have prices as interest rates reach decade long highs and bank credit tightens. The new-build market is experiencing a significant drop off, with greenfield more impacted than brownfield - where enquiry and activity remains constant. We expect demand to be lower in the next 18 months but will come back from 2024. We continue to monitor consenting at every stage as well as monitoring house prices and other economic indicators.
35. Plan Change 5 (Peacocke) is at the appeals stage, Industrial Land Supply Analysis has been completed to inform up-coming HBA analysis, expert conferencing sessions for Three Waters for PC12 have been held with the other topics to be held in June with hearings scheduled for September 2023.
36. The Long-Term Plan includes projected income of \$36.6 million from Developer Contributions in 2023-24. We are expecting the current constrained economic environment and its flow on effect on the development and construction sectors to remain through 2023-24, which may mean that Developer Contribution revenue is materially short of that level. We will advise Council of any adjustments that need to be made through the Finance Committee as per the usual process.

Strategic Risk 6 – Political Changes Negatively Impact Strategic Direction

37. 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 SR3 – Failure to meet compliance standards.
38. There is no change to the residual risk rating for this risk – it remains at very high.
39. The Central Government programme of legislative reform continues to progress and brings with it a high level of uncertainty for local government. The Future Fit work programme now incorporates the central government reform programme and is looking at the potential impacts on Council's form and function. Any structural or functional changes will be considered holistically and will be communicated to the wider organisation as information becomes available. Smaller teams have been established to focus on each of the individual reform work programmes; Three Waters, Resource Management, and the Future for Local Government. Visibility of Central Government's reform programme is provided to Council through regular reports.
40. Council continues to raise its significant concerns with aspects of the reforms and is opposed to many of the changes proposed. In particular, the move to regional planning through the Resource Management Reform will remove many of the functions that district, and city councils currently carry out to plan and deliver their communities.
41. In the lead up to the general election, Council staff are taking every opportunity to highlight their concerns regarding the suite of reforms with Central Government Ministers and MPs, opposition MPs, and other political stakeholders. Council continues to raise the profile of urban and high-growth metro issues and opportunities, and the need to ensure the correct legislative settings to realise their potential.

Strategic Risk 7 – Failure to deliver our Work Programmes

42. This risk description is ‘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.’ This risk links to Strategic Risk 2 – Significant negative impact on financial strategy. There is no change to the residual risk rating for this risk – it remains at very high.
43. Due to ongoing conflict in the Ukraine and the ongoing fall out of the Covid-19 pandemic, supply chain issues remain, impacting on delivery of our work programmes. Previous commentary has referred to cost escalation impacting on the delivery of our work programmes, which it continues to do. For commentary relating to cost escalation and the additional impacts of Cyclone Gabrielle, refer SR2 Significant negative impact on financial strategy.
44. Consistent poor weather over the traditional summer months has had an impact on the progress and cost of some projects and the national workload following the cyclone will likely have a serious impact on external resource availability. This poor weather has continued through into May 2023 and the impacts on cost and programme have been significant, particularly some of the larger infrastructure projects like Peacocke and Borman Road. Any cost and time implications need to be worked through contractually.
45. Internal resourcing requirements continue to be reviewed as part of each long-term or annual plan process, supply chain insights are routinely obtained through close relationships with the construction industry and ongoing collaboration with the NZ Infrastructure Commission, Construction Accord, and the Waikato Branch of Civil Contractors NZ (CCNZ) and provision of pipeline of work opportunities to CCNZ.
46. Through the 2023/24 Annual Plan deliverability has been a major consideration when developing the capital works programme. For this reason, it is expected that for the 2023/24 financial year the likelihood of this risk occurring will be reduced.
47. While there is no change to the residual risk rating for this risk, it continues to be closely monitored as our ability to deliver our work programmes continues to be impacted by external factors (such as those mentioned above) even though we have been successful in obtaining Central Government funding – project deferrals reflect this.

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

48. This 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.’ This risk links to Strategic Risk 1 – Failure to respond to a disaster and Strategic Risk 4 – Loss of information or access to systems.
49. There is no change to the residual risk rating for this risk – it remains at very high.
50. Following the organisational Business Impact Analysis (BIA) completed last year, the operational BIA workshops are now underway. These workshops will focus on critical business units and activities and is expected to be completed over the next 6 months as part of the ongoing business continuity management work programme.
51. The focus over the next two quarters is reviewing the foundations of and operationalising the crisis, emergency, and incident management work programme.

Strategic Risk 9 – Failure to Respond to Climate Change

52. 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.

53. There is no change to the residual risk rating for this risk – it remains at very high.
54. Hamilton Urban Growth Strategy and Access Hamilton – our transport strategy have been added to the risk controls as they both provide direction on the way our growth and transport network needs to change if we are to be a low carbon, resilient city.
55. Over the next year, funded from the Better Off Funding, we will have an increased focus on community and business engagement and corporate sustainability. These two programmes of work will be included in the treatment plan once the scope of the work has been defined.
56. The emissions trajectory modelling has been shared with the City Transport Unit, Executive Leadership Team and the Elected Member Climate Strategy Advisory Group. It highlights the gap between our projected emissions trajectory and the emissions targets set in Our Climate Future: Te Pae Tawhiti o Kirikiriroa.
57. The Council Climate Change Risk Assessment process has been completed and the final assessments have been provided to the operational teams to integrate into the Asset Management Plans for the 2024-2034 Long Term Plan.

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

58. 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.'
59. There is no change to the residual risk rating for this risk – it remains at HIGH.

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

60. 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.'
61. There is no change to the residual risk rating for this risk – it remains at high.
62. We have been successful in securing better off funding which enables an increase in City Safe officers across three areas. An additional five officers will be deployed across our three high risk sites (Waterworld, Hamilton Gardens, Te Kaaroro), five officers in the city centre and two officers focusing on river safety.

Organisational Risk 3 – Failure of Critical Assets

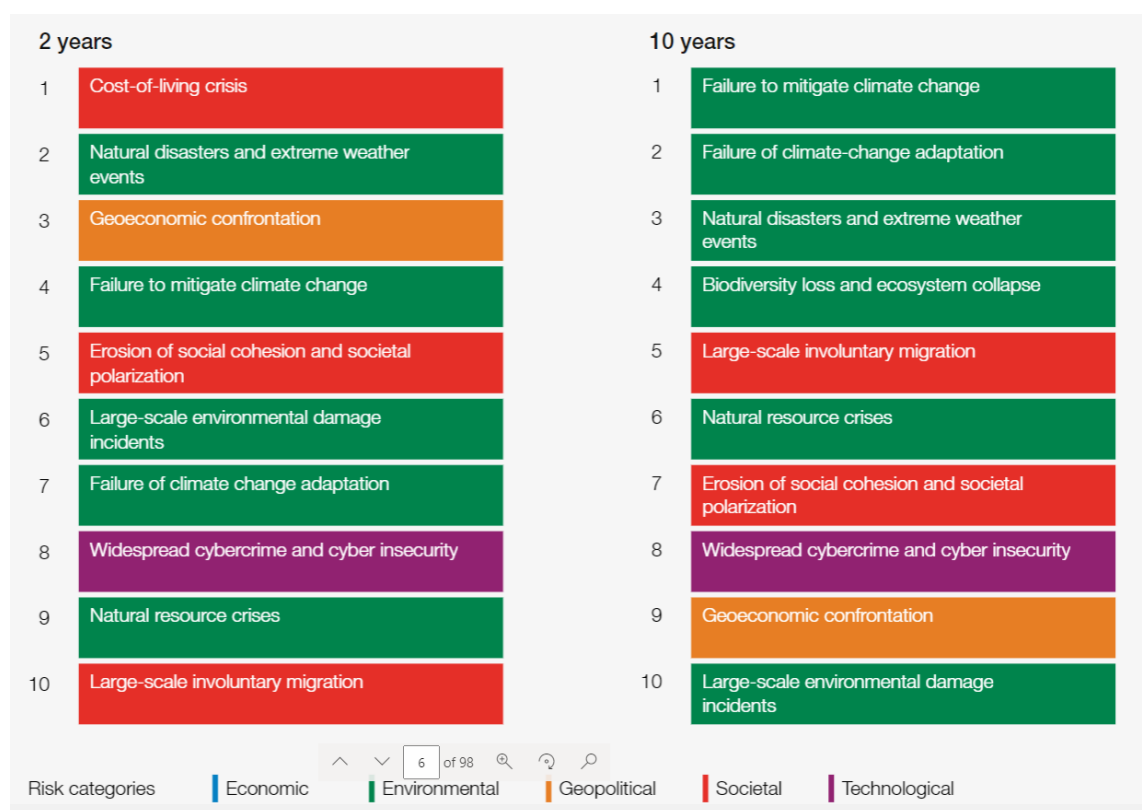
63. This risk description is 'Incorrect investment (timing and/or amounts) results in the unexpected **failure of critical assets** (loss of levels of service).
64. There is no change to the residual risk rating for this risk – it remains at very high.
65. The Asset Criticality Framework (excluding asset groups of Waters and Transport who have existing frameworks) has been developed and workshopped. As part of the update of AMPs, Identification and management of critical assets will be updated.
66. Council has current projects to undertake significant upgrades of our existing water and wastewater treatment plants to meet water supply and wastewater treatment needs for our growing city. A public excluded report was last provided to the Infrastructure Operations Committee on 9 August 2022 on the Treatment Plant Upgrade programme which consists of upgrades to the Waiora Water Treatment Plant and the Pukete Wastewater Treatment Plant. Phase 2 of the Pukete Wastewater Treatment Plant capacity upgrade project has commenced with the contract award being presented to the 30 May 2023 Infrastructure and Transport Committee Meeting.

Emerging Risks

67. There are no emerging strategic or organisational risks to report this quarter.

Global Risk Landscape

68. As reported to the March 2023 Strategic Risk and Assurance Committee, in January, the World Economic Forum released [The Global Risks Report 2023](#) which presents the results of the latest Global Risks Perception Survey. Below are key risks identified in the report. This remains the latest report by a major global organisation.



Financial Considerations - *Whaiwhakaaro Puutea*

69. 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*

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

Climate Change Impact Statement

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

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

72. 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').

73. 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.

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

Social

75. 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

76. 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 with the continued active resurgence of Covid-19. Council's management of the risks and opportunities in this report continues to reflect the impact on economic wellbeing.

Environmental

77. 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

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

Risks - *Tuuraru*

79. The Strategic & Organisational Risk Register (**Attachment 1**) identifies the risks discussed in this report.

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

Significance

80. 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.

Engagement

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

82. 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 - June 2023 .



Strategic & Organisational Risk Register





Q4 2022/23

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'.





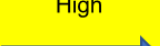







Pages 3 provide a summary of strategic and organisational risks. Movement from the previous quarter is shown by the following indicators:

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 risk causes and 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

Strategic Risk Name	Risk Description	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	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	David Bryant	Medium 
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	David Bryant	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	Murray Heke	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.	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	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	Chris Allen	Very High 
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.	David Bryant	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.	Julie Clausen	Very High 
Organisational Risk Name	Risk Description	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.	David Bryant	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.	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.	Eeva-Liisa Wright	Very High 

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 Cause		
1. Natural disaster event without warning or build up 2. Severe weather events that increase in intensity, including those events that are a result of climate change 3. Critical asset failure that impacts the safety of Hamiltonians – water, energy, telecommunications, financial, transportation 4. Disaster caused by failure of human-made structure 5. Pandemics		
Inherent Risk Rating	4 - 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	4 - Very High - Possible x Major	
Responsible Manager(s)	Kelvin Powell Helen Schlegel	Risk Treatment Option Mitigate
Treatment Plans		
Treatment Plan	Previous Update	Update – June 2023
Implement workplan to address findings raised in Capability Assessment by December 2023	December 2022 An external monitoring and evaluation assessment of Council's emergency management capacity and capability to perform the required emergency management roles and responsibilities was undertaken. A workplan has been developed to	June 2023 Seven recommendations from the Auckland Flood Response Review assessed as having direct relevance to Hamilton and have been added to the workplan for addressing with urgency. Workplan is on track but extra added work will make it a challenge to achieve

	<p>incrementally address the specifics identified as areas for improvement</p> <p>March 2023</p> <p>Major weather events - Auckland Weather Bomb, Cyclone Gabrielle. HCC CDEM staff deployed to affected areas across North Island to support the response and recovery efforts in affected areas of the North Island. To date 40 staff (1,240 hours) have been deployed to Auckland, Thames, Hawkes Bay and to the Waikato Regional Operations Centre. Half of the staff had not previously been deployed.</p>	
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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 Cause			
1. Global financial or pandemic crisis 2. Rapid increases in inflation, **finance sector credit contraction, ** interest rates, oil prices, or a rapid decline in NZD leading to significantly higher construction input costs, debt costs, and significant pressure on household rates affordability 3. Critical infrastructure failure 4. Major construction industry failure 5. Major government policy changes negatively impact Council's income streams or cost base 6. Natural or manmade disaster (including deliberate attacks on critical infrastructure or pandemic) has an impact on the economy (e.g. affects national imports/exports, which has a flow on effect) 7. **Recession (two successive quarters of negative GDP growth)**			
Inherent Risk Rating	4 - 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			
Residual Risk Rating	2 - Medium - Possible x Moderate		
Responsible Manager(s)	Greg Carstens Tracey Musty Virginie Maene	Risk Treatment Option	Accept

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	David Bryant	Category	Compliance and Regulatory Environmental Political Reputation
Risk Cause			
<ol style="list-style-type: none"> 1. Central government changes the regulatory standards for compliance: including resource management, environmental (including climate change and pollutant management), corporate (including health and safety, human resources and financial), growth, consultation requirements, health and infrastructural (including traffic and transport) compliance. This might also include changes to the required frequency of Council actions (such as the 10 Year Plan). This also includes wide-ranging regulatory changes in response to an incident such as a pandemic or natural disaster 2. Continued or serious breaches leading to increased compliance requirements and regulation 3. Community service-level expectations in management of water quality, recycling, climate change and other services not being met 4. Failure to plan long term for consenting requirements (both as a regulator and a regulated entity) 5. Regional Council changes its policies to ensure legislative compliance (e.g. Healthy Rivers policy) 6. External audit identifying major non-compliance within HCC operations (e.g. by IANZ) 7. Legal challenge to HCC policy or practice resulting in findings of non-compliant practices 8. Change in stakeholder partner expectations for environmental performance 9. Changes to our own District Plan impacting other parts of the business (e.g. changes to resource consents affect consented Three Waters activities) 10. Increased cost of compliance 11. Compliance standards at odds with each other 			
Inherent Risk Rating	3 - High - Possible x Serious		
Existing Controls			
<ol style="list-style-type: none"> 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	3 - High - Possible x Serious		
Responsible Manager(s)	Anna Hildyard Mish Hawthorne	Risk Treatment Option	Mitigate
Treatment Plans			

Treatment Plan	Previous Update	Update – June 2023
Legislative Compliance - Implement organisational monitoring and reporting by August 2023	December 2022 No update - ongoing treatment plan March 2023 No update - ongoing treatment plan	June 2023 No update - ongoing treatment plan
Develop additional Compliance Training modules by August 2023	December 2022 Similar to Privacy training on line modules, the legal team will look at training on a regular basis and developing on line learning modules for a range of 'core' competencies - LGOIMA, Protected Disclosures, Conflict of Interest, Fraud, bribery and corruption, insurance (in conjunction with the insurance team) as well as adhoc training on issues as they arise. March 2023 LGOIMA training has been created and is currently awaiting final approval before roll-out. No other updates - ongoing treatment plan	June 2023 Fraud and Corruption Policy is currently under review. Once the policy has been approved by BSLT this will form the basis of the Fraud and Corruption online module.

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. What does the above mean to us? We have taken all necessary measures to protect ourselves from credible Cyber threats. We have created resilience and redundancy in our environment to support continuation of our services and information. Our Business Continuity and Disaster Recovery activities support rapid recovery of our services and prevent / minimize data loss and service disruption. SR4 links to SR1 (Failure to respond to a disaster) and SR8 (Failure to respond to a crisis or emergency).

Risk Owner	Murray Heke	Category	Disaster Recovery/Business Continuity Technology
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Risk Cause

1. IT/OT technology advances – positive and negative
2. Inadequate identification of IT security threats, trends, themes, detection and responses
3. Poor IT/OT Security awareness / culture / behaviours
4. Poor IT/OT security operational practices
5. Release and change management processes lacking a security focus – not “secure by design”
6. Privacy Breach
7. Poor asset and service lifecycle management leading to asset and service failure
8. Inadequate architecture
9. A supplier being breached
10. Inadequate competency at organisational level
11. Specific targeting and malicious exploitation of security vulnerabilities across Council IT asset infrastructure, or Operational Technology
12. International trends and attacks not being considered in NZ
13. Malicious activity (e.g. cyber attack, phishing etc.) targeting central and local government entities.
14. Inadequate access control to key systems
15. Zero-day attacks

Inherent Risk Rating	4 - Very High - Possible x Catastrophic
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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	3 - High - Unlikely x Major
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Responsible Manager(s)	Karl Bout Liz Pearson Monjur Ahmed DJ Jordan Allan Lightbourne Tony Oxley	Risk Treatment Option	Mitigate
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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 Service Delivery Strategic
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Risk Cause

1. Wider economic downturn
2. Significant change in the market – either demand or supply side, due to e.g. construction cost inflation and restrictions on credit
3. Population growth rates change (either natural change or through internal or international migration rates)
4. Changes in growth projections as a result of climate change impacts on population spread in New Zealand and overseas
5. Inadequate skills, data or modelling and scenario planning
6. Council's decisions that impact desired growth outcomes e.g. growth opened on too many fronts, lack of funding for desired levels of outcome etc
7. Changes in Government Policy or legislation impact on desired growth outcomes or our ability to effectively respond to growth
8. Central Government funding and financing initiatives such as Housing Infrastructure Fund, Infrastructure Funding (IFF) and Financing and the Infrastructure Acceleration Fund (IAF)
9. Inadequate provisions in of application of the District Plan to deliver positive outcomes for people / environment
10. Neighbouring councils make growth decisions around Hamilton's border that are not aligned with Hamilton's desired growth strategy
11. Requests from developers for unplanned, out of boundary and/or out of sequence developments
12. Groups within Council planning and budgeting for growth separately versus in a joined-up way
13. Significant change in public perception of growth or growth outcomes
14. Tougher environmental standards (links to SR3) placing constraints on growth to the extent it makes it unaffordable
15. Misaligned understanding of growth strategies resulting in different levels of advice from different developers which could delay development or create perceived barriers
16. Investment misalignment between key external funding agencies as a result of reforms e.g. RM Reform, Affordable Waters Reform etc.
17. Infrastructure capacity and constraints, particularly three waters

Inherent Risk Rating	4 - Very High - Possible x Major
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Existing Controls

1. Numerous strategies and plans in place to manage growth outcomes
2. Hamilton Urban Growth Strategy
3. Future Proof Partnership and work programmes
4. Engagement with Central Government
5. Engagement with neighbouring Councils on strategic growth planning
6. Preparation of growth programme business cases
7. Growth Programmes team
8. Strategic Development Forum
9. Communications and engagement strategies for Growth
10. National Policy Statement Urban Development
11. Changes to District Plan (plan changes) where required
12. Zoning Decision Process
13. Submissions on any neighbouring councils plan changes.
14. Management of Resource Consent applications
15. Out of Boundary Principles
16. Private Developer Agreements
17. Monitoring the broader environment

18. HCC Growth and Development Contributions model

Residual Risk Rating		3 - High - Possible x Serious	
Responsible Manager(s)	Karen Saunders Greg Carstens Mark Davey Hannah Windle Nicky Swan Tunde Balvanyos	Risk Treatment Option	Mitigate
Treatment Plans			
Treatment Plan	Previous Update	Update – June 2023	
Deliver revised Hamilton Urban Growth Strategy, by April 2023	<p>December 2022 Final draft of HUGS adopted and approved for consultation from 18 October to 20 November 2022. Submissions hearings planned for 5 December 2022, with final strategy to be adopted at the Strategic Growth & District Plan Committee in early 2023.</p> <p>March 2023 Deliberations held at the Strategic Growth & District Plan Committee on 23 Feb 2023. Final changes are now being made. The strategy is scheduled to be adopted at the 20 April 2023 Strategic Growth & District Plan Committee.</p>	<p>May 2023 Strategy was adopted 20 April 2023 Strategic Growth & District Plan Committee</p>	
Actively respond to opportunities to secure growth funding to enable growth (e.g. IAF, IFF), ONGOING	<p>December 2022 On 17 November, Minister of Housing Hon Dr Megan Woods announced Hamilton City Council will receive a \$150.6 million grant to fund infrastructure to support new housing in the central city. The grant will fund a new water reservoir and pump station, pedestrian and cycling bridge, and investigations into other strategic three waters and transport infrastructure. This will enable up to 4000 homes in the central city and surrounds between now and 2034.</p> <p>December 2023 Handed over from GF&A to team established to deliver and report on IAF grant programme, led by Growth Programmes and City Development</p>	<p>June 2023 Continuing to pursue new funding opportunities e.g. IFF in parallel with the LTP</p>	
Progress and notify District Plan Change Programme in response to Government Direction from NPS-UD and RMA Bill, by late 2023	<p>December 2022 Plan change 12 has been notified, submissions received and is due to open for further submissions on 28th Nov. Hearings are due to commence 14th Feb 2023.</p> <p>March 2023 Plan Change 12 hearings commenced. Next tranche of hearings due September 2023.</p>	<p>June 2023 Plan Change 5 (Peacocke) is at the appeals stage, Industrial Land Supply Analysis has been completed to inform up-coming HBA analysis, expert conferencing sessions for Three Waters for PC12 have been held with the other topics to be held in June with hearings scheduled for September 2023.</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 Cause			
<ol style="list-style-type: none"> 1. Political changes including central government strategic direction and legislative changes creates risk or opportunities 2. Local political changes, including potential misunderstanding of Council's intent 3. Political personalities, trust and relationships and change of key personnel – positive & negative 4. Failure to manage stakeholder relationships, communication and engagement tactics, including due to a lack of resource or need to balance priorities 5. Short term focus overshadows long term cost benefit outcomes 6. Political sovereignty/patch protection, lack of alignment or willingness to compromise ie boundaryless approach vs localism 7. Financial strategy misaligned with wider context 8. International events, trends or decisions influence NZ 9. Major projects or initiatives for the benefit of Hamilton accelerating or slowing down 10. Relationships with neighbouring territorial authorities are ineffective or adversarial due to differences of opinion or priorities <p><i>Note* Political risk is essentially the probability that a political action/decision will significantly affect Council's strategic direction - whether positively or negatively.</i></p>			
Inherent Risk Rating	4 - Very High - Likely x Major		
Existing Controls			
<ol style="list-style-type: none"> 1. Collaborative governance group meetings 2. Culture, expectation and policies of HCC organisation 3. Monthly SLT 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	4 - Very High - Likely x Major		
Responsible Manager(s)	Hannah Windle Mish Hawthorne Nicky Swan	Risk Treatment Option	Mitigate
Treatment Plans			
Treatment Plan	Previous Update	Update – June 2023	
Feed the implications of Resource Management Reform into the Future Fit Programme by July 2024	New TP	June 2023 Ensure that structural and staffing changes needed to deliver on RM reforms are accommodated and addressed in outcomes of the Future Fit programme	

Work with Future Proof Partners on the implications of RM reform to ensure sub-regional voice is championed by October 2023	New TP	June 2023 Continue to advocate and collaborate at a sub-regional level to ensure metro interests are championed in new legislation, and in delivery models.
3 Waters Reform Treatment Plan	New TP	June 2023 Established an internal council team to manage the impacts of the 3 Waters reform programme on council and the local government sector. Proactively engaging with the DIA on the reform implications. Collaborating with partner councils on the impacts of waters reform
Future for Local Government Treatment Plan	New TP	June 2023 Established an internal council lead for managing input into the review, and to ensure that political stakeholders have opportunities to feed into the review process. In the process of advocating for Hamilton's interests to the Local Government Panel carrying out the review process

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	Chris Allen	Category	Financial People Service Delivery
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Risk Cause

1. Major construction sector skills/labour shortage - capacity and capability
2. Political changes in the labour market (e.g. immigration policy changes)
3. Regional or national investment decisions leading to increased demand for construction resources and market congestion – i.e. significant increase in capital portfolios nationally
4. Supply chain company failures
5. Supply chain investment confidence - i.e. forward work confidence to invest in people, plant and technology
6. Key construction material shortages or delays - particularly pipes, bitumen, oil, steel, aggregate and concrete
7. COVID-19 absenteeism
8. Supply chain breakdown
9. Increased work programmes driven by additional funding (i.e. central government investment)
10. Third-party dependencies (utility companies, Waka Kotahi, developers)
11. Significant Weather Events (e.g cyclone, unusually wet construction season)

Inherent Risk Rating 5 - 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

Residual Risk Rating 4 - Very High - Almost Certain x Serious

Responsible Manager(s)	Sarah Seel Alexis Chavez Anita Oliver Kelly Stokes	Risk Treatment Option	Mitigate
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Treatment Plans

Treatment Plan	Previous Update	Update – June 2023
Optimise procurement processes and contracts to enable HCC to be a construction industry client of choice.	<p>December 2022 Work is underway on the review of the Financial Delegations Policy. Training and upskilling of Project Management staff in procurement processes.</p> <p>March 2023 Project Management staff have started the Clever Buying Course and benefits are evident in contracting processes. Workshops with Procurement to streamline processes.</p>	<p>June 2023 No update this quarter</p>

Develop and implement a resource management tool measuring assessing availability of resources against demand for project management	<p>December 2022 Pipeline of the projects are being measured against the project management resources available.</p> <p>March 2023 Resource Management Tool has been used to in the Development Group to assess future workload and request appropriate project management resources.</p>	<p>June 2023 The Resource Management Tool has now been implemented and is considered a control</p>
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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	David Bryant	Category	Environmental People Service Delivery
Risk Cause			
1. Large scale physical attack on people in public places (e.g. a terrorist attack) 2. Physical attack on city critical infrastructure, e.g. Waste Water Treatment Plant, Water Treatment Plant, reservoirs designed to compromise integrity of service 3. Civil unrest – political or social unrest resulting in a security or safety threat to people or assets 4. Chemical or biochemical attack, contamination or similar event 5. Fire or water damage within our premises or working environments 6. Significant shortage of key staff in one or more areas 7. Death or injury to staff, residents or customers 8. Disruption to supply chains 9. Denial of access to our facilities (e.g. a bomb threat) 10. Power or water outages 11. Natural or man-made hazards including those requiring us to evacuate staff from our facilities 12. Pandemics			
Inherent Risk Rating	4 - Very High - Possible x Catastrophic		
Existing Controls			
1. Business Continuity Management Policy and plans 2. Business continuity and disaster recovery (BCDR) processes 3. Council has established an Incident Management Team 4. Security Risk Assessments			
Residual Risk Rating	4 - Very High - Possible x Catastrophic		
Responsible Manager(s)	Julie Ambury Nicholas Whittaker	Risk Treatment Option	Mitigate
Treatment Plans			
Treatment Plan	Previous Update	Update – June 2023	
Adopt and implement accepted recommendations from SRAs by 31 March 2023	December 2022 Community Group continue to prioritise and deliver recommendations identified in their SRAs. SRA review pushed out to Q1 CY2023. March 2023 A review on progress of Community Group SRA recommendations is underway. This will feed into the organisation wide review of SRA recommendations for reporting back to the June 2023 SRAC meeting.	June 2023 The review on progress of Community Group SRA recommendations is still being done. This will feed into the organisation wide review of SRA recommendations for reporting back to the SRAC at a later date	
Review of Organisational Security Risk Assessment (OSRA) by 31 March 2023	December 2022 Pushed out to Q1 CY2023. March 2023	June 2023 This has commenced (plan and terms of reference completed) and once	

	Will be completed as part of broader organisation-wide review of SRAs for reporting back to the June 2023 SRAC meeting.	completed will be reported back to the SRAC at a later date.
Develop and deliver Crisis, Emergency & Incident Management guidelines and procedures by 23 December 2022	<p>December 2022 Second workshop held on 13 October with a focus on incident management in order to deliver an output (draft incident management guidelines) by end December.</p> <p>March 2023 Draft Incident Management Manual has been completed and reviewed by the working group and BSLT. Next steps are ELT approval, SRAC input (June) then finalise and implement.</p>	<p>June 2023 The templates contained in the Manual have been split out into separate documents. A proposed approach for finalising and operationalising the Manual will be presented to ELT then SRAC.</p>
Develop a Resilience Management Policy by 31 March 2023	<p>December 2022 New Treatment Action. Agreed action to address findings from BCM Internal Audit.</p> <p>March 2023 Development of a Resilience Management Policy is underway in preparation for the June SRAC workshop/meeting.</p>	<p>June 2023 Put on hold to align with review of Risk Management Policy.</p>
Refresh the BCP template by 31 March 2023	<p>December 2022 New Treatment Action. Agreed action to address findings from BCM Internal Audit.</p> <p>March 2023 First operational level BIA and BCP update is scheduled for April. An updated BCP template will be developed and used for this and subsequent operational level BIA and BCP updates.</p>	<p>June 2023 Updated BCP template will follow BIA workshops.</p>
Establish resilience working and governance groups by 30 June 2023	<p>December 2022 New Treatment Action. Agreed action to address findings from BCM Internal Audit.</p> <p>March 2023 Some thinking underway. Will update again in June.</p>	<p>June 2023 Deferred due to change in risk management team and resource constraints</p>
Align operational-level BIA with enterprise-level BIA as part of routine BCM reviews and updates by 31 July 2023	<p>December 2022 New Treatment Action. Agreed action to address findings from BCM Internal Audit.</p> <p>March 2023 Currently working with business units to develop a schedule for updating operational level BIAs and BCPs. Working toward end of June for Tier 1, Tier 2 and critical internal functions supporting Tier 1 and Tier 2, and end of September for all other business units.</p>	<p>June 2023 Workshops are underway to get operational BIAs completed. Updated BCP templated and BCPs will follow.</p>
Develop and implement a resilience training and testing programme by 28 June 2024	<p>December 2022 New Treatment Action. Agreed action to address findings from BCM Internal Audit.</p> <p>March 2023 Not yet started.</p>	<p>June 2023 No update.</p>

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	Julie Clausen	Category	Climate Change
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Risk Cause

1. Council's strategies and plans do not adequately consider appropriate climate change scenarios
2. Changes in political direction (including local, regional and national) on climate change
3. Economic, social and technological shocks resulting from the transition to a lower-carbon economy
4. Uncertainty in the climate modelling on the physical climate change and transition impacts for Hamilton, making it hard to estimate impacts on particular Council activities
5. Misalignment between Council's climate change strategies and operational activities
6. Failure to consider climate change appropriately in fit for purpose activity management
7. Failure to appropriately consider climate change in growth decisions.

Inherent Risk Rating 4 - Very High - Likely x Major

Existing Controls

1. Activity Management Plans incorporate climate change considerations.
2. Climate change steering group established and operational
3. Our Climate Future: Te Pae Tawhiti o Kirikiriroa
4. Climate Change Policy
5. Next steps for our climate future - our plan 2022/23
6. Council has responsibility for climate change response
7. Council Climate Change Risk Assessment
8. Hamilton Urban Growth Strategy
9. Access Hamilton - transport strategy
10. Future Proof Strategy
11. Open Spaces Strategy
12. Nature in the City strategy
13. Stormwater Master Plan
14. Emissions trajectory for Hamilton

Residual Risk Rating 4 - Very High - Likely x Major

Responsible Manager(s)	Charlotte Catmur Paula Gardner	Risk Treatment Option	Mitigate
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Treatment Plans

Treatment Plan	Previous Update	Update – June 2023
Undertake a Risk assessment for Hamilton City Council including both the physical climate change and transition risks following the Ministry for the Environment Guidance by June 2023	<p>December 2022 Council climate change risk assessment commissioned. Risk identification stage underway. Waikato Regional Council phase 1 risk identification completed, 286 risks were identified. These are helping to inform our risk identification process.</p> <p>March 2023 Risk identification workshops were completed in February and risk</p>	<p>June 2023 The physical climate change risk assessment for Council operations and services has been completed. The finalised risk workbook has been provided to the Asset Management Plan (AMP) owners to incorporate into their AMPs. Funding to undertake the transition risk assessment and citywide risk assessment will be requested through the Long Term Plan 2024-2034.</p>

	assessment workshops are scheduled for March. The final report is due in early April. This will then be shared with staff to inform Activity and Asset Management Plans for the next long term plan.	
Establish an understanding of emission reduction pathway for the city by June 2023	<p>December 2022 Consultants have been appointed. Work to understand the current emissions reduction actions in the 2021-22 Long Term Plan and the impact of the Emissions Reduction Plan actions in Hamilton has commenced.</p> <p>March 2023 Consultants have delivered a draft model of the emissions trajectory for Hamilton. A workshop with key staff is scheduled for March to test the model and will be finalised in early April to support long term plan discussions.</p>	<p>June 2023 A finalised emissions trajectory has been provided and presented to the Executive Leadership Team and to the Climate Strategy Advisory Group. The trajectory will now be used as part of the 2024-34 Long Term Plan discussions.</p>
Climate Change Policy tools and guidance developed by March 2023	<p>December 2022 A contractor appointed to develop the guidance and update all relevant templates and processes. Draft guidance has been prepared and will be ready to roll out in early 2023.</p> <p>March 2023 Guidance and a workbook for staff to complete has been prepared. Training and information will be rolled out in March and April 2023 for staff to start completing the climate change impact statements.</p>	<p>June 2023 Roll out of the policy has been completed. 6 training sessions were held for staff on how to complete climate change impact statements. The Climate change team have been supporting staff to complete their impact statements.</p>

Organisational Risk 1			
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.			
Risk Owner	David Bryant	Category	Compliance and Regulatory People
Risk Cause			
1. Poor safety culture and/or behaviours across organisation 2. Failure to understand duties and accountability relating to health and safety 3. Critical health and safety risks not identified, assessed and mitigated adequately 4. Safety Management System (SMS) ineffective or inefficient or implementation failures 5. Inadequate contractor management frameworks, including procurement and assurance practices 6. Not sharing or acting on information and lessons learnt – internal and external to Council 7. Complacency leading to greater risks being taken 8. Failure to properly engage with and listen to staff 9. Staff under resourcing leading to identified risks not being mitigated appropriately 10. Time pressures and or complacency leading to acceptance of high levels of risk			
Inherent Risk Rating	5 - 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	3 - 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 Cause		
1. Poor HCC understanding of the health and safety risks within the facilities and services provided and managed by Council 2. Failures in safety-in-design planning for our amenities and services provided to the community 3. Failures in asset maintenance 4. Failure in due diligence on assets purchased for use by the community or staff 5. Failure in due diligence on maintenance 6. Human error / inappropriate behaviours / criminal behaviour or damage at Council assets 7. Complacency leading to greater risks being taken by the community on public safety issues 8. Failure to properly engage with and listen to the community 9. Failure to act on staff and public information or lessons learned from near misses and incidents (including lessons from other industry experiences) 10. Internal BCP and Pandemic Plans are not adhered to 11. Failure to consider climate change impacts on the community safety and wellbeing		
Inherent Risk Rating	4 - 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	3 - High - Unlikely x Major	
Responsible Manager(s)	Jo Keall Helen Schlegel Donna Burt	Risk Treatment Option Mitigate
Treatment Plans		
Treatment Plan	Previous Update	Update – June 2023
Design and implement an appropriate monitoring and reporting framework for risks relevant to OR2	December 2022 The SRA dashboard and other reporting measures are being used and continue to be refined. March 2023	May 2023 The dashboard is still being refined and it will need to be updated following completion of the deep dive into the security risk assessments. Until that is completed this action needs to remain open.

	The insights from the dashboard are being shared at CLT on a quarterly basis. We need another three months to develop this further before we move this to a control.	
Deep dive into security risks by November 2023	March 2023 Deep dive into security risks to ensure risks and areas requiring action are understood. Reporting of these risks needs to commence to ensure there is alignment across the organisation.	May 2023 Review of outstanding risks is underway. Risks requiring funding to progress will be included as potential projects for the next LTP.
Updated Business Continuity Plans by December 2023	March 2023 BCPs to be updated. Yearly review cycle to be established and business practices embedded to ensure that relevant staff refresh on their contents ahead of significant known events.	May 2023 There has been a delay to starting these due to workload and resourcing pressures. The due date has been shifted out to 29 December 2023.

Organisational Risk 3			
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.			
Risk Owner	Eeva-Liisa Wright	Category	Compliance and Regulatory Environmental Financial Reputation Service Delivery
Risk Cause			
<div>1. Failure to identify all critical assets</div> <div>2. Failure to accurately forecast capacity limits or inaccurate demand forecasting on critical assets</div> <div>3. Failure to accurately forecast useful life on critical assets</div> <div>4. Failure to future proof asset to allow for pending changes in requirements</div> <div>5. Failure to procure/renew the asset with an appropriate replacement</div> <div>6. Failure to install asset correctly (including poor procurement processes to begin with)</div> <div>7. Assets being operated outside of design scope or change in demand or that the operation of the asset exceeds design assumptions.</div> <div>8. Failure to carry out and prioritise planned maintenance and renewal of critical asset</div> <div>9. Failure to deliver renewal of the asset within scheduled timeframe</div> <div>10. Inadequate budget allocated for maintenance and renewal of critical assets</div> <div>11. Incorrect analysis in development of maintenance and renewal requirements</div> <div>12. Insufficient resources to deliver renewal of assets on time and within allocated budgets</div> <div>13. Failure to adequately consider climate change in critical asset investment</div> <div>14. Insufficient skilled, knowledgeable and experienced staff and low investment in the ongoing building of staff capability to ensure critical assets remain functional, resilient and levels of service remain</div> <div>15. Misalignment in the timing of investment with the required levels of service or that key deliverable dates not identified appropriately</div> <div>16. Poor or incomplete asset data</div> <div>17. Stakeholder specifications and expectation of asset increase making the asset no-longer fit for purpose</div> <div>18. Critical manufacture service agents unavailable to resolve major failure of critical assets</div> <div>19. Critical resources unavailable due to supply chain shortages</div> <div>20. Utility service and third-party critical impacts (stakeholder relationships)</div> <div>21. Limited anomaly detection capability and poor identification of vulnerabilities</div> <div>22. Failure to identify threat actors who wish to exploit technology vulnerabilities</div>			
Inherent Risk Rating	4 - Very High - Likely x Major		
Existing Controls			
Asset Management Controls			
<div>1. 3 yearly Independent asset management maturity</div> <div>2. Regular monitoring and submission on industry change</div> <div>3. Resourcing for Activity Management Plan (AMP) funded</div> <div>4. 2021-2051 Infrastructure Strategy is in place.</div> <div>5. Modelling and master planning of strategic assets</div> <div>6. Plan policy in place to set standards</div> <div>7. 2021-31 Activity Management Plans int. ext. reviewed</div> <div>8. Asset Strategy Team in place to drive org consistency</div> <div>9. Manage, monitor, operate and maintain critical assets</div>			
Operational Controls:			
<div>10. Processes in place Re: supervision design and test</div> <div>11. Quarterly Threat and Risk assessments</div> <div>12. Training and development plans in place for staff</div> <div>13. Business Continuity and Essential Maintenance Plans</div>			
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	4 - Very High - Possible x Major	
Responsible Manager(s)	Anita Oliver Paul Gower Tania Hermann, Jo Keall, Claire Toko, Maria Tipene, Mandy Smith, Becca Brooke	Risk Treatment Option Mitigate
Treatment Plans		
Treatment Plan	Previous Update	Update – June 2023
Implement the Organisational Asset Management Improvement Plan by June 2024	December 2022 The Organisational Asset Management Improvement was adopted by ELT in October 2021 and contains 32 organisational improvements to be undertaken. Eight actions are completed, 17 others are in progress. The Plan has a horizon out to June 2024. The improvements have been organised into 4 streams of work with one of the streams relating to Resilience and Criticality. Of the 6 tasks relating to Resilience and Criticality, 3 are currently in progress. March 2023 The Organisational Asset Management Improvement was adopted by ELT in October 2021 and contains 32 organisational improvements to be undertaken. This Plan has a horizon out to June 2024. The improvements have been organised into 4 streams of work with one of the streams relating to Resilience and Criticality. Of the 6 tasks relating to Resilience and Criticality, 3 are complete and one is in progress.	June 2023 The Organisational Asset Management Improvement was adopted by ELT in October 2021 and contains 32 organisational improvements to be undertaken. This Plan has a horizon out to June 2024. The improvements have been organised into 4 streams of work with one of the streams relating to Resilience and Criticality. Of the 6 tasks relating to Resilience and Criticality, 3 are complete and one is in progress.
Implement Asset Criticality Framework by June 2024	March 2023 Asset Criticality Framework document (excluding asset groups of Waters and Transport whom have existing frameworks) has been developed and workshopped. As part of the update of AMPs, identification and management of critical assets will be updated	April 2023 Asset Criticality Framework document (excluding asset groups of Waters and Transport whom have existing frameworks) has been developed and workshopped. As part of the update of AMPs, identification and management of critical assets will be updated

Council Report

Item 9

Committee: Strategic Risk and Assurance Committee

Date: 21 June 2023

Author: Tracey Musty

Authoriser: David Bryant

Position: Finance Director

Position: General Manager People and Organisational Performance

Report Name: PwC - Internal Audit Update and Report

Report Status	<i>Open</i>
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Purpose - *Take*

1. To inform the Strategic Risk and Assurance Committee (SRAC) on internal audit progress to 16 May 2023.
2. Phil Fisher, PwC Partner, Financial Advisory Services, will be attending to present the Tax Compliance Report and the Tas Risk Governance Framework.

Staff Recommendation - *Tuutohu-aa-kaimahi*

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

Executive Summary - *Whakaraapopototanga matua*

4. Council's internal audit function incorporates engagements and actions from PricewaterhouseCoopers (PwC) and Council's internal audit programme.
5. This report provides an update on progress by PwC on the internal audit work stream.
6. Since the last report to this committee, there are three updates to note relating to:
 - i. Legal & Compliance framework engagement has been delayed.
 - ii. Delegations to Positions has been delayed.
 - iii. A draft report for the Organisation Improvement Register audit is in progress.
7. Staff consider the matters in this report have low significance and that the recommendations comply with Council's legal requirements.
8. Council's internal audit function incorporates engagements delivered by PwC and internal Council staff. This report provides an update on progress on all internal audit engagements.

Discussion – *Matapaki*

Item 9

9. PwC Internal Audit Plan – progress summary 2022/23

Engagements Completed	Status
Business Continuity Planning	
Strategic Property	
Vendor Analytics	
GST and FBT Compliance Evaluation The engagement has been completed and the final report is attached	
Tax Risk Governance Framework The engagement has been completed and the final report is attached	
Organisational Improvement Register – due June 2023 This engagement has been completed and the final report is attached.	

Engagements in Progress	Status
Legal & Compliance framework – revised to June 2023 This engagement has been delayed due to Council staff workload.	
Resource Consents – due June 2023 This engagement is not going ahead due to an internal project covering the same area as reported at the March SRAC meeting.	

KEY

	Completed or on track
	Currently behind, expect to get back on track
	Permanently delayed

10. HCC internal audit engagements – progress summary

Engagements in Progress – 2022/23	Status
Contracts – Health & Safety Audits – due September 2022 This engagement has been completed.	
Contract KPIs – due September 2022 This engagement has been completed.	
Vendor Analytics – due December 2022 This engagement has been completed.	
Payroll Processes – due March 2023 This engagement is yet to commence. This will depend on the timing of the implementation of the new HR and payroll system.	
Delegations to Positions – due June 2023 This engagement is yet to commence. Some initial planning has been completed. Staff are still finalising the revised policy.	

Financial Considerations - *Whaiwhakaaro Puutea*

11. The cost of PwC annual internal audit programme is \$150,000 (GST excl.) and is a regular operating activity funded through the Annual Plan.

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

12. Staff confirm that the matters in this report comply with the Council's legal and policy requirements.
13. 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*

14. 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').
15. 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.
16. There are no known social, economic, environmental, or cultural considerations associated with this matter.

Risks - *Tuuraru*

17. Any known risks have been identified relevant to the matters in this report.

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

Significance

18. Having considered the Significance and Engagement Policy, staff have assessed that the matters in this report have low significance.

Engagement

19. Given the low level of significance determined, the engagement level is low. No engagement is required.

Attachments - *Ngaa taapirihanga*

Attachment 1 - PwC Tax Risk Governance Framework

Attachment 2 - PwC GST & FBT Compliance Report

Attachment 3 - Hamilton City Council Follow up of internal audit recommendations

Hamilton City Council Tax Risk Governance Framework

For adoption by the Strategic Risk and Assurance Committee
March 2023



1. Purpose

This document establishes the tax governance framework for Hamilton City Council's (Council) Strategic Risk and Assurance Committee.

1.1. Background

Council is a large, high profile, organisation that is responsible for providing services to the New Zealand public. As such, Council must maintain exemplary governance and tax compliance standards.

Although Council is largely exempt from paying corporate income tax, it is required to correctly account for Goods and Services Tax, Fringe Benefit Tax, PAYE, and a range of other withholding taxes. These taxes make up a significant portion of the New Zealand Government's annual tax take. Accordingly, the tax obligations of Council cannot be taken lightly.

Inland Revenue has signalled its expectation that all large organisations should have tax risk management incorporated within their governance framework. This is consistent with international best practice; tax authorities in foreign jurisdictions, including Australia and the United Kingdom, have been advocating this approach is taken by large Public and Private sector organisations.

1.2. Risk management

The Strategic Risk and Assurance Committee is, along with other responsibilities, tasked to:

- Assist Council to determine its appetite for risk.
- Review whether management has in place a current and comprehensive risk management framework and associated procedures for effective identification and management of Council's significant risks.
- Consider whether appropriate action is being taken by management to mitigate Council's significant risks.
- Ensure that management is kept apprised of Council's governance body's views on uncontrolled risk.
- Ensure management are keeping the Strategic Risk and Assurance Committee fully apprised of all independent sources of assurance, via the risk management framework.

Proactive tax risk management can facilitate mitigation of:

- Operational risk – by way of reducing the potential for reputational damage befalling Council as a result of non-compliance, and the possible negative impacts on various stakeholders, such as employees and suppliers.
- Financial risk – through minimising the financial impact of non-compliance, and the costs associated with over- or under-paying tax by Council.
- Compliance risk – in terms of ensuring areas of non-compliance are identified, thereby minimising any penalties or interest being imposed by Inland Revenue and reducing the risk of Council being subject to an Inland Revenue audit.

2. Tax risk profile

Council has an obligation to fulfil its tax compliance obligations as required by tax legislation, including the Income Tax Act 2007, Goods and Services Tax Act 1985 and Tax Administration Act 1994.

Given the high profile and public nature of Council, there is a need to adopt a conservative approach towards tax compliance. Accordingly, Council will adopt a "LOW" tax risk profile such that it has an open and honest working relationship with Inland Revenue.

3. Tax risk management strategies

The following strategies will be adopted by Council to ensure that it maintains a low tax risk profile and effectively manages its tax obligations and potential tax risks.

Council will develop a tax risk management plan to be formally adopted by the Strategic Risk and Assurance Committee. The plan will be reviewed *at least* every three years. The plan will:

- Identify key areas of tax compliance risk that are faced by Council
- Establish the steps required to effectively manage or mitigate each risk area
- Provide clear and realistic time frames to carry out the steps.

3.1. Responsibility for tax issues

The Finance Director has overall responsibility for the management of the tax issues of Council. As appropriate, the Finance Director may delegate responsibility for tax issues to another appropriately qualified person.

Inland Revenue requires a designated individual to be Executive Office Holder (EOH) who is responsible for ensuring that appropriate staff are authorised to access requisite sections with "myIR."

The Finance Director has overall responsibility as the myIR account owner for Council. The Finance Director is responsible for administering and maintaining staff delegations and permissions of myIR login accounts and for ensuring delegations are updated as and when staff leave the organisation.

3.2. Reporting tax risks to Strategic Risk and Assurance Committee

As the Strategic Risk and Assurance Committee meet four times a year, any significant tax risks will be reported in the first instance to the Finance Director as soon as they are identified and where appropriate, to the chair of the Strategic Risk and Assurance Committee within two weeks of being identified.

A 'significant tax risk' to Council may be where an incorrect interpretation is made that results in a situation where:

- Penalties and interest could be imposed against Council
- A tax liability is required to be settled that is in excess of \$200,000
- Council could be subject to prosecution
- An accusation of tax avoidance could be levied
- There is a risk of negative publicity.

Council will report on all tax risk management matters to the Strategic Risk and Assurance Committee at least once a year. As part of that report, a summary should be prepared and presented to the Strategic Risk and Assurance Committee setting out key issues, and may include the following:

- Key financial information including any outstanding taxes due, and any interest or penalties imposed during the year
- Particulars of any proposed legislative tax changes which could impact on Council
- Details of any significant outstanding taxes in dispute with Inland Revenue
- Details of advice sought and future matters to consider
- A table of tax tools and services used and whether each aligns with Council's 'LOW' risk tax profile i.e. Strategy vs Achievement.

3.3. Tax awareness and training

Council will ensure that all relevant staff are provided with adequate training and resources to effectively identify and manage its tax obligations and risks. Where appropriate, this may involve sending selective staff on external courses or engaging an external speaker to conduct in-house training.

3.4. Meetings and correspondence with Inland Revenue

Council will endeavour to maintain strong working relationships with Inland Revenue, other government bodies, and related third parties. All dealings with external parties will be undertaken in a professional and timely manner.

Apart from routine PAYE, FBT and GST returns and payments, all other correspondence, meeting requests or queries from Inland Revenue must be immediately referred to the Finance Director. They are the only person authorised to correspond or meet with Inland Revenue to discuss the tax matters of Council – although they may delegate this responsibility to others where appropriate.

3.5. Tax advice and rulings

Council will maintain detailed information and computations supporting all tax return filing positions. If there is any uncertainty in respect of a filing position where the amount of tax exceeds \$10,000, the Finance Director will consider if written advice from external tax advisors is required.

In some instances, the degree of uncertainty over a particular tax issue may warrant seeking a Binding Ruling from Inland Revenue. No approach should be made for a Binding Ruling without the prior approval of the Finance Director. The Finance Director may obtain agreement from the Strategic Risk and Assurance Committee if considered appropriate.

3.6. Tax returns and payments

Council will file all returns and pay any resulting tax liability on, or before, the stipulated due dates. When preparing and filing tax returns, Council will be transparent, and fully disclose all relevant information supporting a tax position in a tax return. Council will only adopt tax positions that are highly likely to be correct based on current law. Notwithstanding this, Council will endeavour to ensure that the most tax efficient position is adopted.

Any tax payments in excess of \$20,000 must be authorised by the Finance Director. However, the Finance Director may delegate this in accordance with Council's delegation authorities.

Tax payments must be supported by detailed tax computations and explanations which are initialled by the preparer and then countersigned by that person's superior prior to payment.

The Finance Director (or someone delegated by the Finance Director) will review Council's Inland Revenue accounts on a monthly basis to ensure that all returns have been assessed by Inland Revenue and payments have been allocated appropriately. Any unreconciled items will be reported to the Finance Director.

3.7. Filing and record keeping

In terms of the Tax Administration Act 1994, Council is required to retain tax records for several years. To assist in archiving and the subsequent retrieval of relevant tax records, Council will separately file each tax return and supporting computation and advisory correspondence based on the year of assessment and tax type.

In addition, Council will maintain a detailed index of the relevant tax files to enable their efficient retrieval should they be requested by Inland Revenue in later years. Specifically, the index should contain details relating to the file reference, relevant tax period, tax type, subject of the document on file and location of the file, and evidence of review by the Finance Director. This index should be maintained irrespective of whether the information is in electronic or hard copy format.

3.8. Regular reviews

The tax risks of Council potentially increase over time through a combination of personnel and legislative changes. To ensure the tax compliance procedures of Council are kept up to date and accurate, an independent external review of GST, PAYE/Withholding Taxes and FBT should be undertaken every three years. This review will tend to be undertaken in a 'rolling' format, with a different tax type being reviewed each year.

3.9. Penalties and voluntary disclosures

Wherever possible Council should endeavour to minimise any penalties and Use Of Money Interest (UOMI). Accordingly, any tax discrepancies identified should be addressed and disclosed to Inland Revenue as soon as possible. Unless the discrepancy has been identified pursuant to a (current) tax investigation, Council (in consultation with the Strategic Risk and Assurance Committee) should always consider making a Voluntary Disclosure as a means of minimising any potential penalties.

3.10. Tax policies

To assist staff with the day to day tax treatment of issues specific to Council and to ensure a consistent tax treatment of items across the organisation, Council subscribes to PwC's Online Tax Policies. PwC maintains PAYE, GST, FBT, and KiwiSaver tax policies, and are regularly updated for legislative changes. These tax policies will provide an outline of common tax issues arising and how they should be treated in the various tax returns of Council.

4. Tax governance framework - adoption

Tax Governance Framework – version 1.1

Name:

Name:

Position:

Position:

Date:

Date:

Hamilton City Council

GST and FBT

Compliance evaluation

Strictly private and confidential
27 February 2023



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Tracey Musty
Finance Director
Hamilton City Council
Private Bag 3010
Hamilton 3240

27 February 2023

Indirect tax compliance evaluation

Dear Tracey

We provide our report on the GST and FBT compliance of Hamilton City Council (Council). This report is provided in accordance with our proposal dated 2 December 2022.

This report has been prepared for the purpose of providing an assessment of Council's indirect tax compliance and should not be relied upon for any other purpose.

This report is strictly confidential, unless described in the contract or as expressly agreed by us in writing. We accept no liability (including for negligence) to anyone else in connection with this report and it may not be provided to anyone else without our permission.

Yours sincerely

Phil Fisher
Partner

Jarrold Pike
Manager

This document is a tax advice document and should be kept confidential. It is not required to be disclosed to Inland Revenue. Inland Revenue can request disclosure of "tax contextual information".

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Abbreviations

AP	Accounts Payable
AR	Accounts Receivable
FBT	Fringe Benefit Tax
GL	General Ledger
GST	Goods and Services Tax
MBIE	Ministry of Business, Innovation & Employment
PwC	PricewaterhouseCoopers
SOLGM	Society of Local Government Managers
S&P	Sale & Purchase

1 Executive summary

This report summarises the core findings of the areas covered by this tax compliance evaluation where we consider there to be scope for further improvement, and/or where we consider Council would benefit from some additional information.

The findings contained within the report were discussed with Nikita Hanright, Sarah Vaz, and Shiba Bali at our exit meeting on 7 February 2023. Overall, we consider that Council has a high-level of both GST and FBT compliance. The risk areas often seen at other organisations and targeted by Inland Revenue in investigations do not appear to be risks for Council. Further, and as noted throughout this report, those risks and recommendations previously outlined in our 2017 review of Council have largely been addressed. We commend Council on its commitment to meeting its GST and FBT compliance obligations and ensuring it is managing its tax risks appropriately.

Notwithstanding this high level of compliance by Council, there are some areas which we would still encourage Council focus on. The principal risk areas are:

- **Property transactions** – This is an area many local authorities find challenging due to the complexity of the rules and variety of transactions undertaken. While Council is generally applying the correct GST treatment on property transactions, largely due to the proactive influence of the current (at the time of the on-site review) Senior Financial Accountant and the controls that the Finance team has in place, we understand there is no specific documented process within the Property team for considering the GST treatment of these transactions. As evidenced by previous instances of incorrect GST treatment on property transactions, this lack of process could pose a significant risk to Council. To mitigate this risk, we recommend Council introduce a formalised procedure that requires all property transactions to be considered by the Finance team early in the acquisition or disposal process. We also recommend that Council consider providing regular training on the GST treatment of property transactions for both the Property and Finance teams.
- **Motor vehicle fleet listing** – We understand the Finance team currently relies on an incomplete and outdated fleet asset listing when preparing the FBT return and determining private use of vehicles. To accurately determine Council's FBT liability on private use of motor vehicles, it is imperative that Council maintains an up-to-date asset listing which can act as a source of truth. We recommend Council revise and regularly update its asset listing to reflect Council's current vehicles, who they are used by and categorised for FBT purposes.

Action plan

We include, as **Appendix One**, an action plan for Council to implement/record its decisions on the various matters raised in this report. Please note that certain more minor matters identified during the review can also be found in that appendix.

While a six-day evaluation cannot be expected to exactly replicate an Inland Revenue investigation, Council should reflect positively on having taken the proactive step of instigating this evaluation and obtaining a clear, independent view of those areas that it should address to facilitate tax compliance.

2 Scope of evaluation

The scope of our targeted indirect tax compliance evaluation was set out in our proposal dated 2 December 2022. Briefly, the aim of the evaluation was to provide an overall evaluation of Council's GST and FBT compliance in respect of targeted areas of risk as set out in our proposal, and involved:

- Identifying any material instances of non-compliance, drawing on our experience in undertaking indirect compliance evaluations across the public sector, and in particular for local government entities;
- Ensuring that Council's current policies and procedures facilitate indirect tax compliance; and
- Enabling Council to demonstrate to Inland Revenue that it has taken reasonable care in managing its taxation affairs.

The initial on-site evaluation was undertaken between 9 January and 11 January 2023, with additional work completed off-site. The approach taken for the evaluation was to interview key staff (as outlined in **Appendix Five**) and examine relevant documentation, together with the tax treatment applied to a variety of transactions undertaken by Council. The documents reviewed and employees interviewed were selected due to their relevance to the current areas issues which we are aware the Inland Revenue is focusing upon, and our experience gained of the problematic issues that can arise.

As agreed, the culmination of the evaluation is the following report, providing an overview of Council's compliance with existing tax legislation, our recommendations for policy and process improvements, where appropriate, and our comments on tax opportunities/risks identified.

We would like to convey our appreciation of the assistance and open co-operation provided by Council's personnel throughout the course of the evaluation.

Appendix One - GST Summary of findings

Key

- High risk/immediate action required
- Medium risk/attention recommended in the medium term
- Low risk/for your information only
- ✓ Tax opportunity/action required

Area of focus	Our observation	Our recommendation	Action taken by Council	Priority
General				
Process	<p>The GST return preparer uses the prior period workpaper as a base for the current period return. The month's GST transactions are exported from the Authority finance system and manually input into the workpaper.</p> <p>Zero-rated transactions such as petrol tax and land transactions are checked and input into the workpaper accordingly. Adjustments are made for bad debts, mixed-use land, and Customs as required.</p> <p>Various sense-checks are completed on a variety of transactions to ensure the correct GST treatment has been applied. The preparer also completes a high-level trend analysis to identify and investigate any variances. These are documented and sent to the Finance Director along with the completed GST return for review. Once approved, the return is then filed with Inland Revenue.</p> <p>In addition, Council currently subscribes to PwC's MyTax Policies and Guides. Based on our discussions, Council regularly use these for guidance in relation to GST matters (and other indirect tax queries).</p>	<p>We consider that Council's process for GST return preparation is generally sound. However, we note that rolling forward prior period spreadsheets, whilst a common approach, creates an inherent risk to the process.</p> <p>Inland Revenue has publicly noted that the reliance on rolled forward spreadsheets is one of the primary reasons that tax computation errors arise.</p> <p>Whilst no errors of this nature were observed, to reduce the risk of inadvertent errors, we recommend Council use a template GST workpaper when preparing each return, rather than rolling forward the prior period.</p>		●

Area of focus	Our observation	Our recommendation	Action taken by Council	Priority
Procedural document	<p>Council has a comprehensive procedural document to assist in the preparation of its GST returns. This document can serve as a reminder for current staff, and more importantly can assist any temporary or permanent changes in staff that perform the role. We understand this procedural document is updated regularly, at least annually.</p> <p>Where taxpayers can produce an up-to-date, comprehensive procedural document, this instils Inland Revenue with a high degree of confidence in an organisation's compliance.</p>	<p>During our review we noted the procedural document included references to specific GST periods.</p> <p>We recommend removing these period specific references where possible to ensure the documentation is relevant to all GST periods, and to eliminate the need for monthly updates.</p>		●
Key person risk and Communication	<p>Communication between the Finance team and other areas of the organisation is important to ensure Council's overall compliance. During our review it was clear that staff will often seek advice from the Senior Financial Accountant when tax questions arise.</p> <p>We note that in some cases, particularly in relation to property transactions, these interactions are often initiated by the Senior Financial Accountant.</p> <p>Reliance on one person within the Finance team can be indicative of a key person risk, although we consider that this risk is greatly minimised by the comprehensive procedural document in place.</p>	<p>We encourage this communication to continue while the Senior Financial Accountant is on maternity leave. It will be important to ensure that the Financial Accountant covering during this period is proactive in maintaining this.</p> <p>We also recommend introducing a formal process for tax considerations of property transactions, as addressed further in this report.</p>		●
Zero-rated supplies	<p>Council correctly reports the amount of petrol tax collected in the GST return as a zero-rated supply. Where applicable, zero-rated land sales are also checked and included in the return.</p>	No action required.		●

Area of focus	Our observation	Our recommendation	Action taken by Council	Priority
Upcoming GST changes	<p>We note that GST invoicing requirements will be changing for taxable periods starting 1 April 2023 onwards. We provide a summary of these changes in Appendix Three.</p> <p>We understand Council's AR and AP teams have undertaken training sessions in relation to these changes, and that the system will be able to accept invoices which meet the new taxable supply information requirements.</p>	No action required.		●
E-invoicing	<p>The GST invoicing changes outlined above are intended to enable the implementation of e-invoicing. E-invoicing is a government initiative to accelerate the processing and payment of invoices which local authorities are being encouraged to adopt.</p> <p>We understand this is still currently in development phase with Council's finance system supplier. We understand that Council intends to implement e-invoicing once this has been integrated into the Authority finance system.</p>	<p>E-invoicing is not yet mandated but is being actively encouraged by the Government. As more businesses take up e-invoicing, Council should be prepared to operate a hybrid model for an extended period of time, which increases risk. It is a great opportunity for Council but can also be high risk if not approached as a project that has a level of Independent Quality Assurance applied to it.</p> <p>We have worked closely with our Risk Assurance team in terms of audit and would be happy to put you in touch if Council requires assistance with this.</p>		●

Area of focus	Our observation	Our recommendation	Action taken by Council	Priority
Land & property				
Process and documentation	<p>Whilst Council currently has procedural documentation outlining the property transaction process, we understand that consideration of GST has not been built into this.</p> <p>A difficulty we have observed is that the Finance team is often initiating the request for details of property transactions. In some cases, Finance have not been made aware of a property transaction until notified by Accounts Payable prior to payment, or they have received incomplete information.</p> <p>Where there is complexity in the GST treatment of certain property transactions, Council will seek independent advice as required. In some cases, Council will apply the logic provided in previous advice to similar or simpler transactions.</p> <p>The Finance team maintain comprehensive documentation of recent property transactions, including the applied GST treatment, how this has been determined, and any advice received in relation to the transaction.</p>	<p>This is one of the most common and highest areas of risk in the local government sector. Due to the potential significant tax risk, we recommend that the Finance team are consulted early in the process in relation to any property transaction, and that this forms part of the documented process.</p> <p>Ideally, the Finance team should work alongside the Property team from the time that a property transaction is first being contemplated. This means that as the factual circumstances evolve, Council can have confidence that the GST risk is minimised.</p> <p>Once made aware of the transaction, we recommend that the Finance team continue with the current approach when determining the appropriate GST treatment. However, with the personnel changes within the Finance team, it may be prudent to continue seeking advice for a broader range of property transactions.</p> <p>In addition, we recommend key staff from both the Finance and Property teams attend regular training on GST and property transactions as it is a highly complex area that often includes material transactions.</p>		●

Area of focus	Our observation	Our recommendation	Action taken by Council	Priority
GST Schedule of the S&P agreements	<p>When reviewing the property documentation, we noted that in most cases, the GST Schedule (Schedule 1) of the S&P agreements had been fully completed.</p> <p>However, in a few of the cases reviewed, this schedule had not been fully completed by both the vendor and purchaser.</p>	<p>We recommend that Council ensure Schedule 1 is fully and accurately completed so the GST obligations can be correctly determined.</p> <p>Even if the GST treatment is known, the S&P agreements should be completed in order to evidence this. The GST schedule should be the 'source of truth' if the GST treatment were to ever be questioned, or for when Council may sell the property in the future.</p>		●
Specific property transactions	<p>We reviewed a sample of property transactions undertaken by Council, and in most cases the GST treatment appears to have been correctly determined.</p> <p>We encountered one instance where the GST treatment was initially incorrect, but Council later sought advice from PwC and made the necessary adjustments to correct this.</p>	<p>This example highlighted the importance of ensuring that the GST schedule is completed.</p> <p>No further action required.</p>		●

Area of focus	Our observation	Our recommendation	Action taken by Council	Priority
Residential properties – SOLGM mixed-use adjustment	<p>We understand Council has previously disposed of all pensioner housing in 2019 and currently owns 17 residential rental properties in total.</p> <p>Council is correctly performing a mixed-use adjustment under the SOLGM method (as outlined in Appendix Four) for four of its residential rental properties. Council returns a notional amount of GST on the rental payments received for these properties each month.</p> <p>We understand that a mixed-use adjustment is not being applied to the remaining residential rental properties owned by Council. We understand this is due to the properties either being purchased prior to the adoption of the SOLGM method, or that no second-hand goods credit was claimed at the time of purchase.</p>	<p>While we consider this low risk for Council, it may be prudent to confirm the original GST treatment for the residential rental properties for which Council are not currently performing a mixed-use adjustment. This will be important in determining the correct GST treatment in the event of disposal.</p> <p>Where a second-hand goods claim has been made on the purchase of the property, we recommend Council make mixed-use adjustments for the property going forward.</p> <p>Although any residential properties purchased prior to the introduction of GST will fall outside the scope of GST, this should be recorded for completeness.</p>		●
Residential properties - expenses	<p>We understand Council correctly excludes claiming GST on expenditure in relation to residential rental properties by way of a manual journal.</p>	No action required.		●

Area of focus	Our observation	Our recommendation	Action taken by Council	Priority
Rates				
Rates generally	<p>For GST purposes, rates have a modified time of supply trigger being the earlier of:</p> <ul style="list-style-type: none"> the date the instalment notice is issued; the due date for payment required by the instalment notice; or the date any payment is received. <p>We understand Council sets rates during July each year and has four quarterly instalment dates in July, October, January, and April.</p> <p>Council correctly returns output tax on rates based on the earlier of the rates instalment notice or payment. As most notices are issued mid-month, this significantly minimises any time of supply risk.</p> <p>We discuss the time of supply treatment for rates received in advance in further detail below.</p>	No action required.		●
Rates adjustments	<p>Where adjustments are required to be made to a rates instalment notice (e.g., a property was initially incorrectly rated), Council will issue a new rates instalment notice with the corrected amounts.</p> <p>As Council includes the wording "Tax invoice/credit/debit note" on its instalment notices, this constitutes both an invoice and credit/debit note. We understand a letter would accompany the second issued instalment notice.</p>	No action required. Whilst we note there is some risk that the recipient may inadvertently claim GST on both instalment notices, following the recent law change, the onus falls to the recipient to ensure GST is not overclaimed.		●

Area of focus	Our observation	Our recommendation	Action taken by Council	Priority
Rates received in advance	<p>We understand that rates received in advance are captured by the debtors in credit balance. Council takes a conservative approach by returning GST on the change in the debtors balance each month, and making adjustments as needed (i.e. where a payment is refunded).</p> <p>We note that where rates are paid beyond the current years assessment, this should not be recognised for GST as there is no supply. However, we consider there is minimal risk for Council in this regard.</p>	No action required.		●
Rates remissions	<p>The sample of rates invoices reviewed show GST has been calculated on the full amount of rates prior to the remission.</p> <p>Where a rates remission has been applied, GST should only be charged on the amount net of the remission.</p> <p>We understand an adjustment takes place in Council's system by applying GST on the rates remissions amounts. This is intended to offset the output tax on rates and ensures Council is returning the correct amount of GST.</p> <p>Whilst we are satisfied Council is correctly returning GST, it is important that the correct GST amount is also reflected in the invoice to ensure recipients are not overclaiming GST.</p>	We recommend Council amends their rates invoices to ensure they reflect the correct amount of GST where rates remissions have been applied.		●
Rates penalties	The sample of rates invoices reviewed show that Council is correctly treating rates penalties as exempt from GST.	No action required.		●

Area of focus	Our observation	Our recommendation	Action taken by Council	Priority
Postponements	We understand Council has a postponement policy but does not currently have any properties on postponement. We consider there are no GST implications in relation to postponements as the policy does not impose postponement fees.	No action required.		●
Other				
Insurance adjustments	We understand Council returns GST on insurance proceeds received by including the GST at source to reduce the number of manual adjustments required. While the GST content of insurance payments received are technically required to be included as a debit adjustment in the GST return, we consider there is minimal risk in continuing with the current approach as this will not impact Council's overall GST liability.	No action required.		●
Development contributions	Council may require development and/or financial contributions in relation to some resource consents. During our review we were notified of one instance where development contributions were to be paid by way of land, however as the transaction had not yet occurred, we were unable to review this in further detail. Council should be mindful that where development contributions are paid by way of land, the GST implications will require separate consideration as zero-rating applies to the extent a contribution is 'paid for' in land.	Development contributions generate a lot of complexity as there is often a significant delay between when they are agreed and when they are paid. We recommend Council ensures that the Finance team are notified when a development contribution is being agreed and when they are being exchanged to ensure the GST compliance is accurate.		●

Area of focus	Our observation	Our recommendation	Action taken by Council	Priority
Resource consents	<p>Council does not require an upfront payment to be made upon the submission of a resource consent application. Once an application is received, Council will determine the appropriate fee and issue an invoice to the applicant for a non-refundable deposit. Invoices are typically issued within a few days of Council receiving the application.</p> <p>We understand Council recognises GST on the deposit based on the timing of the invoice.</p> <p>Council will issue an additional invoice where the cost for the resource consent exceeds the initial deposit.</p>	No action required.		●
MBIE levy	<p>Council collects MBIE levies from certain applicants as part of the building consent process. Council is correctly treating the levies as subject to GST and issuing buyer-created tax invoices to MBIE. Following our 2017 report, Council has correctly amended building consent invoices to present the GST collected on these levies.</p>	No action required.		●
BRANZ levy	<p>Council collects BRANZ levies from certain applicants as part of the building consent process. We have reviewed a sample of building consent invoices and can confirm that Council is correctly treating these levies as not subject to GST.</p>	No action required.		●




Area of focus	Our observation	Our recommendation	Action taken by Council	Priority
Dog registrations	<p>Council issues an annual registration renewal to dog owners for dog registration fees payable. Council returns GST output tax on dog registration fees at the time a payment is received. An invoice is issued following receipt of the payment.</p> <p>Per our previous 2017 report, we noted this treatment may expose Council to a time of supply risk if the renewal notice is considered to be a request for payment, and recommended wording be included on dog registration fee statements to indicate these are conditional invoices. We have reviewed a recent sample of dog registration renewals and note this wording has not been included.</p>	<p>We recommend Council consider including wording on dog registration fee statements to indicate these are conditional invoices. This risk is heightened somewhat by the changes to taxable supply documentation requirements as they no longer need to include the words "tax invoice" to be valid.</p> <p>This change will ensure the time of supply is aligned with Council's current practice of recognising GST when payment is received.</p>		●
Liquor and food licensing	<p>We understand Council will issue invoices for license renewals, and later credit note these if there are no longer applicable.</p>	<p>Similar to dog registrations, we recommend Council consider using conditional invoices to reduce the requirement to issue credit notes and allow GST to be returned based upon payment.</p>		●
Grants	<p>It was noted in our 2017 report that for grants Council receives, Council was reliant on the third-party grant provider to determine the GST treatment which exposed Council to the risk if incorrect.</p> <p>We understand that business units are encouraged to inform Finance of grants received and Finance determine the GST treatment in most instances. Finance will consider the relevant factors and consult PwC's MyTax Policies and Guides when unsure on GST treatment.</p> <p>For grants paid, Council will make payment based on the invoice received, with the recipient determining the GST treatment.</p>	<p>We recommend that Council continue to encourage business units to seek advice from Finance when determining the GST treatment.</p>		●

Appendix Two – FBT Summary of findings

Area of focus	Our observation	Our recommendation	Action taken by Council	Priority
General				
FBT return process	<p>Council's FBT return preparation process requires the preparer to download several GL accounts that may have transactions which attract FBT.</p> <p>The preparer will look through the transaction listings to identify any unclassified benefits subject to FBT and enter these into the quarterly workpaper. Interest for E-bike loans is calculated using a calculation worksheet and is entered into the workpaper along with health insurance premiums paid.</p> <p>An overnight use report is used to determine any private use of motor vehicles (discussed further below).</p> <p>Once complete, the FBT return workpaper is sent to the Finance Director for review before being filed with Inland Revenue.</p>	<p>Though Council's FBT return process is generally sound, we note the process for identifying unclassified benefits requires a significant amount of manual work and we recommend Council consider options to automate some of this process to improve efficiency and align with Inland Revenue's expectation. We also recommend some improvements in relation to motor vehicles.</p>		●
Procedural document	<p>Our 2017 report recommended Council develop an FBT procedural document as there was not one in place at the time.</p> <p>Council have since addressed this issue and have developed a clear and comprehensive procedural document to assist in the preparation of its FBT returns. We understand this document is updated regularly to ensure it remains relevant and fit for purpose.</p>	No action required.		●

Area of focus	Our observation	Our recommendation	Action taken by Council	Priority
Calculation method	<p>Council currently applies the alternate FBT rate of 49.25% to fringe benefits provided during Q1 – Q3.</p> <p>In prior years, Council have opted to apply the short-form alternate method when calculating the Q4 'wash-up' calculation, however we understand Council is considering adopting the pooled alternate rate method for the upcoming Q4 return.</p>	<p>Given Council's increased number of attributable benefits provided to employees (assigned motor vehicles and health insurance in future years), we agree with Council's decision to adopt the pooled alternate rate method. As many employees receiving these attributable benefits are earning below \$160,000, this method will provide the significant FBT savings with much less compliance costs and calculation risk.</p>		✓
Motor vehicles				
General	<p>Council has a large fleet of over 200 vehicles, consisting of both leased and owned vehicles.</p> <p>We have reviewed Council's fleet listing and understand this is not complete or up to date, and often conflicts with the quarterly GPS data used to determine private use of pool vehicles.</p>	<p>It is crucial for Council's asset listing to act as a source of truth to ensure FBT on motor vehicles is being captured correctly.</p> <p>We recommend Council revise its asset listing to ensure this is up to date, reflecting what Council's current vehicles are, their category for FBT purposes and who they are used by. This should be regularly updated to ensure it remains accurate. FBT categories should include work-related, full private use, pooled and no private use vehicles to support FBT compliance.</p>		●
Private-use vehicles	<p>Council makes a small number of vehicles available to certain employees for their private use as part of their total remuneration package. Council correctly returns FBT on full private use of vehicles, excluding any exempt days.</p>	<p>No action required.</p>		●

Area of focus	Our observation	Our recommendation	Action taken by Council	Priority
Motor vehicle booking system	Council has a vehicle booking system in place. However, the booking system doesn't clearly identify whether the usage is subject to FBT. Furthermore, it is not widely used by Council employees. Accordingly, this data is not used for FBT return purposes.	<p>We recommend that the booking system is configured to ensure that the booking options that employees select between, automatically link to whether they are subject to FBT or not.</p> <p>Council should also encourage all business units to utilise the booking system.</p> <p>Further, we recommend that whilst the booking system is not fully utilised, the booking system data is used in conjunction with the GPS tracking, to reduce FBT payable where the vehicles are used for exempt purposes or business use only.</p>		●
GPS tracking	<p>Council currently uses GPS tracking and geofencing to identify instances where a vehicle (other than full private use vehicles and known work-related vehicles) has been taken away overnight. Council takes a conservative approach by treating any instances of this as a private use day for the purposes of FBT.</p> <p>When reviewing the GPS reports we encountered some minor issues with the data used, as this included duplicate data for weekend days, and did not account for exempt days.</p> <p>We understand Council is in the process of switching GPS providers from Smartrak to E-Roads, which includes a new booking system. Unfortunately, we are unable to comment on the GPS reports produced by the new system as there were not yet available during our review.</p>	<p>Once implemented, we recommend that the GPS tracking system is the primary tool used to track private use. We recommend that it is used in conjunction with the booking system in the following ways for different vehicle categories:</p> <ul style="list-style-type: none"> • Full private use vehicles – FBT is returned for all days except where identified by the user that it was unavailable (e.g. at the mechanic). • Pooled/unassigned vehicles – GPS tracking used to identify when it is used outside of work hours to account for private use days. This amount is reduced by bookings identified as not subject to FBT. • Work-related vehicles – No FBT applies on days where restrictions are applied. The GPS system should be used to track compliance with the restrictions by the fleet team and employees' managers. 		●

Area of focus	Our observation	Our recommendation	Action taken by Council	Priority
Work-related vehicles	We understand that for some employees with a work-related vehicle, a private use restriction letter is supplied and monitored. However, we understand there is no central monitoring of which employees have received this and how often it is refreshed.	We recommend that Council provide a private use restriction letter to all employees that use vehicles that Council wish to apply the work-related vehicle exclusion to. A list of these vehicles/employees should be maintained by the fleet team and updates/refreshed letters sent yearly, at a minimum.		
Building inspector vehicles	Council is currently returning FBT on full private use in relation to vehicles provided to building inspectors. We understand Council is considering applying the work-related vehicle exclusion to these vehicles. Where the vehicles design meets the criteria of a work-related vehicle (i.e. they are not designed principally for the carriage of passengers and have permanent and prominent display of Council's logo) Council may be able exclude these vehicles from FBT. Council will need to provide the employees with private use restriction letters and monitor this compliance. Lastly, the provision of the motor vehicle to the building inspector must be "necessary in, and a condition of" their employment.	Should Council wish to treat building inspector vehicles as exempt from FBT by restricting private use, to mitigate risk, we recommend issuing a private use restriction letter outlining not only that only home to work travel (and incidental use) is permitted, but why it is necessary that the vehicle be taken home and ensure that it is a condition of their employment.		
FBT day	Following our previous 2017 report, we understand Council has elected a non-standard FBT day starting at 10am. The effect of this elected FBT day results in Council only being required to account for one day of FBT, rather than two, where a pool vehicle is taken home after 10am and returned the following day before 10am.	No action required.		

Area of focus	Our observation	Our recommendation	Action taken by Council	Priority
Other benefits				
Unclassified benefits	<p>Council provides a variety of unclassified benefits to staff, which most commonly includes flowers and vouchers. Council also has the 'Bravo' rewards and recognition policy, through which non-cash benefits may also be provided to staff.</p> <p>Council is correctly capturing and reporting unclassified benefits provided to employees.</p> <p>Our 2017 report recommended Council track the de minimis threshold for unclassified benefits, however we understand the benefits provided to Council are unlikely to fall below this exemption threshold.</p>	<p>We recommend Council consider automating some of the unclassified benefits FBT tracking process perhaps using one of the following potential solutions to reduce the amount of manual work required:</p> <ul style="list-style-type: none"> • Using a key word search or filter to identify items subject to FBT. The key word search should be based on prior quarter data and staff encouraged to enter benefits using the key words. • A key word search could also be used to remove unwanted items (such as payroll journals) which are not subject to FBT, to reduce the number of line items Council is addressing. <p>Council may wish to use an automation tool (rather than just excel) to perform this function. We understand Council has a staff member with a PowerBI licence and expertise, as such, this may be the most appropriate system to use perhaps in conjunction with another tool such as Alteryx.</p>		●
Health insurance	<p>Council has recently introduced health insurance for employees from September 2022. Council has negotiated a flat rate insurance premium per employee. We understand these insurance premiums are currently under the \$1,000 attribution threshold but this benefit will need to be attributed once this threshold is exceeded. The Finance team are aware of this.</p>	No action required.		●

Area of focus	Our observation	Our recommendation	Action taken by Council	Priority
E-bikes	<p>In 2019 Council assisted a number of employees with the purchase of e-bikes by way of an interest-free loan.</p> <p>Council is correctly calculating FBT on the interest-free loan based on the current prescribed interest rate set by Inland Revenue.</p>	We recommend that Council continue to adjust the calculation for changes in the prescribed interest rating, noting the rate has increased to 6.71% from 1 January 2023.		●
Uniforms	<p>Council issues uniforms to employees where their role requires them to wear one.</p> <p>We understand all items of uniform provided display Council's logo. Where clothing has a permanent and prominent display of Council's logo, this will constitute 'distinctive work clothing', and as such, is exempt from FBT.</p>	No action required.		●
Discounts	<p>Council employees are entitled to access various discounts and special offers from a number of local retailers.</p> <p>Providing these retailers offer similar discounts to other employers of a similar size to Council, these discounts will not be subject to FBT.</p>	No action required.		●

Appendix Three – Changes to GST tax invoicing rules

The Government enacted changes to the GST invoicing and record-keeping requirements earlier this year, to apply from 1 April 2023. The GST invoicing rules have largely been unchanged since the introduction of GST in 1986.

The changes enacted earlier this year were intended to reflect modern business practices (such as digitised business systems and the expected introduction of wider use of e-invoicing). The main change was to remove the requirement to issue and hold a single prescribed "tax invoice" document. Rather, the GST requirements would be met if specified GST information is provided and held, regardless of the source(s) (e.g. commercial invoices, supply agreements, or other business records).

At a high level, the amendments introduce flexibility around GST invoicing/"taxable supply information" ("TSI"). There will no longer be a requirement to issue and hold a single prescribed "tax invoice" document and instead, GST information can be provided and held across a number of sources/records. This may impact:

- **AR systems** - including how you invoice your customers going forward and your AR system may need to be updated to reflect this.
- **AP systems** - which may reject invoices that are compliant under the new rules (due to the configuration of the AP approvals that typically require 'tax invoice' criteria to be met). It will be important to review your AP processes to ensure you can accept new alternative documentation.

We provide an illustration on the following page of the taxable supply information that will be required for the different values of supplies under the new rules.

Current requirements	New requirements (effective 1 April 2023)	
	Supplies made of >\$1,000 (GST inclusive)	Supplies made of \$200 to \$1,000 (GST inclusive)
The words "tax invoice" in a prominent place	✗	✗
The name and registration number of the supplier	✓	✓
The name and address of the recipient	✓ More flexibility on "address" - can have the recipient's NZBN, website, email address, or phone number rather than the physical address	✗
The date upon which the tax invoice is issued	✓ When no invoice is issued, must show the date of the supply	✓ Where no invoice is issued, must show the date of the supply
A description of the goods and services supplied	✓	✓
The quantity or volume of the goods and services supplied	✗	✗
Either: - the total amount of GST charged, the GST exclusive (net amount), and the total consideration, including GST; or - the total amount including GST, and a statement that it includes GST (provided that the gross amount is inclusive of GST at 15%)	✓	✓

Key ✗ = No longer required ✓ = Required

Appendix Four – SOLGM apportionment methodology

As Council is a member of the SOLGM agreement regarding the purchase of mixed-use properties, any GST paid on the acquisition of the property is fully recoverable. Further, if the supply of a mixed-use property to Council was zero-rated for GST purposes, Council does not need to make an up-front adjustment for nominal GST (i.e. GST that would have been payable, had the supply not been zero-rated).

If the property is rented as a residential property, 'change-in-use' adjustments are made on a monthly basis and are calculated as 3/23rds of the rental income received (represented as a positive number in Box 9 of Council's GST return). However, it is important to reiterate that rental income is an exempt supply and is not actually subject to GST. Rather, the returning of GST based on the rental income simply reflects a need to make an adjustment for GST related to the purchase price of the property – which incidentally means the cost price of the property changes for accounting purposes.

In the month that the mixed-use property is applied solely for Council's taxable purposes (e.g. roading), and residential rental activity has ceased, Council can recover all the notional GST output tax previously remitted to Inland Revenue for that property in respect of the monthly GST adjustments, as referred to above.

'Normal' GST rules apply to the sale of mixed-use property previously accounted for under the SOLGM agreement.

Appendix Five - Key personnel

Person	Title
Nikita Hanright	Senior Financial Accountant
Shiba Bali	Financial Accountant
Sarah Vaz	Accounting Manager
Trevor Harris	Senior Property Advisor / Growth Group
Leah Pavitt	Programme Manager Development Contributions
Gargi Gaonkar	Accounts Receivable Transactional Lead
Sally Cook	Debt Management Administrator - Finance Unit
Claire Foster	Senior Property Advisor – Strategic Property
Laura Thomson	Consents and Monitoring Lead – Planning Guidance
Donna Clarkin	Accounts Payable Co-Ordinator
Matthew Bell	Financial Support Services Manager
Louise Peat	Fleet Manager
Dani Bond	Fleet Administrator
Angela Wallace	Business Support Accountant
Kelvin Powell	City Safe Unit Manager
Susan Stanford	Animal Control Manager
Aimee Laing	Remuneration & Benefits Lead
Anna Corboy	Business Support Accountant
Chelsea Sharp	Business Manager – Building Control



26 May 2023

Hamilton City Council

Follow-up of Internal Audit Recommendations
Internal Audit – FINAL report



Item 9

Attachment 3

Tracey Musty
Finance Director
Hamilton City Council
PO Box 3010
Hamilton

26 May 2023

Follow-up of Internal Audit Recommendations internal audit

Dear Tracey

In accordance with our Terms of Reference dated 27 April 2023, and the terms and conditions in our Contract for the provision of internal audit services dated 1 July 2017, we are pleased to provide our findings and observations for the follow-up of internal audit recommendations.

We would like to extend our appreciation to management for the assistance provided with this engagement.

Yours faithfully



Matthew White
Partner
PricewaterhouseCoopers
Hamilton, New Zealand

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Users of this deliverable

This report is intended solely for the use of Hamilton City Council. The Executive Sponsor for this engagement is Tracey Musty (Finance Director).



Private and Confidential

This deliverable is provided solely for Hamilton City Council for the purpose for which the services are provided. Unless required by law you shall not provide this deliverable to any third party, publish it on a website or refer to us or the services without our prior written consent. In no event, regardless of whether consent has been provided, shall we assume any responsibility to any third party to whom our deliverable is disclosed or otherwise made available. No copy, extract or quote from our deliverable may be made available to any other person without our prior written consent to the form and content of the disclosure.



Inherent Limitations

We have performed our engagement in accordance with relevant ethical requirements of the Code of Ethics issued by the New Zealand Institute of Chartered Accountants, and appropriate quality control standards. This engagement does not constitute a review, audit, assurance, or agreed upon procedures engagement as defined in the standards issued by the External Reporting Board. Accordingly, this engagement is not an assurance engagement, nor is it intended to, and will not result in, the expression of an assurance, audit or review opinion, or the fulfilling of any statutory audit or other assurance requirement.



Executive Summary

Objective

The objective of this internal audit is to assess the status of recommendations present on Hamilton City Council's (**HCC** or **Council**) Organisational Improvement Register.

Scope and process

The objective of this internal audit is to assess the status of recommendations present on the Council's Organisational Improvement Register.

The scope of our engagement is to assess the status of recommendations (except those raised by Audit New Zealand) reported as at 29 March 2023 (per the report to the Strategic Risk and Assurance Committee). This review will cover recommendations regardless of the status shown in the register (i.e. delayed or not yet started, in progress, and complete).

Our approach involved the below procedures:

- Interview recommendation owners to determine what progress has been made for each recommendation.
- Perform a high-level review of implementation evidence (where available) for the recommendations.

Please refer to Appendix A for the full scope and approach.

Scope limitations

Our scope does not include:

- Recommendations raised by Audit New Zealand.
- Detailed assessment of the implementation of recommendations.
- Sourcing information outside of what the Council provides us.

This internal audit does not constitute a review, audit, assurance engagement or agreed upon procedures as defined in the standards issued by the External Reporting Board. Accordingly, this engagement is not an assurance engagement, nor is it intended to, and will not result in, the expression of an assurance, audit or review opinion, or the fulfilling of any statutory audit or other assurance requirement.

Executive Summary

Key findings

There were ten in-scope reports with a total of 70 recommendations on the Organisational Improvement Register (OIR). A progress update was able to be obtained for nine reviews covering 67 in-scope recommendations. 38 recommendations are complete and can be closed. The vast majority of the remaining open recommendations relate to more recent engagements. A summary by report is presented in summary table on the next page.

The status of 60 recommendations was confirmed to be the same as what was reported in the 29 March 2023 Strategic Risk and Assurance Committee meeting.

Based upon our work an additional six recommendations have changed from in progress to complete, and the status of one recommendation has changed from complete to in progress. There was also an ownership transfer request for one recommendation due to system constraints outside of the owner's control.

There are two reports from 2021 that still have recommendations in progress:

- the IBIS Breeze outstanding recommendations mostly relate to the need for the software provider to make developmental changes to the software, over which Council has limited control. All changes have been requested with the software provider by Council and are subject to the software providers software development processes as to when changes are scheduled to be included in new releases.
- Property Management has three recommendation still in progress. Two of these are very close to completion and the remaining one is due to current software limitations which have been raised with Information Services.

The Wairere-Cobham recommendation that has moved from complete to in-progress relates to the review of project accruals.

We note that the Cyber recommendations are being addressed through a three year roadmap with targets for an uplift in maturity. We recommend that at the appropriate stages, a reassessment of maturity status is undertaken to confirm the progress made.

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There were instances during the interviews where the status of a recommendation was assessed by the owner using only the wording present in the OIR which does not capture the full context.

It is recommended that a note is added to the OIR highlighting that the recommendation wording is a summary of action points, and that the underlying background/context from the related report needs to be considered when assessing whether a recommendation is complete.

Management Comment

We are pleased to see a large number of audit recommendations being closed which demonstrates the progress made in addressing the risks identified. We note that those in progress or not yet started are from recent internal audit engagements or where Council is reliant on software updates from vendors.

We agree with the recommendation made regarding adding a note to the OIR regarding the need to refer to the original report for the complete background/context of a recommendation.



Executive Summary

Key findings

A summary table of the clearance of recommendations is included below:

Internal Audit Engagement Report *	Date issued	Status per PwC		Total	Status changed to Complete	Status changed from Complete to In Progress	Detailed findings page number
		Not started / In progress	Complete, can close				
Business Case and Benefits Realisation	Feb 2021	0	7	7			9
Business Continuity Management	Oct 2022	7	1	8			11
Cyber Security Phase One	May 2022	5	1	6	1		13
Cyber Security Phase Two	Dec 2022	5	0	5			15
Data Governance	Nov 2020	0	1	1			16
IBIS Breeze	Aug 2021	6	13	19	1		18
Property Management Process	Feb 2021	3	2	5	2		22
Strategic Property Unit Review	Oct 2022	2	11	13	2		24
Wairere Cobham Drive Interchange	Nov 2020	1	2	3		1	28
Total		29	38	67	6	1	

* The Growth Model is excluded from the above summary as an interview and progress update was not able to be obtained for the three in progress recommendations (pg. 17).

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Update on previous review recommendations

Update on previous review recommendations

Review:
Business Case and Benefits Realisation (D-3633275)

Date raised:
February 2021

Owner(s):
Sarah Seel (PMO Manager)

Focus area/ Issue	Recommendations	Risk	Quarter 2 2023 Update	Status	PwC Update - May 2023
Alternative solutions should be put forward when procuring goods and services	1.1 Seek registrations of interest or perform a market scan to identify software suppliers that may meet HCC requirements.	Low	Completed. Staff are required to go to market for all IT projects in line with the Financial Delegations Policy.	Complete (ready for re-auditing)	Sighted a business case dated 20 Feb 2022 where a market scan and analysis of similar software packages was performed covering costs, functionality and fit.
	1.2 Identify which software packages offer similar solutions and include analysis of these in the Business Case, including costs, functionality and fit.	Low		Complete (ready for re-auditing)	Agree that this recommendation is complete.
Assumptions in financial models should be clearly stated	2.1 All assumptions on financial forecasts to be clearly stated alongside the financial model(s).	Moderate	Both the Lite and Full Business Case Templates (D-2228709[v2] and D-2227966[v2]) have been updated with a section asking the author to include any assumptions that have been made in determining the budget estimates.	Complete (ready for re-auditing)	Both the Lite and Full Business Case Templates have been updated to include a financial assumptions section. Agree that this recommendation is complete.
	2.2 Where HCC has developed alternative financial models, these should be reviewed by another analyst to check the assumptions and calculations.	Moderate	The Full Business Case Templates (D-2227966[v2]) has been updated with a instruction asking the author to ensure that all financial modelling have been reviewed by another analyst to ensure that assumptions and calculations are correct.	Complete (ready for re-auditing)	Per inquiry, financial models are only required for large projects, and only those over 20m would require peer review. There are no examples of this since the review was performed. However the full business case template has been updated to include an "Assumptions and peer review" section where it is noted that financial peer review is required for projects over \$20m. Agree that this recommendation is complete.

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Update on previous review recommendations (cont.)

Review:
Business Case and Benefits Realisation (D-3633275) (cont.)

Date raised:
February 2021

Owner(s):
Sarah Seel (PMO Manager)

Focus area/ Issue	Recommendations	Risk	Quarter 2 2023 Update	Status	PwC Update - May 2023
Addressing identified risks in financial models by tracking them specifically.	3.1 Label risks uniquely, and track those in any financial models, showing the effect of the risk on the model's outcome.	Low	All risks in Full Business Cases will be recorded in Psoda which as a unique labelling system for risks so these can be tracked in any financial models and used to show the effect of risk on the models outcome.	Complete (ready for re-auditing)	Sighted evidence of a financial project risk being recorded and updated in Psoda. The change history of each risk is kept in an audit trail. Agree that this recommendation is complete.
The four community wellbeings are not specifically included in the Project Management Framework or Business Case template.	4.1 The four community wellbeings are explicitly outlined in the Project Management Framework or Business Case template.	Low	Both the Lite and Full Business Case Templates have been updated with a section asking the author to explain how the project will deliver on improving the wellbeing of Hamiltonians in terms of the four well-beings.	Complete (ready for re-auditing)	Both the Lite and Full Business Case templates have a section for 'Wellbeing Outcomes' which also links out to the Council's Wellbeing Framework. Agree that this recommendation is complete.
When to use a business case is unclear.	5.1 A decision tree matrix is developed within the Project Management Framework to guide staff whether a business case should be used.	Low	The Project Management Framework (D-3196491) has been updated to guide staff on whether a Business Case is required.	Complete (ready for re-auditing)	Guidelines on when a business case is required was sighted in the Project Management Framework. We have also sighted a filled out example of the "HCC Project Sizing tool" which guides project managers on whether they need a business case and if yes, which template to use. Agree that this recommendation is complete.

Update on previous review recommendations (cont.)

Review:
Business Continuity Management (D-4469401)

Date raised:
October 2022

Owner(s): Michelle Hawthorne
(Governance and Assurance Manager)

Focus area/ Issue	Recommendations	Risk	Quarter 2 2023 Update	Status	PwC Update - May 2023
The Business Continuity policy is not fit for purpose and a resilience governance framework is not in place.	1. Develop a Resilience Management Policy incorporating business continuity, crisis, emergency and incident, and protective security management.	High	Due date 31 March 2023	In progress	Currently on hold in order to align with the review of the Risk Management Policy
	2. Establish resilience working and governance groups	High	Due date 30 June 2023	Delayed or not yet started	Deferred (no specified timeframe) due to change in risk management team and resource constraints
	3. Development and implement a resilience training and testing programme.	High	Due date 30 June 2024	Delayed or not yet started	As yet no work has been undertaken as the due date is in 2024
Align Council's enterprise-level Business Impact Assessment (BIA) risk assessment and the operational BIA	1. Review enterprise-level BIA to guide operational level BIA alignment.	High	PwC engaged to carry out this review.	Complete (ready for re-auditing)	The enterprise BIA has been completed and is being utilised to guide the operational BIA approach Agree that this recommendation is complete.
	2. Align operational-level BIA with enterprise-level BIA as part of routine BCM reviews and updates.	High	Critical functions due by 30 April 2023. Enabling functions due by 31 July 2023.	In progress	This is underway as per the above.

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Update on previous review recommendations (cont.)

Review:
Business Continuity Management (D-4469401) (cont.)

Date raised:
October 2022

Owner(s): Michelle Hawthorne
(Governance and Assurance Manager)

Focus area/ Issue	Recommendations	Risk	Quarter 2 2023 Update	Status	PwC Update - May 2023
The Business Continuity Plan (BCP) should address key risks and dependencies highlighted by a BIA and Management should determine practical recovery strategies to guide investment, and detailed procedures to guide operation.	1. Refresh the BCP template	High	Due date 30 March 2023.	In progress	An updated BIA template has been completed as a first step towards refreshing the BCP template. Due date now expected to be June/July 2023.
	2. Establish resilience working and governance groups	High	Due date 30 June 2023	Delayed or not yet started	Deferred (no specified timeframe) due to change in risk management team and resource constraints
	3. Development and implement a resilience training and testing programme.	High	Due date 30 June 2024	Delayed or not yet started	As yet no work has been undertaken as the due date is in 2024

Update on previous review recommendations (cont.)

Review: Cybersecurity - Phase One (D-4225140) **Date raised:** May 2022 **Owner(s):** Monjur Ahmed
(Enterprise Technology Risk & Cybersecurity Manager - Information Services)

Focus area/ Issue	Recommendations	Risk	Quarter 2 2023 Update	Status	PwC Update - May 2023
Cybersecurity	1. For the identified critical business services refine the threat profile to prioritise roadmap initiatives to address immediate threats.	High	We have drafted a roadmap of initiatives. Further work to be done in the business.	In progress	Council Information Services team have developed a comprehensive roadmap covering all the recommendations raised covering the next 3 years. They are currently revising the targeted roadmap to make it more holistic. Progress is being made on delivering the fundamental IT dependencies that underpin addressing the majority of the recommendations raised. Cyber security dedicated resourcing has increased over the last year, but given the amount of work needed the 2025 targets in maturity uplift being achieved are still subject to the level of resources and funding being available.
	2. Develop a road map with specific details for the next 1 - 3 years	Moderate	An initial roadmap is developed and finalised with the aim to achieve risk-based Cybersecurity maturity at 'Managed' level by mid-2025.	In progress	
	3. Review the current resource gaps and how these can be addressed	High	Resource gaps are part of constant and ongoing gap analysis. The Cybersecurity team is getting more structured with recently joined Enterprise Technology Risk and Cybersecurity Manager (Monjur Ahmed) and Senior Cybersecurity Engineer (Karim Bellouarak).	In progress	
	4. When updating the cybersecurity Strategy, align the strategic actions with the corresponding NIST guideline	Low	We have agreed to align with NIST further complemented by ISO/IEC 27001:2013. On track for updating strategy in 2023 which includes incorporating recommendations by Gartner.	Complete (ready for re-auditing)	

Update on previous review recommendations (cont.)

Review: Cybersecurity - Phase One (D-4225140) (cont.)
Date raised: May 2022
Owner(s): Monjur Ahmed
 (Enterprise Technology Risk & Cybersecurity Manager - Information Services)

Focus area/ Issue	Recommendations	Risk	Quarter 2 2023 Update	Status	PwC Update - May 2023
Cybersecurity (cont.)	5. Ensure that security by design is incorporated throughout the technology lifecycle from procurement, development, operations and disestablishment.	Moderate	This is a wider practice incorporating all teams within technology space. The Cybersecurity team is working alongside all relevant stakeholders in process improvement to ensure 'security by design' is adopted as a practice.	In progress	Council Information Services team have developed a comprehensive roadmap covering all the recommendations raised covering the next 3 years. They are currently revising the targeted roadmap to make it more holistic.
	6. Information services need to be part of the refresh of the BCPs and provide realistic RTO, RPOs that are currently realistic and understand from the business where these need to be improved and therefore instigate a process whereby over time the business required RTO, RPO are met based upon a cost/benefit assessment of the investment required.	High	Working with the business to identify BCP critical services and prioritised needs from IS. Currently work in progress.	In progress	Progress is being made on delivering the fundamental IT dependencies that underpin addressing the majority of the recommendations raised. Cyber security dedicated resourcing has increased over the last year, but given the amount of work needed the 2025 targets in maturity uplift being achieved are still subject to the level of resources and funding being available.

Update on previous review recommendations (cont.)

Review: Cybersecurity - Phase Two (D-4380424) **Date raised:** August 2022 **Owner(s):** Monjur Ahmed
(Enterprise Technology Risk & Cybersecurity Manager - Information Services)

Focus area/ Issue	Recommendations	Risk	Quarter 2 2023 Update	Status	PwC Update - May 2023
Cybersecurity	1. Redacted. Refer to Public excluded.	High	Redacted. Refer to Public excluded.	In progress	<p>Council Information Services team have developed a comprehensive roadmap covering all the recommendations raised covering the next 3 years. They are currently revising the targeted roadmap to make it more holistic.</p> <p>Progress is being made on delivering the fundamental IT dependencies that underpin addressing the majority of the recommendations raised.</p> <p>Cyber security dedicated resourcing has increased over the last year, but given the amount of work needed the 2025 targets in maturity uplift being achieved are still subject to the level of resources and funding being available.</p>
	2. Redacted. Refer to Public excluded.	High	Redacted. Refer to Public excluded.	In progress	
	3. Redacted. Refer to Public excluded.	High	Redacted. Refer to Public excluded.	In progress	
	4. Redacted. Refer to Public excluded.	Moderate	Redacted. Refer to Public excluded.	In progress	
	5. Redacted. Refer to Public excluded.	Moderate	Redacted. Refer to Public excluded.	In progress	

Update on previous review recommendations (cont.)

Review: Data Governance (D-3532751) **Date raised:** November 2020 **Owner(s):** Murray Heke (GM Customer, Technology & Transformation)

Focus area/ Issue	Recommendations	Risk	Quarter 2 2023 Update	Status	PwC Update - May 2023
Data Governance	1. Provide a mandate and authority to an experienced individual who will be responsible to lead and drive the implementation of data governance across the organisation.	High	Information Services has completed a data strategy and data governance implementation plan. Funding for the delivery of the initiatives identified in the implementation plan will be requested through the next Long Term Plan.	Complete (ready for re-auditing)	The Chief Information Officer is responsible for leading the implementation of data governance across the organisation and they are currently revising the current data strategy to ensure that it is fit for purpose. Agree that this recommendation is complete.

Update on previous review recommendations (cont.)

Review:
Growth Model (D-3530137)

Date raised:
2020

Owner(s):
Greg Carstens (Growth, Funding & Analytics Manager)

Focus area/ Issue	Recommendations	Risk	Quarter 2 2023 Update	Status	PwC Update - May 2023
Quality of Growth Model	Improve input data & parameter control measures	Moderate	Official experimentation – In addition to Action Plan, minor changes have been made to the version control system (HOME) to allow for detailed comments on changes in input files/parameters. Providing users follow appropriate documentation procedures, this mitigates the loss of change justification. Ad-hoc experimentation – Column added as per Action Plan. Experimentation still encounters the risk of lack of justification, but as acknowledged in the report, this can only be solved by appropriate procedure being undertaken by the user	In progress	Interview and progress update was unable to be obtained.
	Implement error checking of input files & build in error handling functionality into the script	Moderate	Error handling has not been properly included in the script code, but has been tasked to be included before the next model run in May 2023.	In progress	
	Improve the documentation and functionality of the script	Moderate	The script has been fully commented with the intention of teaching a new user. This has subsequently been used successfully for onboarding. Naming conventions have not been modified. This is low priority and will be considered when the model is restructured (likely mid 2024).	In progress	

Update on previous review recommendations (cont.)

Review:
IBIS Breeze (D-3845480)

Date raised:
August 2021

Owner(s):
Candice Swanepoel (Financial Accounting Team Lead)

Focus area/ Issue	Recommendations	Risk	Quarter 2 2023 Update	Status	PwC Update - May 2023
Calculations within the software	2.1.1 Council Finance team gain visibility of formulas and calculations being performed in Breeze to provide greater confidence in the consistency and accuracy of formula application.	Low	Currently being undertaken through Annual Plan 23/24 process.	In progress	Ticket has been raised and acknowledged by the software vendor. No firm date for development.
Changes in source data, sensitivities and assumptions	2.2.1 Council Finance team implement a policy and practice to utilise the locking feature for legacy batch sets to prevent further changes being implemented by mistake.	High	Completed. Once batch set changed to 'published' it cannot be edited.	Complete (ready for re-auditing)	Council demonstrated this feature in IBIS Breeze. This recommendation can be closed.
	2.2.2 Outputs of Breeze to be developed to include summary details of the assumptions used.	High	Currently being undertaken through 2023/24 Annual Plan process.	In progress	Summary details of the assumptions are available and can be printed from the system. As business users do not directly use the outputs without the Finance team explaining what the assumptions used are there is low risk of misunderstanding. The status of this recommendation should be changed from in progress to complete.
	2.2.3 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	IBIS has yet to implement this functionality.	Delayed or not yet started	Ticket has been raised and acknowledged by the software vendor. Council has implemented internal process controls whereby only certain people can run/update a batch set. The status of this recommendation should be changed from delayed to in progress.

Update on previous review recommendations (cont.)

Review: IBIS Breeze (D-3845480) (cont.) **Date raised:** August 2021 **Owner(s):** Candice Swanepoel (Financial Accounting Team Lead)

Focus area/ Issue	Recommendations	Risk	Quarter 2 2023 Update	Status	PwC Update - May 2023
Input validation controls	2.3.1 Breeze be further developed to restrict the user entered assumptions to a reasonable value such as between 0% and 100%, and warn the user if the range is outside expected parameters such as entering an inflation rate of 25%.	Moderate	Will be tested as part of the work undertaken for the 2023/24 Annual Plan.	In progress	Ticket has been raised and acknowledged by the software vendor.
	2.3.2 Breeze also be developed to default a rate (e.g. 0%) for all forecast periods when a new general assumption is created, rather than the user having to manually and individually add each period for the assumption to be applied.	Moderate	IBIS has yet to implement this functionality.	Complete (ready for re-auditing)	HCC demonstrated in IBIS Breeze. When an assumption is created, default values are populated (e.g. 0%). Agree that this recommendation is complete.
	2.3.3 A warning to the user is shown if a general assumption does not have any entry or is still set at the default rate.	Moderate	IBIS has yet to implement this functionality.	Delayed or not yet started	Ticket has been raised and acknowledged by the software vendor.
	2.3.4 When the business budgets are uploaded through the integration module, input totals should be reconciled automatically against the import file.	Moderate	IBIS has yet to implement this functionality.	Complete (ready for re-auditing)	Budget is now imported directly to IBIS Breeze. Input totals are reconciled via pivot table and Power BI comparison. Agree that this recommendation is complete.
	2.3.5 Develop total input reconciliation for the Psoda import within Breeze.	Moderate	New import process managed by HCC staff. Reconciliation report has been developed.	Complete (ready for re-auditing)	HCC developed a macro-enabled reconciliation workbook. (i.e., Updating the 'Expenses' tab -> to produce pivot table. This pivot table is automatically reconciled from Breeze Project data dump. Agree that this recommendation is complete.

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Update on previous review recommendations (cont.)

Review:
IBIS Breeze (D-3845480) (cont.)

Date raised:
August 2021

Owner(s):
Candice Swanepoel (Financial Accounting Team Lead)

Focus area/ Issue	Recommendations	Risk	Quarter 2 2023 Update	Status	PwC Update - May 2023
Controls built into Breeze to check for errors	2.4.1 Breeze development integrate internal checks and present to the user such that they can have confidence the system is fully calculated and in balance.	Low	IBIS is progressing this	In progress	Ticket has been raised and acknowledged by the software vendor.
	2.4.2 There is a need to build in more comprehensive error checks and the error messages need to be user-friendly.	Low	IBIS has yet to implement this functionality.	Complete (ready for re-auditing)	Import of data has an error report if the upload fails. The LTP process has automatic emails to track progress and flags any errors or failure to update. There is an error message screen with a code to identify the type of error. Agree that this recommendation is complete.
Software output review procedures	2.5.1 Council Finance team set a timeline to reduce the level of manual recalculation currently being performed in line with the implementation of the recommendations included in this report to maximise the efficiency of the Breeze system.	Moderate	This has been partially addressed through the new capital import process from Psoda and reconciliation report. Operational data is still manually reconciled.	In progress	Benchmark graphs were developed. These are now being incorporated into IBIS Breeze. When these have been fully developed, then this recommendation can be closed.
Scenario version control processes	2.6.1 User access controls are implemented immediately to restrict ability of users in creating, editing and deleting batch sets.	High	Completed. User access managed by Business Support Accountant Team Leader, who restricts user access for batch sets.	Complete (ready for re-auditing)	This has been addressed. Agree that this recommendation is complete.
	2.6.2 Processes around creating, locking and deleting batch sets be formalised and documented.	High	Process has been formalised and documented through Breeze training notes, available to all users on through the Breeze happy fox system.	Complete (ready for re-auditing)	Process is formalised and documented. Agree that this recommendation is complete.

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Update on previous review recommendations (cont.)

Review: IBIS Breeze (D-3845480) (cont.)		Date raised: August 2021		Owner(s): Candice Swanepoel (Financial Accounting Team Lead)	
Focus area/ Issue	Recommendations	Risk	Quarter 2 2023 Update	Status	PwC Update - May 2023
Refresh interruption warning/ status not permanently displayed	2.7.1 The Breeze system be developed to present the user with a permanent warning if a recalculation has been interrupted, such as an icon or message in the status bar. The message must remain in place until resolved and be understandable for the user.	Moderate	Completed. Error message is emailed to the user, and the process is stopped.	Complete (ready for re-auditing)	IBIS Breeze has feature called 'Server interaction'. It shows briefly how the process is running and status of each steps. Agree that this recommendation is complete.
Consistency of application of the assumptions within the software	2.8.1 Periodically review the chart structure for assumptions and ensure that they are appropriate and consistent (e.g. similar operational expenditure items have consistent inflation assumptions applied).	Low	As part of the 2023/24 Annual Plan process (and for all Annual Plans and Long Term Plans) the assumptions are reviewed for consistency.	Complete (ready for re-auditing)	This is part of the review process. Agree that this recommendation is complete.
	2.8.2 User access to change the chart structure be restricted to those Finance Team members that need the access.	Low	Completed- user access has been restricted.	Complete (ready for re-auditing)	Under IBIS Breeze's Functional Roles and Permissions, only system admin can change the chart structure. Agree that this recommendation is complete.
Speed of calculation and output production	2.9.1 Further development of the Breeze system to improve the speed of calculation and output production, enabling the system to be used for real time 'what if' scenario modelling.	High	While some minor fixes have been made to improve the speed of calculations, the system will never get to the point where it will be able to be used for real time 'what if' scenario modelling. Therefore request that this recommendation be removed.	Complete (ready for re-auditing)	HCC accepted that further development of IBIS Breeze to improve speed of calculation would be difficult. Council is currently using their Excel model for real-time scenario modeling. Agree that this recommendation is complete.
Reliance on third party to import data	2.10.1 Move the Psoda import process to being completed by the Council Finance Team.	Moderate	Testing of the import process being performed on 31 October 2022. Will be resolved as part of the 2023/24 Annual Plan process.	Complete (ready for re-auditing)	Psoda import is integrated in IBIS Breeze. Agree that this recommendation is complete.

Update on previous review recommendations (cont.)

Review: Property Management Process (D-3631981)		Date raised: February 2021	Owner(s): Claire Foster (Senior Property Advisor - Strategic Property)		
Focus area/ Issue	Recommendations	Risk	Quarter 2 2023 Update	Status	PwC Update - May 2023
There is a lack of process notes, reliance on key people and current manual processes have resulted in data entry errors.	1.3 Implement a second person review of key information entered into the register.	Low	Met with Capital Accountant to discuss an internal audit process, not yet finalised.	In progress	Sighted support that discussions were held with Finance to implement an audit check process for the register. Advised by the Senior Property Advisor that this will be a process owned by Finance. This recommendation is still in progress.
With multiple teams and systems used to manage Commercial property, there is a need for good communication and sharing of information.	2.1 Work with the Facilities team to improve processes in respect of the provision of (or facilitation of access to) property inspection records.	Low	The Asset Manager is still developing the reporting for the 'building on a page'. Facilities have developed a reporting dashboard that gives information for all assets that SPU has access to.	In progress	Sighted support that Facilities' "Building on a Page" report now includes leased buildings and condition assessments. However it does not yet include information on inspections. The Senior Property Advisor is working with Facilities to include inspection information in reporting.

Update on previous review recommendations (cont.)

Review: Property Management Process (D-3631981) (cont.) **Date raised:** February 2021 **Owner(s):** Claire Foster (Senior Property Advisor - Strategic Property)

Focus area/ Issue	Recommendations	Risk	Quarter 2 2023 Update	Status	PwC Update - May 2023
The creation of monthly invoices for operating expense recoveries is very manual and prone to error.	3.1 Simplify the receipt of information	Low	Automation at this point is not possible, however this has been raised with IS and will be reviewed as Authority capability expands through upgrades. Discussions taking place with Revenue Team. The Business Administrator has implemented better manual processes and these are available through Content Manager should there be a different person in the role in the future. Process also mapped in Promapp.	In progress	Sighted evidence that relevant invoicing information is sent directly to the central Strategic Property Unit email and that one invoicing spreadsheet is used. It was noted that any further improvements were not within the control of the Strategic Property Unit. The status of this recommendation should be changed from in progress to complete.
	3.2 Implement a review process of the draft invoices	Low		In progress	Confirmed that the Senior Property Advisor does not believe that all draft invoices require a review process and that only unusual or non-standard invoices should require a review process. Sighted evidence of review for one non-standard invoice example. The status of this recommendation should be changed from in progress to complete.
	3.3 Investigate implementing a regular monthly invoice and wash up at year end	Low		In progress	It was noted that it was not within the Strategic Property Unit's control to complete this recommendation as there are software limitations in place. The Strategic Property Unit has requested for this recommendation to be transferred to a team that has the ability to solve the current limitations in place.

Update on previous review recommendations (cont.)

Review:
Strategic Property Unit Review (D-4490466)

Date raised:
November 2022

Owner(s): Nicolas Wells (SPU Manager) &
Kerryn Kane (Business Coordinator SPU)

Focus area/ Issue	Recommendations	Risk	Quarter 2 2023 Update	Status	PwC Update - May 2023
Greater detail and clarity required in respect of the purpose, function and activities of the Strategic Property Unit (SPU) and associated objectives/ key performance indicators	1.1 Prepare a comprehensive statement of the SPU's purpose, objectives and basis for opportunity assessment, to be confirmed and agreed between the SPU and Council leadership.	Moderate	Comprehensive statement of SPU's purpose, objectives and basis for opportunity assessment prepared. Awaiting Senior Leadership Team approval.	In progress	Sighted the draft Strategic Property Unit plan. Final approvals to be obtained for this plan.
	1.2 Once increased detail regarding the purpose, function and objectives of the SPU are agreed, review dashboard reporting to reflect consistency with associated KPIs	Low	Dashboard reporting reviewed to ensure consistency with associated KPIs.	Complete (ready for re-auditing)	Confirmed that there are no KPI changes from the draft Strategic Property Unit plan. The Strategic Property Unit has no LTP KPIs, however there is one CE KPI (2.2) they are responsible for. Sighted reporting relating to the CE KPI on the Strategic Property Unit Dashboard. Agree that this recommendation is complete.

Update on previous review recommendations (cont.)

Review: Strategic Property Unit Review (D-4490466) (cont.)		Date raised: November 2022	Owner(s): Nicolas Wells (SPU Manager) & Kerryn Kane (Business Coordinator SPU)		
Focus area/ Issue	Recommendations	Risk	Quarter 2 2023 Update	Status	PwC Update - May 2023
Opportunities to explore options for increasing the capacity of existing team members to focus on strategic activities to benefit wider Council objectives and facilitate continuity/succession planning	2.1 Prepare continuity planning including where internal resource can be used and identifying key contacts at external consultants where appropriate to ensure activities levels can be maintained with minimal interruption in the event of the absence of an SPU team member.	Low	Strategic Plan prepared. External resources scheduled and key contacts identified.	Complete (ready for re-auditing)	Sighted a list of External Contracts with contact information and with most contacts having service information recorded. Agree that this recommendation is complete.
	2.2 Upon completion of the wider Council property portfolio review and other internal unit management processes underway (which should include an assessment of potential future opportunity areas based on strategic direction), issue criteria for SPU engagement and prepare an internal SPU plan for identifying future opportunities proactively.	Moderate	Council property portfolio review in progress. Internal SPU plan for proactively identifying future opportunities in progress.	In progress	Criteria for engagement not yet completed, however sighted evidence that there was proactive identification of future opportunities via planned meetings with key Council units.
	2.3 Commence a process for identifying and assessing potential options to build future internal capability to maximise the longer term value of the extensive knowledge and experience of the existing SPU team.	Low	Process for identifying and assessing options to build internal capability commenced. Programme to maximise SPU experience and "value add" initiated.	In progress	The draft Strategic Property Unit plan has focus areas for 2023 around diversification of skill sets within the team and succession planning. The status of this recommendation should be changed from in progress to complete.
	2.4 Consider options to re-allocate more of the less specialised business as usual tasks currently undertaken by the senior advisors in order to create increased capacity for strategic activities.	Low	Reallocation of BAU tasks to create increased capacity for strategic activities commenced.	Complete (ready for re-auditing)	Confirmed that there has been reallocation of BAU tasks to the Strategic Property Unit Business Coordinator. Agree that this recommendation is complete.

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Update on previous review recommendations (cont.)

Review:
Strategic Property Unit Review (D-4490466) (cont.)

Date raised:
November 2022

Owner(s): Nicolas Wells (SPU Manager) &
Kerryn Kane (Business Coordinator SPU)

Focus area/ Issue	Recommendations	Risk	Quarter 2 2023 Update	Status	PwC Update - May 2023
Opportunities for process/ operational efficiency improvement.	3.1 Incorporate an outline structure for council/committee reports and an associated quality assurance process to be followed prior to submission.	Low	Report review and quality assurance process implemented.	Complete (ready for re-auditing)	Inspected a committee agenda planning document and reporting deadlines document which outlines requirements. Agree that this recommendation is complete.
	3.2 Conduct a subsequent review of the use and effectiveness of the new risk management system following full population/ implementation.	Low	Annual review of use and effectiveness of risk management systems, and processes scheduled.	Complete (ready for re-auditing)	Sighted evidence that a quarterly SHIELD review was held for Strategic Property on 15 March 2023 with the Risk team. Agree that this recommendation is complete.
	3.3 Schedule periodic reviews of the content of Promapp to ensure currency.	Low	Periodic Promapp content reviews scheduled.	Complete (ready for re-auditing)	Sighted evidence that reviews of Promapp content are scheduled. Agree that this recommendation is complete.
	3.4 Consider a periodic (e.g. 3 yearly) panel refresh for external consultants	Low	Periodic panel refresh for external consultants undertaken.	Complete (ready for re-auditing)	The Head of Procurement and Contracts notes that panels are typically held every 3-5 years. He noted that Strategic Property (as with other units) need to have more panels in place. Unfortunately the ability to achieve this is constrained by resource as the Council has been de-centralised with 3-4 staff in the Procurement Team transacting with 140+ projects managers outside of the Procurement team. The aim is to move towards a more centralised model this year, and evolve into more strategic procurement actions. Agree that this recommendation is complete.

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Update on previous review recommendations (cont.)

Review: Strategic Property Unit Review (D-4490466) (cont.) **Date raised:** November 2022 **Owner(s):** Nicolas Wells (SPU Manager) & Kerry Kane (Business Coordinator SPU)

Focus area/ Issue	Recommendations	Risk	Quarter 2 2023 Update	Status	PwC Update - May 2023
Opportunities for process/operational efficiency improvement.	3.5 Continue to pursue efficiencies in invoicing processes to increase the capacity of the SPU team to undertake Strategic Property advisory activities.	Low	Process improvement programme for invoicing in progress	In progress	Efficiency has been achieved through the creation of individual invoice templates for each account. An example invoice template has been sighted. Further efficiency improvements are outside of the Strategic Property Unit's control. The status of this recommendation should be changed from in progress to complete.
	3.6 Institute and document a quality assurance process for the review of reports prior to submission, particularly in respect of numerical information, and ensure that completion is appropriately documented.	Moderate	Report review and financial quality assurance process implemented.	Complete (ready for re-auditing)	It is understood through inquiry that numerical information in reports are thoroughly checked as part of the Reporting Advisor and General Manager's review. Review notes are not retained once a report has been finalised and approved hence no review evidence has been sighted. Agree that this recommendation is complete.
	3.7 Review the current checklists for projects/transactions within Promapp to facilitate their use as both a live status summary document throughout the course of a project and an annexure to reports/approval requests.	Moderate	Current checklists for project/transactions in Promapp reviewed.	Complete (ready for re-auditing)	Sighted a filled out property acquisition checklist for a project in progress. Agree that this recommendation is complete.

Update on previous review recommendations (cont.)

Review: Wairere Cobham Drive Interchange project (D-3530135)			Date raised: November 2020	Owner(s): Chris Allen (GM Development)	
Focus area/ Issue	Recommendations	Risk	Quarter 2 2023 Update	Status	PwC Update - May 2023
Insufficient project information in Psoda to enable effective project management/governance	1.1 Identify the key information that the governance structure needs to maintain effective oversight over projects at a programme and portfolio level.	High	The employment of a special projects director and changes implemented in project management have improved the overall governance of projects at a programme and portfolio level and ensured an overall risk management assessment of the project portfolio including accruals and project spend.	Complete (ready for re-auditing)	A revised reporting governance structure is now in place. Reporting was sighted that related to the flow through of project information to project control groups, steering groups and council level reporting.
	1.2 Populate Psoda with the key project data.				Agree that this recommendation is complete.
	1.4 Update the steering group and capital investment board reporting to include key information.				Confirmed that key project data is populated in Psoda and sighted key data in reporting generated from Psoda.
					Agree that this recommendation is complete.
					Confirmed that reporting includes key information and sighted steering group, and committee reporting.
					Agree that this recommendation is complete.

Update on previous review recommendations (cont.)

Review:

Wairere Cobham Drive Interchange project (D-3530135) (cont.)

Date raised:

November 2020

Owner(s):

Chris Allen (GM Development)

Focus area/ Issue	Recommendations	Risk	Quarter 2 2023 Update	Status	PwC Update - May 2023
Monthly project financials are not complete or accurate	3.1 Provide training to project managers on accruals that emphasises the need for accuracy.	High	The employment of a special projects director and changes implemented in project management have improved the overall governance of projects at a programme and portfolio level and ensured an overall risk management assessment of the project portfolio including accruals and project spend.	Complete (ready for re-auditing)	Sighted project manager specific and "Finance 101" training slides relating to forecasting and accruals. Confirmed that training is held regularly and sighted evidence of a training scheduled for 17th May 2023.
	3.2 Implement a review of project accruals, particularly when no accrual is posted.				Agree that this recommendation is complete. Project accruals are not currently reviewed.
	3.4 Include project spend to date figures in Psoda for multi year projects.				The status of this recommendation should be changed from complete to in progress. Confirmed that project spend to date has been included for multi year projects and sighted this for 2 projects.
Project risks and issues not kept up to date	5.1 Undertake a risk workshop with relevant parties, record the outputs of this into Psoda and consider the sufficiency of the remaining contingency sum.	High		Complete (ready for re-auditing)	Agree that this recommendation is complete. Confirmed that risks are periodically updated across projects via Psoda. Evidence relating to showing that risks are recorded and updated in Psoda for projects was sighted.
					Agree that this recommendation is complete.

3 Appendices

Appendix A - Extract from Terms of Reference - scope and approach

Terms of Reference for the follow-up of internal audit recommendations 2023

In accordance with the terms and conditions in our Contract for the provision of internal audit services dated 1 July 2017, PwC will undertake an assessment of progress made on previous internal recommendations contained within the Organisational Improvement Register for Hamilton City Council (Council).

Objective and Scope

The objective of this internal audit is to assess the status of recommendations present on the Council's Organisational Improvement Register.

The scope of our engagement is to assess the status of recommendations (except those raised by Audit New Zealand) reported as at 29 March 2023 (per the report to the Strategic Risk and Assurance Committee). This review will cover recommendations regardless of the status shown in the register (i.e. delayed or not yet started, in progress, and complete).

Limitations

Our scope does not include:

- Recommendations raised by Audit New Zealand.
- Detailed assessment of the implementation of recommendations.
- Sourcing information outside of what the Council provides us.

This internal audit does not constitute a review, audit, assurance engagement or agreed upon procedures as defined in the standards issued by the External Reporting Board. Accordingly, this engagement is not an assurance engagement, nor is it intended to, and will not result in, the expression of an assurance, audit or review opinion, or the fulfilling of any statutory audit or other assurance requirement.

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Approach

Our approach to this engagement involves the below procedures:

- Interview recommendation owners to determine what progress has been made for each recommendation.
- Perform a high-level review of implementation evidence (where available) for the recommendations.

Deliverable

A close out meeting and a written draft report will be prepared outlining the status of each recommendation and the implementation evidence reviewed where applicable.

Once management comments have been received on our draft report, we will issue our final report.

Indicative Timeframe

Planning	April 2023
Kick-off meeting	28 April 2023
Fieldwork	1 May – 12 May 2023
Draft report issued	16 May 2023
Management comments received	23 May 2023
Final reports	26 May 2023
SRAC meeting	21 June 2023

Appendix A - Extract from Terms of Reference - scope and approach

Availability of Council staff and on-site accommodation

Please note that to manage within the budget and timetable for this assessment we are dependent upon Council managers and staff making themselves available to engage with us within the agreed timetable.

We expect to engage with the following Council staff / business units:

- Monjur Ahmed (Enterprise Technology Risk & Cybersecurity Manager – Information Services)
- Allan Lightbourne (Chief Information Officer)
- Karl Bout (IS Security Officer)
- Murray Heke (GM, Customer, Technology & Transformation)
- Claire Foster (Senior Property Advisor – Strategic Property)
- Candice Swanepoel (Financial Accounting Team Lead)
- Julie Ambury (Enterprise Risk Lead – Governance and Assurance)
- Nicolas Wells (SPU Manager)
- Kerry Kane (Business Coordinator SPU)
- Sarah Seel (PMO Manager)
- Chris Allen (GM Development)
- Greg Carstons (Growth, Funding & Analytics Manager)

We will schedule interviews with the above staff.

Ngā mihi - Thank you



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Item 9

Attachment 3

Council Report

Committee: Strategic Risk and Assurance Committee

Date: 21 June 2023

Author: Tracey Musty

Authoriser: David Bryant

Position: Finance Director

Position: General Manager People and Organisational Performance

Report Name: Organisational Improvement Report

Report Status	<i>Open</i>
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Purpose - *Take*

1. To inform the Strategic Risk and Assurance Committee on the status of Council's Organisational Improvement Register as at 30 April 2023.

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) and Council staff.
4. **Attachment 1** to this report is the Organisational Improvement Register, listing all high-risk items.
5. This 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.
6. Recommendations arising from internal audits performed by Council staff, and older PwC internal audits (2020 and prior) have been assessed for completion of the items and items added to the Organisational Improvement Register if uncleared.
7. All 'in progress' or 'delayed or not yet started' items are actively monitored on a quarterly basis.
8. Staff consider the matters have low significance and that the recommendations comply with Council's legal requirements.

Discussion – *Matapaki*

Organisational Improvement Register

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

Auditors	Complete	In progress	Delayed or not yet started	Not due yet	Total
PwC Internal Audits	34	13	10	24	81
Audit New Zealand Annual Audits	1	4	1	0	6
Audit New Zealand Long Term Plan Audit	3	0	0	0	3
Total	38	17	11	24	90

Risk	Complete	In progress	Delayed or not yet started	Not due yet	Total
Low	17	3	3	7	30
Moderate	12	9	3	12	36
High	9	5	5	5	24
Total	36	17	13	24	90

10. In addition to the above, there are upcoming audits in the following areas (none of which currently have any outstanding audit recommendations):

Who	What	Last Done	Next Due
Waka Kotahi	Transportation Procedural Audit	2021	June 2023
International Accreditation New Zealand (IANZ)	Building Consent Authority accreditation assessment	May 2022	May 2024

Financial Considerations - *Whaiwhakaaro Puutea*

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

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

12. Staff confirm that matters in this report comply with the Council's legal and policy requirements.
13. 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*

14. 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').
15. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report.
16. There are no known social, economic, environmental, or cultural considerations associated with this matter.

Risks - *Tuuraru*

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

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

Significance

18. Having considered the Significance and Engagement Policy, staff have assessed that the matters in this report have low significance.

Engagement

19. Given the low level of significance determined, the engagement level is low. No engagement is required.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Organisational Improvement Register - 30 April 2023

ID Number	Description	Audit Recommendation	Risk	Date raised	Owner	Status	Status Update
FN-E 2137 PWC open or outstanding matters							
Dat-E 3018 IBIS Breeze System D-3845480							
Ent-E 3023	Outputs of Breeze need to include summary details of the assumptions used.	Outputs of Breeze to be developed to include summary details of the assumptions used.	High	Jun-21	Sarah Vaz	Complete - ready for re-auditing	Assumption outputs are available through the maintenance tab in Breeze. Output details are visible to all users and can be extracted if required for reporting purposes.
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	Delayed, not started	A ticket has been lodged with IBIS, the software provider to request this functionality. There has been no indication as to the timeline that this functionality would be implemented.
Ent-E 3033	User controls required to restrict batch set changes	User access controls are implemented immediately to restrict ability of users in creating, editing and deleting batch sets.	High	Jun-21	Sarah Vaz	Complete - ready for re-auditing	User access managed by Accountant Team Leaders, who restrict user access for batch sets.
Ent-E 3034	Formalised documentation of batch set maintenance procedures	Processes around creating, locking and deleting batch sets be formalised and documented.	High	Jun-21	Sarah Vaz	Complete - ready for re-auditing	Process has been formalised and documented through Breeze training notes, available to all users on through the Breeze happy fox system.
Ent-E 3038	Speed of calculation and output production	Further development of the Breeze system to improve the speed of calculation and output production, enabling the system to be used for real time 'what if' scenario modelling	High	Jun-21	Sarah Vaz	Complete - ready for re-auditing	While some minor fixes have been made to improve the speed of calculations, the system will never get to the point where it will be able to be used for real time 'what if' scenario modelling. Therefore request that this recommendation be removed.
Dat-E 3040 Data Governance Implementation D-3532751							
Dat-E 3040	Data Governance Implementation D-3532751	Provide a mandate and authority to an experienced individual who will be responsible to lead and drive the implementation of data governance across the organisation.	High	Nov-20	Murray Heke	Complete - ready for re-auditing	Waiting for funding of role/s via the LTP process, and in line with the Future Fit work.

Hamilton City Council
Organisational Improvement Register

30 April 2023

ID Number	Description	Audit Recommendation	Risk	Date raised	Owner	Status	Status Update
Dat-E 3045	Cybersecurity Phase One D-4225140						
Ent-E 3088	Logical and physical access and authentication	Logical and physical access and authentication controls	High	Aug-22	Monjur Ahmed	In progress	Applying limited tactical fixes where we can. The developed roadmap aims to address the bigger part of the remediation. The relevant projects has been identified and all recommendations including this one in the pipeline based on their priority and dependencies on other projects. One of the relevant initiatives is in-flight.
Ent-E 3089	Operational controls are not operating	Operational controls are not operating effectively	High	Aug-22	Monjur Ahmed	In progress	Applying limited tactical fixes where we can. The bigger part of the remediation to be addressed via planned roadmap. The initial roadmap has been finalised, the relevant projects has been identified and all recommendations including this one in the pipeline based on their priority and dependencies on other projects. Working on privileged access management, SSO, MFA, data classification and Digital Safety Programme.
Ent-E 3090	Encryption controls, including for data at rest	Encryption controls, including for data at rest, data in transit	High	Aug-22	Monjur Ahmed	In progress	Applying limited tactical fixes where we can. The bigger part of the remediation to be addressed via planned roadmap. We are in the beginning stages of working through encryption as part of data classification.
Dat-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	In progress	In progress
Ent-E 3062	Establish resilience working and governance groups	Establish resilience working and governance groups	High	Oct-22	Nicholas Whittaker	Delayed, not started	Deferred (no specified time) due to change in risk management team and resource constraints
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	Delayed, not started	This action is not due until 2024, as yet no work has been completed on this action.
Ent-E 3064	Review enterprise-level BIA to guide operational level BIA alignment.	Review enterprise-level BIA to guide operational level BIA alignment.	High	Oct-22	Nicholas Whittaker	Complete - ready for re-auditing	EBIA completed by PWC and has been used to guide the operational level BIA approach. Next steps from this work has been integrated into existing risk and resilience programme
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	In progress	Workshops have started for operational-level BIAs. This work is expected to be completed by September 2023, pending resource capacity operationally.
Ent-E 3066	Refresh the BCP template	Refresh the BCP template	High	Oct-22	Nicholas Whittaker	Delayed, not started	An updated BIA template has been completed which addresses aspects of this recommendation. Expected to be completed June/July 2023.
Ent-E 3067	Establish resilience working and governance groups	Establish resilience working and governance groups	High	Oct-22	Nicholas Whittaker	Delayed, not started	Deferred (no specified time) due to change in risk management team and resource constraints.
Ent-E 3068	Development and implement a resilience training and testing programme.	Development and implement a resilience training and testing programme.	High	Oct-22	Nicholas Whittaker	Not yet due	This action is not due until 2024, as yet no work has been completed on this action.
Dat-E 3083	Wairere Cobham Drive Interchange Project D-3530135						

Hamilton City Council
Organisational Improvement Register

30 April 2023

ID Number	Description	Audit Recommendation	Risk	Date raised	Owner	Status	Status Update
Ent-E 3084	Insufficient project information in Psoda to enable effective project management/governance	1.1 Identify the key information that the governance structure needs to maintain effective oversight over projects at a programme and portfolio level.1.2 Populate Psoda with the key project data.1.4 Update the steering group and capital investment board reporting to include key information.	High	Nov-20	Sarah Seel	Complete - ready for re-auditing	Complete. Awaiting re-auditing
Ent-E 3085	Monthly project financials are not complete or accurate	3.1 Provide training to project managers on accruals that emphasises the need for accuracy.3.2 Implement a review of project accruals, particularly when no accrual is posted.3.4 Include project spend to date figures in Psoda for multi year projects.	High	Nov-20	Sarah Seel	Complete - ready for re-auditing	Complete. Awaiting re-auditing
Ent-E 3086	Project risks and issues not kept up to date	5.1 Undertake a risk workshop with relevant parties, record the outputs of this into Psoda and consider the sufficiency of the remaining contingency sum.	High	Nov-20	Sarah Seel	Complete - ready for re-auditing	Complete. Awaiting re-auditing.
Dat-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 2023 FBT calculations	High	Feb-23	Sarah Vaz	Not yet due	Will be adopted Q4 2023
Dat-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	Not yet due	Report recently completed. Outcomes to be reported next quarter
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	Not yet due	Report recently completed. Outcomes to be reported next quarter
Ent-E 3126	Duplicate Invoices Controls	Investigate the duplicate invoices identified and request refunds from vendors where needed	High	Mar-23	Matt Bell	Not yet due	Report recently completed. Outcomes to be reported next quarter

Council Report

Committee: Strategic Risk and Assurance Committee

Date: 21 June 2023

Author: Tracey Musty

Authoriser: David Bryant

Position: Finance Director

Position: General Manager People and Organisational Performance

Report Name: Audit NZ 2022-23 Audit Plan

Report Status	<i>Open</i>
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Purpose - *Take*

1. To update the Strategic Risk and Assurance Committee on the audit plan and timetable for the 2023 Annual Report.

Staff Recommendation - *Tuutohu-aa-kaimahi*

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

Executive Summary - *Whakaraapopototanga matua*

3. The Audit Plan sets out expectations of the role of Audit New Zealand and the Council to ensure there is an agreed approach to completing the audit in a timely manner.
4. At the time of writing this report the Audit Engagement Letter and the Audit Plan the 2022/2023 year have not been received from Audit New Zealand.
5. The Audit Engagement Letter and the Audit Plan will be circulated to Members once received.
6. Staff consider the matter covered in the report is of low significance and that the recommendations comply with Council's legal requirements.

Discussion - *Matapaki*

7. The Audit Engagement Letter from Audit New Zealand for the 2022/2023 year has not yet been received. It will be circulated to the Strategic Risk and Assurance Committee prior to the meeting once the Audit Director returns from leave in June 2023.
8. The Audit Plan from Audit New Zealand for the 2022/2023 year has not yet been received. It will be circulated to the Strategic Risk and Assurance Committee prior to the meeting once the Audit Director returns from leave in June 2023.
9. The Audit Plan will include the areas of audit focus, the logistics of completing the audit and the communication objectives.

10. The Annual Audit dates have been confirmed by Audit New Zealand as follows:
 - i. Interim 1 – Weeks commencing 6th and 12th June 2023
 - ii. Interim 2 – Weeks commencing 10th and 17th July 2023
 - iii. Final Audit – Weeks commencing 11th September through to 16th October 2023

Financial Considerations - *Whaiwhakaaro Puutea*

11. The cost of this engagement is funded through the 2021 – 2031 Long Term plan.

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

12. Staff confirm that the matters in this report complies with Council's legal and policy requirements.
13. 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*

14. 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').
15. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report.
16. The recommendations set out in this report are consistent with that purpose.
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 the decisions of this report.

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

Significance

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

Attachments

There are no attachments for this report.

Council Report

Committee: Strategic Risk and Assurance Committee

Date: 21 June 2023

Author: Tracey Musty

Authoriser: David Bryant

Position: Finance Director

Position: General Manager People and Organisational Performance

Report Name: 2023 Annual Report Accounting Treatment Review

Report Status	<i>Open</i>
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Purpose - *Take*

1. To inform the Strategic Risk and Assurance Committee on the 2023 Annual Report Accounting Treatment Review.

Staff Recommendation - *Tuutohu-aa-kaimahi*

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

Executive Summary - *Whakaraapopototanga matua*

3. Council's Finance Unit has created a plan to work with other business areas within Council to deliver the Annual Report.
4. The **landfill provision** is currently \$12 million based on the latest available discount rates. This will be updated on 30 June 2023.
5. The **Weathertightness provision** currently sits at \$0.56 million and is intended to cover our potential exposure. The **building defects provision** sits at \$1.75 million.
6. **Contingencies** totalled \$0.1 million for the 2022 financial year in relation to legal proceedings. A further \$1.9 million of uncalled capital from New Zealand Local Government Funding Agency Ltd (NZLGFA) was identified.
7. No **impairments** have been identified during the financial year and staff will review this again as at 30 June 2023.
8. **Revaluations** of parks and reserves has resulted in a \$21m gain, transport and investment property revaluations will be completed by 30 June 2023.
9. There are currently no significant changes in the following **accounting estimates and judgements**:
 - i. Estimates of the fair value of interest rates swaps;
 - ii. Estimates of the fair value of land, building and infrastructure assets;
 - iii. Estimating the fair value of investment property;
 - iv. Estimating the retirement gratuities obligations; and
 - v. Estimating the provision for uncollectable receivables.

10. There have been no changes to **accounting policies**.
11. Key accounting standards and their implications for the preparation of the 2023 Annual Report and following periods have been identified.
12. Staff consider the matters in this report have low significance and that the recommendations comply with Council's legal requirements.

Discussion - *Matapaki*

13. Council's Finance Unit has created a plan to work with other business areas within Council to deliver the Annual Report. Key issues from the Accounting Treatment Review that staff would like to bring to the Committee's attention are provided below.

Landfill provision

14. The landfill provision as at 30 June 2023 is based on the latest available discount rates (31 January 2023) and is currently \$12 million. This represents a decrease of \$0.5 million from last year (FY23 budget \$0.7m). Rates currently vary from 3.34% to 4.54%.
15. Staff have used Treasury's Risk-free discount rates when calculating the landfill provision. The Treasury discount rates are next updated in June 2023. Staff will use the rates available at this date to complete the final provision calculation.

Weathertightness and building defects provision

16. Provision has been created for the potential liability of 3 claims that are outstanding with the Weathertight Homes Resolution Service or lodged via the court system.
17. They represent a mix of residential and commercial properties.
18. The value of the weathertightness provision is currently \$0.56 million and building defects provision is \$1.75 million. We are currently working with staff and advisors to assess, and if appropriate, update the provision by 30 June 2023.

Other provisions

19. There is a total of \$1.75 million in other provisions relating to legal proceedings.

Contingent liabilities

20. There was a total of \$0.1 million of contingencies identified last year in relation to legal proceedings. There was also \$1.9 million of uncalled capital from New Zealand Local Government Funding Agency Ltd (NZLGFA).
21. Staff have not been made aware of any additional contingent liabilities.
22. As part of the year end process, legal confirmation letters are sent out to all lawyers that Council has received legal advice from.
23. These letters will provide staff with the details of any further contingent liabilities as at 30 June 2023 that may need to be provided for.

Judicial reviews

24. We are not currently aware of any judicial reviews underway.

Impairments

25. No impairments have been identified during the financial year, but staff will review this as at 30 June 2023.

Asset revaluations

26. Parks and Gardens revaluation was completed on 30 April 2023. The transport revaluation will be completed as at 31 May 2023. Investment property revaluations will be completed in June 2023.

27. Revaluation gain for Parks and Gardens is as follows:

Book Value 30 June 2019	Additions since 2019	Revaluation Gain	Book Value 30 April 2023
\$77m	\$21m	\$40m	\$138m

28. The revaluations will be audited by Audit New Zealand as part of the annual audit.

Significant accounting estimates and judgements

29. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- i. **Estimating the fair value of interest rate swap:** Council's interest rates swaps are independently valued by ETOS. The valuations are compared to the bank confirmations to ensure the valuations are reasonable.
- ii. **Estimating the fair value of land, buildings, and infrastructure assets:** Land, building and most of the infrastructure assets were revalued this year. For those assets that were not revalued staff have completed fair value assessment of all assets that are subject to revaluations. This assessment shows that the fair value of the assets is not significantly different to the current carrying value, so does not trigger a need to complete a revaluation.
- iii. **Estimating the fair value of investment property:** Council's investment properties are valued by independent valuers Telfer Young.
- iv. **Estimating the retirement gratuities obligations:** Staff perform a calculation to estimate the value of gratuities that will need to be paid if certain staff reach retirement.
- v. **Estimating the landfill aftercare provision:** Staff use discount rates provided on the Treasury website in line with audit recommendations.
- vi. **Estimating the provision for uncollectable receivables:** Staff will estimate doubtful debts on parking debtors and sundry debtors at 30 June 2023 based on historical impairment rates.

Changes in accounting policies

30. There are no identified changes in accounting policies for the year ending 30 June 2023.

Changes in accounting standards

31. The key changes in accounting standards that are effective for the 30 June 2023 financial year and applicable to Council are:

Financial Instruments

32. PBE IPSAS 41 Financial Instruments replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement and PBE IFRS 9 Financial Instruments. We do not expect any significant changes as the requirements are similar to PBE IFRS 9 and PBE IPSAS 29. The main changes compared to PBE IPSAS 29 that are relevant to the Council are:

- i. New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- ii. A new impairment model for financial assets based on expected losses, which might result in the earlier recognition of impairment losses.

Service Performance Reporting

33. PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1. The main change relates to the reconciliation of activity cost disclosures in FIS statements to the GAAP aligned operating costs in the Statement of Comprehensive Revenue and Expenses.

Accounting Standards Exposure Drafts Released

34. Exposure Draft IPSAS 43 Leases has been released by the New Zealand Accounting Standards Board with intention to align PBE standards with NZ IFRS 16. If adopted this will require on balance sheet accounting for leases with right of use assets and lease liabilities recorded for leases. The proposed effective date will apply the standard to the financial statements for the year ending 30 June 2027. Lease information for the year ending 30 June 2026 will be required for the comparative period.
35. This is not likely to have a significant impact on the Council financial reporting as the value of leases is not material. It is possible, although unlikely that it would affect covenant levels for debt ratios however this should be reviewed with LGFA. Systems and processes to correctly record and account for the leases and staff training to correctly apply the standard will be required.

Financial Considerations - *Whaiwhakaaro Puutea*

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

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

37. Staff confirm that the matters in this report complies with Council's legal and policy requirements.
38. 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*

39. 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').
40. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report.
41. The recommendations set out in this report are consistent with that purpose.
42. There are no known social, economic, environmental, or cultural considerations associated with this matter.

Risks - *Tuuraru*

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

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

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

Attachments - *Ngaa taapirihanga*

There are no attachments for this report.

Item 12

Council Report

Item 13

Committee: Strategic Risk and Assurance Committee

Date: 21 June 2023

Author: Julia Kofoed

Authoriser: David Bryant

Position: Insurance Lead

Position: General Manager People and Organisational Performance

Report Name: General Insurance Activity Update

Report Status	<i>Open</i>
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Purpose – *Take*

1. To inform the Strategic Risk and Assurance Committee on the general insurance activity across Council in preparation for the 2023/2024 annual insurance renewal.

Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Strategic Risk and Assurance Committee:
 - a) receives the report; and
 - b) notes the market commentary for the 2023/2024 insurance renewal.

Executive Summary - *Whakaraapopototanga matua*

3. Council purchases its insurance programme as a collective through Co-Lab, the Waikato Local Authority Shared Service, with Aon New Zealand (Aon) as the appointed broker. The purpose of this relationship is to leverage the region's collective insurance requirements, deliver economies of scale through reduced brokerage costs and reduce the impact of fluctuations in premiums costs and market capacity.
4. The insurance programme is regarded as a risk management tool to mitigate financial loss associated with unforeseen and significant adverse events.
5. Council's insurance policies have a common annual renewal date of 1 November. Work is underway to prepare for the upcoming renewal of policies for the 2023/2024 renewal year.
6. Staff are working with Aon to provide improved renewal data and disclosures to the insurance market to ensure policy coverage and limits remain fit for purpose. Following the large loss weather events in the North Island at the beginning of 2023 there will be increased scrutiny of data and market pressure as insurers recover from these large loss events. Premium rate increases are expected to be higher than originally projected at the end of 2022.

7. At present revised projections can be managed within the existing budgets however staff will continue to monitor the situation. Market rate fluctuations are one component of the overall premium calculation. Inflationary pressures for existing insured assets and increased replacement values continue to push premiums higher. Other factors are new assets being completed and subsequently insured, changes to loss limits and deductible amounts and changes to payable levies such as the Fire Service Levy; discussed in paragraphs 24 and 25.
8. Staff consider the matters in this report have low significance and that the recommendations comply with Council's legal requirements.

Discussion – *Matapaki*

Insurance Market Commentary

9. Climate change continues to impact the frequency and severity of costly weather events. Varying levels of resilience seen in different regions of the world in the aftermath of 2022 events reiterate the need for building towards better preparedness and risk management. Natural catastrophe events globally, pre-dominantly weather related, continue to drive large losses and pressure market conditions.
10. Global economic losses from natural catastrophes were estimated at US\$313 billion in 2022. Approximately 42% (US\$132 billion) of losses were covered by insurance, well above the short-medium and long-term averages. The Asia Pacific region losses from natural catastrophes were estimated at US\$80 billion in 2022. Approximately 60.5% (US\$48.4 billion) of losses were from flooding. Approximately 13.5% (US\$10.8 billion) of losses were covered by insurance. The region made up 26% of global economic losses. Flood losses in the Asia Pacific region broke historical records. Winter 2022 was New Zealand's wettest on record with multiple weather events.
11. Both local and international insurers with reinsurance renewals in January 2023 experienced extremely challenging renewals. This will impact insurer pricing and capacity in 2023. Reinsurance markets have undergone a fundamental shift in pricing and risk appetite driving cost increases and reducing cover on the back of six years of underwhelming returns and above average catastrophe losses.
12. The combined impacts of New Zealand's most significant weather events in recent history, the Auckland Anniversary Weekend flooding, and Cyclone Gabrielle at the end of January and February 2023, leave local insurers with significant commercial, rural, infrastructure and domestic losses, and property insurance pricing will go up because of these events. The initial estimated cost for New Zealand insurers for each event is currently NZ\$1 billion and NZ\$890 million respectively. This is expected to rise.
13. In 2023, property markets are anticipated to further harden while most other classes of insurance remain in moderate cycles. Increasingly, as part of the required underwriting information, insurers are mandating up-to-date valuations for insurance purposes for buildings and other material damage assets, to substantiate an adequate sum insured.
14. One major insurer announced in mid-March 2023 that April renewals onwards and immediately for new business, will require a 20% increase in overall premiums, to be made up from a mixture of rate, sum insured increase or excess variation. For higher risk occupations or poorly performing risks they may require more than 20%. Where an increase in sum insured is required following a revaluation exercise, it can for some risks, result in capacity constraints for the existing insurer(s), meaning additional support for the full placement will be needed. This may come at additional cost or necessitate a programme restructure from full value to loss limit based on maximum probable loss.

15. The price organisations pay for insurance needs to accurately reflect what it costs the insurer to provide the cover. As a result of the cost of recent loss events, premiums will go up and the increase may vary depending on factors such as location, risk, and loss history. Conversely, Aon is seeing a number of new market participants emerging, especially in London. The increase in pricing is driving this, where historically participants have not been able to generate sufficient premium pools. This will hopefully ease forecasted capacity constraints.

2023/2024 Renewal Approach

16. Council purchases its insurance programme under the collective agreement with CoLab with Aon as the appointed broker. The purpose of this relationship is to leverage the region's collective insurance requirements and deliver economies of scale.
17. Council insures for a probable maximum loss reinstatement value for the material damage, business interruption and infrastructure policies. This is as opposed to insuring the full replacement value of all Council assets. This approach allows spend on premium to be balanced with associated risk and likelihood of a major event.
18. The infrastructure placement provides partial catastrophe cover following a natural disaster for underground water reticulation assets and key high value bridges that are deemed critical to the water network. Council will continue to purchase the same level of cover for declared values adjusted in line with the most recent asset revaluation exercise.
19. Material damage and business interruption cover is purchased for assets listed on Council's property schedule with cover extending beyond natural disasters to include other perils including but not limited to fire, theft, and vandalism. The property schedule is mainly made up of buildings and above ground structures (for example destination playgrounds, feature gardens, reservoirs) and their associated contents, plant, and equipment.
20. Council takes a default position of insuring assets for their full insurance replacement value. Exceptions are made where assets are intended to be demolished or have been impaired. These assets are insured for their demolition value only. Material damage values for the 2023 renewal will be informed by the most current asset revaluations or updated for inflation where valuations are not available.
21. Council purchases an overall limit of \$160M of professional indemnity and public liability insurance and intends to renew cover at these levels. Staff continue to work with teams across Council and to improve liability disclosures throughout the year, as well as at renewal.
22. A key part of the renewal process are the market presentations undertaken by Aon, and other senior representatives from the local government insurance groups. These in person presentations are done for both local markets and offshore markets. These have been done for several years and build strong underwriter relationships. This is especially relevant in the London markets, where the personal relationship with underwriters is very important. These in person presentations provide the opportunity for the overseas underwriters to understand our unique risk profile in a tangible way and allows for greater clarity to be provided around various aspects of the overall risk profile for New Zealand Councils.
23. The 2022 presentations were received well by the markets and contribute to better underwriting results for local government portfolios including increased capacity. These overseas presentations are planned again for the 2023/2024 renewal. In the current market conditions, it is important that Councils differentiate themselves from all the other entities that are seeking cover in the markets, and the face-to-face presentation approach does this and builds trust and confidence with the underwriters.

Fire Service Levy Changes

24. Insurance premiums shown in paragraph 27 are inclusive of applicable levels. Aon allocates and collect all levies on Council's behalf. In 2022, levies were \$170,000 of which \$160,000 is Fire Service Levy (FSL). There are currently changes being made to the FSL calculation via The Fire and Emergency New Zealand (Levy) Amendment Act 2023. The Act has a commencement date of 1 July 2026. We do not expect increases to apply to the 2023 renewal however it is stipulated that the date is able to be bought forward.
25. Changes include an increase of 12.8% to the levy and updated definitions of policies that are required to pay FSL. For our current insurance portfolio this would increase the FSL on our Material Damage, Fine Arts, Annual Contract Works, and Commercial Motor Vehicle policies. The amended Act initially looked to remove the FSL exemption across works of art in museums. This change would have resulted in at least a \$40,000 FSL increase for the Waikato Museum. A submission to the Select Committee was made by the Insurance Team alongside other industry body submissions that this exemption should remain, and it was decided that the exemption will stand. The amended Act does not appear to express any interest to abolish fire loss limits, but this should be noted as a potential future risk that could present at least a \$1M increase to our Material Damage premium. This would be if we were required to pay FSL on our total Material Damage sum insured rather than our current fire loss limit.

Financial Considerations - *Whaiwhakaaro Puutea*

26. This is a regular operating activity funded through existing budgets. On a pro rata basis to the align the insurance year with Council's financial year projected renewal premiums for 1 November 2023 are currently estimated to fall within existing budgets.
27. Insurance policies and premium for the current year are shown below. Premiums were effective 1 November, are inclusive of levies and exclusive of GST.

2022/2023 Renewal Premium		
Physical Damage Policies		
Material Damage & Business Interruption	\$	1,383,074
Material Damage Excess Layer	\$	252,186
Infrastructure Placement	\$	852,450
Commercial Motor	\$	145,305
Fine Arts	\$	104,907
Annual Contract Works	\$	26,225
Boiler Explosion	\$	3,474
Liability Policies		
Professional Indemnity	\$	428,023
General Liability	\$	80,713
Liability Excess Layer	\$	42,260
Crime	\$	32,532
Statutory Liability	\$	8,024
Aviation Liability	\$	2,494
Employers Liability	\$	1,287
Other Policies		
Personal Accident	\$	1,334
Business Travel	\$	392
Total	\$	3,364,678

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

28. Staff confirm that this matter complies with the Council's legal and policy requirements.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

29. 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').
30. 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.
31. The recommendations set out in this report are consistent with that purpose.
32. There are no known social, economic, environmental, or cultural considerations associated with the decisions in relation to this matter.

Risks - *Tuuraru*

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

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

Significance

34. Having considered the Significance and Engagement Policy, staff have assessed that the matters in this report have low significance.

Engagement

35. Given the low level of significance determined, the engagement level is low. No engagement is required.

Attachments - *Ngaa taapirihanga*

There are no attachments for this report.

Council Report

Committee: Strategic Risk and Assurance Committee

Date: 21 June 2023

Author: Carmen Fookes

Authoriser: David Bryant

Position: Policy and Bylaw Advisor

Position: General Manager People and Organisational Performance

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. In particular this quarter, the review of the Fraud and Corruption Management Policy.

Staff Recommendation - *Tuutohu-aa-kaimahi*

4. That the Strategic Risk and Assurance Committee
 - a) receives the report; and
 - b) receives the updated Fraud and Corruption Management Policy (**Attachment 2**).

Executive Summary - *Whakaraapopototanga matua*

5. There are no protected disclosures or instances of fraud or corruption to report since the last Strategic Risk and Assurance Committee meeting.
6. There is no significant non-compliance with the Privacy Act 2020 to report since the last Strategic Risk and Assurance Committee meeting.
7. A list of current Council and Management Policies is attached to the report as Attachment 1.
8. 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

9. 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.

10. 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

11. Council has a Fraud and Corruption Management Policy in place.
12. 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. No incidents of fraud or corruption have been established since the Strategic Risk and Assurance Committee last met.
17. There has been one investigation completed which is reported as part of the Legal Compliance report.
18. The Fraud and Corruption Management Policy has been reviewed and approved through internal process.
19. Attached to the report is the updated Fraud and Corruption Management Policy **Attachment 2** and previous Fraud and Corruption Management Policy **Attachment 3** policy.
20. Both the draft Fraud and Corruption Management Policy and the Protected Disclosures Policy now start with the theme of 'speaking up'. This theme is intended to form the basis of an online module for all staff and an annual organisational campaign on the related policies.

Privacy Act 2020

21. There is one notifiable breaches of the Privacy Act 2020 to report to the Committee. Further details will be covered as part of the PX Legal Risk Report.

Council and Management Policy Schedule

22. The Strategic Risk and Assurance Committee chair has requested a list of current Council and Management Policies for review. These are attached to the report as **Attachment 3** and is current as of 25 November 2022. The details of the list can be discussed at the Committee meeting.

Options

23. The option available to the Committee is to consider feedback to staff on the draft Fraud and Corruption Management Policy, and other policy work.

Financial Considerations - *Whaiwhakaaro Puutea*

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

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

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

Climate Change Impact Statement

26. 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*

27. 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').
28. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report.
29. There are no known social, economic, environmental, or cultural considerations associated with this matter.

Risks - *Tuuraru*

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

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

Significance

31. 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.

Engagement

32. Given the low level of significance determined, the engagement level is low. No engagement is required.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Policy List for SRAAC Compliance Reporting - May 2023

Attachment 2 - Draft Fraud and Corruption Policy June 2023

Attachment 3 - Current Fraud and Corruption Management Policy 2019

Strategic Risk and Assurance Committee – Policies Update as at 31 May 2023

KEY
In progress
Paused/awaiting prioritisation or resourcing
Current

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Attachment 1

COUNCIL POLICIES						
Committee	Policy	Sponsor/ Group	Last reviewed date	Next review date	Status	Related Legislation
Council	Corporate Hospitality and Entertainment Policy	GM POP	Jul-15	Jul-18	Review paused	n/a
Infrastructure and Transport	Hamilton Gateways Policy	GM Infrastructure Operations	Dec-15	Oct-18	Review scheduled for March 23- Feb 24	n/a
Infrastructure and Transport	Streetscape Beautification and Verge Maintenance Policy	GM Community & GM Infrastructure Ops	Nov-12	Nov-18	Review scheduled for March 23- Feb 24	n/a
Community & Natural Environment	Citizens Initiated Referenda Policy	GM POP	Jul-16	Jul-19	Review paused	Local Electoral Act 2001
Community & Natural Environment	Community Occupancy Policy	GM Community	Nov-18	Apr-21	Review in 2023	n/a
Community & Natural Environment	Open Space Provision Policy	GM Community	Jun-18	Jun-21	Under review	n/a
Community & Natural Environment	TAB Board Venue Policy	GM Growth	Dec-18	Dec-21	Review scheduled for early 2023	Racing Industry Act 2020
Economic Development	Business Improvement District (BID) Policy 2019	GM Growth	Jun-19	Jun-22	Under review	n/a
Strategic Growth and District Plan	Sale and Disposal of Council Land Policy	GM Growth	Sep-19	Jul-22	Due for review	n/a
Community & Natural Environment	Class 4 Gambling Venue Policy	GM Growth	Sep-19	Sep-22	Review scheduled for early 2023	Gambling Act 2003
Council	Delegations to Positions Policy	GM POP	Jun-21	Oct-22	Under review	n/a
Economic Development	Appointment and Remuneration of Board Members of COs, CCOs and CCTOs Policy	GM POP	Jun-21	Nov-22	Due for review	Local Government Act 2002
Community & Natural Environment	Dog Control Policy	GM Community	May-15	Feb-23	Due for review	Dog Control Act 1996
Infrastructure and Transport	Dangerous and Insanitary Buildings Policy	GM Growth	May-18	May-23	Current	Building Act 2004
Strategic Growth and District Plan	Growth Funding Policy	GM Growth	Jun-21	Jun-23	Current	n/a
Strategic Risk & Assurance	Risk Management Policy	GM POP	Aug-20	Jun-23	Current	n/a
Community & Natural Environment	Community Assistance Policy	GM Community	Apr-21	Jul-23	Current	n/a
Council	Significance and Engagement Policy	GM Strategy and Communications	Aug-20	Aug-23	Current	Local Government Act 2002
Economic Development	Municipal Endowment Fund Policy	GM Growth	Sep-20	Sep-23	Current	n/a
Community & Natural Environment	Smokefree and Vapefree Outdoor Areas Policy	GM Community	Sep-20	Sep-23	Current	n/a
Infrastructure and Transport	Three Waters Connections Policy	GM Infrastructure Operations	Sep-20	Sep-23	Under review	n/a
Community & Natural Environment	City Honours Policy	GM Strategy and Communications	Oct-20	Oct-23	Current	n/a
Community & Natural Environment	Psychoactive Substances (Local Approved Products) Policy	GM Growth	Oct-18	Oct-23	Current	Psychoactive Substances Act 2013
Community & Natural Environment	Domain Endowment Fund Policy	GM Community	Nov-20	Nov-23	Current	n/a
Community & Natural Environment	Trading in Public Places Policy	GM Community	Dec-20	Dec-23	Current	n/a
Economic Development	International Relations Policy	GM POP	Mar-21	Mar-24	Current	n/a
Strategic Growth and District Plan	Development Contributions Policy	GM Growth	Jun-22	Jun-24	Current	Local Government Act 2002
Finance and Monitoring	Funding Needs Analysis Policy	GM POP	Jun-21	Jun-24	Current	Local Government Act 2002
Finance and Monitoring	Investment and Liability Management Policy	GM POP	Jun-21	Jun-24	Current	Local Government Act 2002
Finance and Monitoring	Rates Remissions and Postponements Policy	GM POP	Jun-22	Jun-24	Current	Local Government Act 2002
Finance and Monitoring	Rating Policy	GM POP	Jun-21	Jun-24	Current	Local Government Act 2002; Local Government Rating Act 2002
Finance and Monitoring	Revenue and Financing Policy	GM POP	Jun-21	Jun-24	Current	Local Government Act 2002
Community & Natural Environment	External Funding Applications Policy	GM Community	Jun-21	Jun-24	Current	n/a
Economic Development	Freeholding of Council Endowment Land Policy	GM Growth	Aug-21	Aug-24	Current	Hamilton Domain Endowment Act 1979
Council	Delegations to officers specific to the Resource Management Act 1991	GM Growth	Oct-21	Oct-24	Current	Resource Management Act 1991

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Community & Natural Environment	Monuments and Memorial Art Policy	GM Community	Nov-21	Nov-24	Current	n/a
Community & Natural Environment	Permanent Public Art Policy	GM Community	Nov-21	Nov-24	Current	n/a
Economic Development	Event Sponsorship Policy	H3 & Events	Mar-22	Mar-25	Current	n/a
Community & Natural Environment	Naming of Roads, Open Spaces and Council Facilities Policy	GM Infrastructure Ops and GM Growth	Jun-22	Jun-25	Current	n/a
Infrastructure and Transport	Hamilton Parking Policy	GM Infrastructure Operations	Aug-22	Aug-25	Current	n/a
Community & Natural Environment	Disability Policy	GM Community	Sep-22	Sep-25	Current	n/a
Council	Elected Members Support Policy	GM POP	Nov-22	Nov-25	Current	Local Government Act 2002
Council	Climate Change Policy	GM Strategy and Communications	Jun-22	Jun-27	Current	n/a
NEW	(Proposed) Procurement Policy	GM POP	new	new	Under consideration	0
TBC	(Proposed) Bi-lingual Policy	GM Strategy and Communications	proposed	proposed	Under consideration	n/a
Community & Natural Environment	(Proposed) Tree Policy	GM Community	proposed	proposed	Under consideration	n/a
Community & Natural Environment	Provisional Local Alcohol Policy (LAP)	GM Community	under consideration	under consideration	Under consideration	Sale and Supply of Alcohol Act 2012

OTHER GOVERNANCE DOCUMENTS						
Council Committee	Document	Sponsor/ Group	Last review date	Next review date	Status	Related legal provisions
Council	Committee Terms of Reference and Governance Structure	People and Organisational Performance	Nov-22	Nov-25	Current	Local Government Act 2002
Council	Elected Member Code of Conduct	People and Organisational Performance	May-22	May-25	Current	Local Government Act 2002

MANAGEMENT POLICIES						
Management Policy Title	Purpose	Last reviewed and approved	Next Review Date	Status	Sponsor	Policy Owner Name
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	Under review	Information Systems	Susan Souren/Chris Mardon
Herbicide Use	To provide high level guidelines around the use of herbicides in the management of unwanted vegetation.	Mar-15	Mar-18	Under review	Infrastructure	Sean Peterson
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, Safety & Wellness	Marie Snowball
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.	Mar-17	Jul-20	Under review	Finance	Igor Magud
Lighting on Parks	To provide clear guidelines to inform decision making around which Hamilton City parks will be lit to enable their safe night-time use and to specify the manner in which lighting will be provided.	Aug-17	Aug-20	Due for review	Parks & Open Spaces	Luke Archbold
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, Safety & Wellness	Dan Finn
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, Safety & Wellness	Dan Finn
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-21	Under review	Programme Manager, Assets Strategy	Paul Gower
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.	Jun-18	Jun-21	Under review	Finance	Tracey Musty

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Museum Collection	To guide the growth, development and management of the Museum's collection.	Jun-18	Jun-21	Under review	Museum	Anita Robinson
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	Sep-19	Sep-21	Under review	Customer Services	Michelle Kerbers
Customer Complaints Policy	To set out Council's commitment to providing a robust, transparent mechanism for members of the public to make a complaint regarding the conduct, standard of service, actions or lack of action by Council, services or staff.	Sep-19	Sep-21	Under review - to be replaced	Customer Services	Michelle Kerbers Kelvin Powell
Surveillance Camera	To outline the guidelines for Council's collection, storage and use of images collected.	Oct-18	Oct-21	Under review	City Safe	Paul Blewman
Execution of Documents	To provide procedure for execution and signing of documents having legal significance.	Nov-19	Nov-21	Due for review	Governance and Assurance	Michelle Hawthorne
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	Information Systems	Susan Souren
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	Due for review	People, Safety & Wellness	Dan Finn
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, Safety & Wellness	Dan Finn
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, Safety & Wellness	Dan Finn
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	Under review	City Infrastructure	Robyn Denton
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, Safety & Wellness	Dan Finn
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	Finance	Tracey Musty
Organisational Compliance	To provide the principles and set the expectations for how the Council will manage and achieve compliance in all areas of its operations.	Apr-19	Apr-22	Due for review	Governance and Assurance	Michelle Hawthorne
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	Due for review	H3	Claire Toko
COVID-19 Vaccination Policy	To outline Council's position and requirements in relation to COVID-19 vaccinations to reduce the risk of contracting or transmitting COVID-19 for all Employees, Contractors and Volunteers.	Dec-21	Jun-22	Due for review	People, Safety & Wellness	Dan Finn
Sensitive Development	To guide staff in identifying sensitive developments that could be of interest to Elected Members and SLT and sets out a mechanism to inform elected members of such sensitive developments.	Aug-19	Aug-22	Under review	Growth City	Blair Bowcott
Encroachment Policy	To enable Council to reasonably control encroachments into Road Reserves and Reserves	Aug-19	Aug-22	Due for review	Transportation	Eeva-Liisa Wright
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	Governance and Assurance	Michelle Hawthorne/ Nick Whittaker
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, Safety & Wellness	Dan Finn
Visitor Control	To control visitors exposure to work place hazards and to control visitor access for all council buildings.	Oct-14	Oct-22	Due for review	Customer Service Key Accounts	Michelle Kerbers
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	Facilities	Anita Oliver
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.	Jun-20	Jun-23	Current	People, Safety & Wellness	Dan Finn
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	Current	People, Safety & Wellness	Dan Finn
Leave	To provide guidance on how HCC manages Leave. This policy should be read in conjunction with the relevant employment agreement.	Oct-20	Oct-23	Current	People, Safety & Wellness	Dan Finn

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Hamilton City Libraries Collection	To provide a framework for the development and management of Hamilton City Libraries' collections.	Nov-20	Nov-23	Current	Hamilton Libraries	TBC (Rebecca Whitehead acting)
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	Procurement	Igor Magud
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, Safety & Wellness	Dan Finn
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, Safety & Wellness	Dan Finn
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, Safety & Wellness Sustainable Resource Recovery Team (Infrastructure)	Dan Finn
Litter Enforcement	To provide guidance to Council officers on issuing infringement notices under the Litter Act 1979.	Jan-22	Jan-25	Current	Risk & Emergency Management	Becca Brooke
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	Governance and Assurance	Kelvin Powell
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	Communications	Michelle Hawthorne
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	Finance	Nicole Nooyen
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, Safety & Wellness	Tracey Musty
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	Governance and Assurance	Dan Finn
LGOIMA Charging Policy	To provide guidance on when and how HCC will charge for LGOIMAs and the considerations in doing so.	Aug-22	Aug-25	Current	Facilities	Michelle Hawthorne
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	Finance	Anita Oliver
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	Finance	Tracey Musty
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	Finance	Tracey Musty

MANAGEMENT POLICY WITH STRATEGIC RISK AND ASSURANCE COMMITTEE OVERSIGHT						
Management Policy Title	Purpose	Last reviewed and approved	Next Review Date	Status	Sponsor	Policy Owner Name
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	Under review	People, Safety & Wellness	Dan Finn
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.	Sep-22	Sep-25	Current	Finance	Igor Magud
Protected Disclosure	If an employee discovers information which they believe shows serious wrong doing 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	Governance and Assurance	Michelle Hawthorne

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Update as at 25 Nov 2022

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.	Sep-19	Sep-22	Under review	Governance and Assurance	Michelle Hawthorne
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DELEGATIONS MANAGEMENT POLICIES						
Delegations Management Policy Title	Purpose	Last reviewed and approved	Next Review Date	Status	Sponsor	Policy Owner Name
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.	Apr-14	Apr-17	Under review	Growth	Nicolas Wells
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.	Mar-17	Oct-20	Under review	Finance	Tracey Musty
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	Current	Community	Kelvin Powell
Delegations to Growth Officers and City Safe Unit Officers (excluding delegations under the RMA)	To set out the delegations from the Chief Executive to Council officers in Growth and the City Safe Unit.	Jul-21	Jul-24	Current	Growth	Blair Bowcott
Delegations to City Infrastructure Officers	To set out the delegations from the Chief Executive to Council Officers in City Infrastructure.	new	new	Under development	Infrastructure Operations	Eeva-Liisa Wright

Date approved by BSLT:	TBC
Next review date:	TBC (3 years after date approved by BSLT)
Document number:	TBC
Associated documents:	Refer to references below
Sponsor/Group:	People and Organisational Performance
Policy Owner:	Group Manager People and Organisational Performance

Management Policy – Fraud and Corruption

Ko te Puutaketanga Purpose

- The purpose of the Fraud and Corruption Management Policy (Policy) is to:
 - set out Council's position with respect to fraudulent or corrupt activities;
 - provide guidance to staff and stakeholders who encounter or suspect fraud or corruption; and
 - raise awareness about how to recognise fraud and corruption, as well as behaviours and circumstances known to be associated with fraud, bribery, and corruption.

Ko ngaa Tikanga Whakahaere Kaupapahere Principles of the Policy

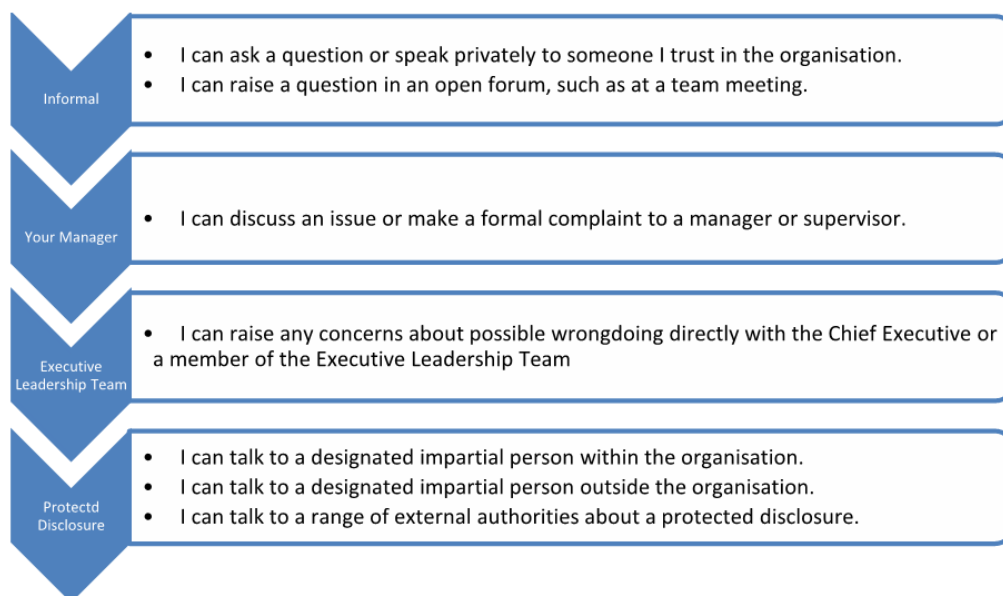
- The guiding principles for this Policy are:
 - Council is committed to a workplace that is free from fraud, corruption, and serious wrongdoing. This means ensuring people can safely raise their concerns about fraud, corruption, or serious wrongdoing, and we have appropriate internal procedures and support if a person raises a concern.
 - All employees and Representatives of Council must have, and be seen to have, the highest standards of honesty and integrity in discharging their obligations to the community.
 - Council does not tolerate fraudulent or corrupt behaviour in any form. Council has a zero-tolerance approach to identified behaviour or incidents involving fraud and corruption.
 - All suspected instances of fraud or corruption involving employees, Representatives or external parties will be investigated by Council and may be reported to the appropriate authorities.

Ko te Whaanuitanga Scope

- This Policy applies to Council employees and Representatives and includes outside agencies or entities doing business with or maintaining a business relationship with Council.
- This Policy does not apply to:
 - Minor fraud perpetrated by the public when interacting with Council e.g., providing incorrect information on permit or license applications.
 - Performance management issues that should be addressed by a People Leader and/or the People, Safety and Wellness team.
 - Any concerns raised regarding Elected Members, who are subject to provisions within the [Local Authorities Act 1968 \(Members Interests\)](#), the [Local Government Act 2002](#), and [Council's Code of Conduct for Elected Members](#). If Elected Members are involved in an allegation of fraud or corruption, the matter must be reported to the Chief Executive.

Ko ngaa Tikanga**Policy****Speaking up**

5. There are a number of reasons for an organisation to encourage reporting. Employees are often best placed to identify fraud, corruption, or serious wrongdoing and are most likely to make accurate reports that are both substantiated and promote organisational change and improvement. Individuals need to understand and have confidence that they can raise concerns at an appropriate level of the organisation as outlined below.

**Protected Disclosures Management Policy**

6. This Policy needs to be read in conjunction with the Council's [Protected Disclosures Management Policy](#). The [Protected Disclosures Management Policy](#) is required by the [Protected Disclosures \(Protection of Whistleblowers\) Act 2022](#) (Act) and covers the disclosure and timely investigation of serious wrongdoing and the protection of people who disclose in accordance with that Act.

When should I raise concerns and who can I talk to?

7. Any person who suspects that a fraudulent or corrupt act has occurred, regardless of the level, must report this immediately.
8. Anyone can raise any concerns about fraud or corruption with their People Leader, Unit Manager, or General Manager. If you don't feel comfortable raising a concern with them, you can approach any one of the following designated officers in the first instance:
- the People, Safety and Wellness Manager;
 - the Financial Director;
 - the General Manager People and Organisational Performance; or
 - the Chief Executive.
9. If individuals think their concerns may amount to a serious wrongdoing, there are further options for disclosure under Council's [Protected Disclosures Management Policy](#).

How will a complaint be handled?

10. On receipt of a complaint an investigation will be initiated by the General Manager People and Organisational Performance or the Chief Executive to determine if there is an actual, perceived, or potential fraud or corruption event involving an employee, representative, or external party to Council.
11. Investigations will be completed in such a way as to ensure a fair and reasonable process is conducted in accordance with the Employment Relations Act 2000, Evidence Act 2006, and other related legislation and Council Policies.
12. Consequences and outcomes of a fraud or corruption investigation, that have been substantiated, will be presented to the General Manager People and Organisational Performance or the Chief Executive to make an informed decision on reporting to the appropriate authorities, improvements to controls and any employment processes that need to be undertaken.
13. Where Council have experienced a financial loss, recovery processes of such loss will be pursued wherever possible and practicable.
14. If an allegation of fraud or corruption is made against the Chief Executive the matter must be reported to the Mayor.

Is the information and investigation confidential?

15. Information received about an actual, perceived, or potential fraud or corruption is to be treated as confidential to the organisation during the course of an investigation, noting that the Protected Disclosures (Protection of Whistleblowers) Act 2022 and [Council's Protected Disclosure Management Policy](#) require certain information to remain confidential.
16. This means that:
 - Information will be supplied to individuals on a 'need to know' basis as part of any investigation.
 - Individuals will be expected to keep information regarding an allegation confidential.
 - Information relating to a fraud or corruption investigation will not be disclosed to the media or a third party without the permission of the General Manager People and Organisational Performance or Chief Executive.
 - Information may be withheld following an assessment against the [Local Government Official Information and Meetings Act 1987](#).

Roles and Responsibilities

Role	Responsibilities
Chief Executive	The Chief Executive has overall responsibility and accountability for preventing fraud and corruption within Council.
General Manager People and Organisational Performance	The General Manager People and Organisational Performance (or Chief Executive in the case of a conflict) is responsible for managing fraud or corruption investigations with internal and external resources where required. The General Manager People and Organisational Performance may delegate responsibilities and direction to internal or external resources.
General Managers	General Managers are responsible for fostering effective financial management controls, processes, training, and awareness of fraud and corruption within their areas of responsibility, and reporting fraud or corruption events to the General Manager People and Organisational Performance and Chief Executive.

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Role	Responsibilities
People Leaders	<p>People Leaders are responsible for ensuring that a culture of honesty and openness exists in their workplace, such that employees are not discouraged from questioning events or processes and reporting suspected fraud or corruption. This includes:</p> <ul style="list-style-type: none"> • Ensuring all employees and contractors are aware of the Fraud and Corruption Policy and that they maintain an understanding of their obligations; • Ensuring all persons who have dealings with the Council, captured by the definitions included in this Policy, are aware of the Policy and that they maintain an understanding of their obligations; • Identifying the risks (including but not limited to risk of fraud or corruption) to which the Council's systems, operations, and procedures are exposed; • Developing and maintaining effective controls to prevent and detect Council related fraud and corruption, within business as usual and/or programmes or projects of work; • Ensuring that controls and processes in place are actively complied with; • Facilitating an effective fraud and corruption awareness and detection culture; • Ensuring employees are supported when making allegations of fraud or corruption to the General Manager People and Organisational Performance.
Employees	<p>All employees, are responsible for:</p> <ul style="list-style-type: none"> • Being aware of, and complying with, this Policy; • Completing training as directed by Council; • Acting honestly, fairly and with integrity in undertaking Council tasks and activities; • Being aware of, and complying with, their obligations under relevant Council management policies; • Reporting any suspected fraudulent or corrupt behaviour; • Reporting fraud or corruption control failures or breaches as soon as they become aware of them; • Reporting any incident where they suspect any person or employee is aiding and abetting a third party to defraud Council.
Representatives	<p>All representatives, contractors, consultants, and/or volunteers are expected to adhere to the requirements of this Policy.</p>

Ko te Aroturukitanga me te Whakatinanatanga **Monitoring and Implementation**

Reporting to the Strategic Risk and Assurance Committee

17. Council's Strategic Risk and Assurance Committee is responsible for monitoring the effectiveness of this Policy, and for receiving reports of incidents of fraud and corruption. At each Strategic Risk and Assurance Committee, allegations that have been made since the last meeting of the Committee will be reported, along with the outcome of any investigations concluded in that time.
18. The General Manager of People and Organisational Performance or the Chief Executive will report claims of fraud or corruption to the Chair of the Strategic Risk and Assurance Committee if, following an initial review, the claim is assessed as having merit and require investigation.

19. The General Manager People and Organisational Performance will monitor the implementation and application of this Policy.
20. This Policy will be reviewed either every three years, at the request of Council, or in response to an event, or legislative requirement.

Ko ngaa Whakamaaramatanga Definitions

Term	Meaning in this Policy
Fraud	<p>The term 'Fraud' refers to the deliberate practice of deception to receive unfair, Unjustified, or unlawful gain. For the purposes of the Policy this includes all forms of dishonesty. Within this definition, examples of fraud and dishonesty may include, but are not limited to:</p> <ul style="list-style-type: none"> • Knowingly providing false, incomplete, or misleading information to Council for unfair, unjustified, or unlawful gain; • Unauthorised possession, use or misappropriation of funds or assets, whether Councils or a third party; • Deliberate mishandling of, or misreporting of, money or financial transactions; • Unauthorised access and misuse of Council's systems and information for unfair, unjustified, or unlawful gain; • Misuse of, or obtaining insider knowledge of, organisational or judicial activities without implied or expressed consent (this may also be considered corruption); • Destruction, removal, or inappropriate use of records, furniture, fixtures, or equipment for unfair, unjustified, or unlawful gain; • Deliberate misuse of Council resources (including work time, internet, cell phones, photocopiers, fax machines, computers, vehicles, mail services, Council addresses, and phone numbers) for unfair, unjustified, or unlawful gain; • Forgery or alteration of any financial instrument; • Forgery or alteration of any document or computer file or record belonging to Council; • Where any person who has a business involvement with the Council acts dishonestly or unfairly, or breaches public trust. <p>The above definition excludes actions that are found to be an Error.</p>
Bribery	<p>Bribery means "any money, valuable consideration, office or employment or any benefit, whether direct or indirect." Bribery is the practice of offering something to gain an illicit advantage by altering the behaviour of the recipient.</p>
Corruption	<p>The term 'Corruption' is the lack of integrity or honesty (especially susceptibility to bribery) or the use of a position of trust for dishonest gain. It includes foreign and domestic bribery, coercion, destruction, removal or inappropriate use or disclosure of records, data, materials, intellectual property, or assets, or any similar or related inappropriate conduct. Examples of corrupt conduct include, but are not limited to:</p> <ul style="list-style-type: none"> • Any person who has a business involvement with Council, improperly using, or trying to improperly use, the knowledge, power, or resources of their position for personal gain or the advantage of others, e.g., use of business travel requirement to satisfy personal situations; • Knowingly providing, assisting, or validating in providing false, misleading, incomplete, or fictitious information to circumvent Council procurement processes and procedures to avoid further scrutiny or reporting; • Disclosing private, confidential, or proprietary information to outside parties without implied or expressed consent; • Accepting or seeking anything of material value from contractors, vendors, or

Term	Meaning in this Policy
	<p>persons providing services or materials to Council (also refer to the Council's Gifts and Hospitality Management Policy);</p> <ul style="list-style-type: none"> • A member of the public influencing or trying to influence, a public official, employee, contractor, person seconded to, or any other party that has a business involvement with the Council to use his or her position in a way that is dishonest, biased or breaches public trust. <p>The above definition excludes actions that are found to be an Error.</p>
Error	<p>There is a distinct difference between the definitions of the term 'fraud' and 'error'. Error refers to an unintentional act or omission, made unknowingly by an individual or group lacking in knowledge or oversight. Error may be an unintentional misstatement of information including the unintentional omission of an account or a disclosure; performing an action that created unexpected or unintentional outcomes or consequences. In contrast, acts of serious wrongdoing, corruption or fraud are deliberate breaches of Council's policies and public trust.</p>
Serious Wrongdoing	<p>Has the same meaning as in the Protected Disclosures (Protection of Whistleblowers) Act 2022</p>
Representative	<p>Includes:</p> <ul style="list-style-type: none"> • Employees of Council; • Any contractor or consultant who has been contractually obligated for the contract period by Council; • Temporary personnel provided through an agency; • Seconded personnel to Council; and • Volunteers.

Ko ngaa Tohutoro References

Management Policies

[Code of Conduct \(Staff\) Management Policy](#)

[Conflict of Interest Management Policy](#)

[Gifts and Hospitality Management Policy](#)

[Intellectual Property and Ownership Rights Management Policy](#)

[Performance Management and Disciplinary Management Policy](#)

[Procurement Policy and Procedures](#)

[Protected Disclosures Management Policy](#)

[Sensitive Expenditure Management Policy](#)

Legislation

[Crimes Act 1961](#)

[Employment Relations Act 2000](#)

[Evidence Act 2006](#)

[Human Rights Act 1993](#)

[Local Authorities Act 1968 \(Members Interests\),](#)

[Local Government Act 2002](#)

[Protected Disclosures \(Protection of Whistleblowers\) Act 2022](#)

Other resources

[Council's Code of Conduct for Elected Members](#)

Ombudsman www.ombudsman.parliament.nz

Office of the Auditor General <https://oag.parliament.nz/good-practice/fraud>

Date Approved by GM:	17/09/2019
Next BSLT review date:	17/09/2022
Document number:	D-3049599
Associated documents:	Fraud Procedures Standard Operating Procedure Protected Disclosures Policy (D-3049354) Anti-bribery and Corruption LMS Module 1 Conflict of Interest LMS Module 2
Sponsor/Group:	Corporate
Policy Owner:	GM Corporate

Management Policy – Fraud and Corruption Management Policy

1.0 Purpose

1. The purpose of this policy is 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.
2. All employees and representatives of Hamilton City Council must have, and be seen to have, the highest standards of honesty and integrity in discharging their obligations to the community.

2.0 Principles of Policy

1. The guiding principles for this Policy are:
 - a. All employees and representatives of Hamilton City Council must have, and be seen to have, the highest standards of honesty and integrity in discharging their obligations to the community.
 - b. Hamilton City Council does not tolerate fraudulent or corrupt behaviour in any form.
 - c. All suspected instances of fraud or corruption involving Council employees, representatives or external parties will be investigated by the GM Corporate and may be reported to the appropriate authorities.

3.0 Scope

1. This Policy applies to Hamilton City Council employees, representatives, vendors, contractors or consultants and includes outside agencies or entities doing business with or maintaining a business relationship with Hamilton City Council.
2. This policy should be read in alignment with the Councils Protected Disclosures Policy and Conflict of Interest Policy.
3. This Policy does not apply to:
 - a. Minor fraud perpetrated by the public against Hamilton City Council e.g. providing wrong or incorrect information on permit or licence applications.
 - b. Performance management issues that should be resolved by a manager and/or the People Safety and Wellness team.
 - c. Councillors who are subject to provisions within the Local Authorities Act 1968 (Members Interests), the Local Government Act 2002 and Council's Code of Conduct for Elected Representatives.

4.0 Definitions

Definition	Detail
Fraud	<p>The term 'Fraud' refers to the deliberate practice of deception to receive unfair, unjustified or unlawful gain. For the purposes of the policy this includes all forms of dishonesty. Within this definition, examples of fraud and dishonesty may include, but are not limited to:</p> <ul style="list-style-type: none"> • Knowingly providing false, incomplete or misleading information to Council for unfair, unjustified or unlawful gain; • Unauthorised possession, use or misappropriation of funds or assets, whether Councils or a third party's; • Deliberate mishandling of, or misreporting of, money or financial transactions; • Unauthorised access and misuse of Council's systems and information for unfair, unjustified or unlawful gain; • Misuse of, or obtaining insider knowledge of, organisational or judicial activities without implied or expressed consent (this may also be considered corruption); • Destruction, removal, or inappropriate use of records, furniture, fixtures, or equipment for unfair, unjustified or unlawful gain; • Deliberate misuse of Council resources (including work time, internet, cell phones, photocopiers, fax machines, computers, vehicles, mail services, Council addresses and phone numbers) for unfair, unjustified or unlawful gain; • Forgery or alteration of any financial instrument; • Forgery or alteration of any document or computer file or record belonging to the Council; • Where any person who has a business involvement with the Council acts dishonestly or unfairly, or breaches public trust.
Corruption	<p>The term 'Corruption' is the lack of integrity or honesty (especially susceptibility to bribery) or the use of a position of trust for dishonest gain. It includes foreign and domestic bribery, coercion, destruction, removal or inappropriate use or disclosure of records, data, materials, intellectual property or assets, or any similar or related inappropriate conduct. Examples of corrupt conduct include, but are not limited to:</p> <ul style="list-style-type: none"> • Any person who has a business involvement with Council, improperly using, or trying to improperly use, the knowledge, power or resources of their position for personal gain or the advantage of others, e.g. use of business travel requirement to satisfy personal situations; • Knowingly providing, assisting or validating in providing false, misleading, incomplete or fictitious information to circumvent Council procurement processes and procedures to avoid further scrutiny or reporting; • Disclosing private, confidential or proprietary information to outside parties without implied or expressed consent; • Accepting or seeking anything of material value from contractors, vendors, or persons providing services or materials to Council (also refer to the Council's Gifts and Hospitality Policy); • A member of the public influencing or trying to influence, a public official, employee, contractor, person seconded to, or any other party that has a business involvement with the Council to use his or her position in a way that is dishonest, biased or breaches public trust.
Council	For the purposes of this policy, a representative of Hamilton City Council

Representative	includes: <ul style="list-style-type: none"> • Employee • Any contractor or consultant who has been contractually obligated for the contract period by Council. • Temporary personnel provided through an agency. • Seconded personnel to Council. • Volunteers.
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5.0 Guidelines

1. Any person who suspects that a fraudulent or corrupt act, regardless of the level, has occurred must report this immediately to their business unit manager or Risk Manager and the GM Corporate and / or Chief Executive.
2. An investigation is initiated to determine if there is an actual, perceived or potential fraud or corruption event involving an employee, representative or external party to Hamilton City Council.
3. All information received about an actual, perceived or potential fraud or corruption is to be treated as confidential and managed under the Protected Disclosures Act 2000 and Council's Protected Disclosure Policy.
4. All information established or collated is to be documented by the Risk Manager and retained securely in accordance with evidential requirements. (CM Folder 05-13-03-08). All reportable fraud activities are to be recorded in the Fraud Activity Register (D-2799493) for auditing purposes.
5. All incidents of fraud and corruption are to be reported to the Chair of the Audit and Risk Committee and Chief Executive once established. The GM Corporate will liaise with the Chair of the Audit and Risk Committee to develop an appropriate response plan, which may include notifying internal/external auditors.

6.0 Investigations

1. Fraud and/or corruption investigations are to be directed by the GM Corporate and / or the Chief Executive who may request internal or external resources where required.
2. Investigations will be completed in such a way as to ensure a fair and reasonable process is conducted in accordance with the Employment Relations Act 2000, Evidence Act 2006 and related legislation and/or Council Policies.
3. Consequences and outcomes of a fraud or corruption investigation, that have or have not been substantiated, will be presented to the GM Corporate and / or the Chief Executive to make an informed decision on reporting to the appropriate authorities.
4. If an allegation of fraud and/or corruption is against the Chief Executive the matter must be reported to the Mayor.
5. If Elected Members are involved in an allegation of fraud and/or corruption, the matter must be reported to the Chief Executive.
6. If an allegation of fraud and/or corruption is raised it will be managed in accordance with the Protected Disclosures Act 2000.
7. Where Council have experienced a financial loss, recovery processes of such loss will be pursued wherever possible or practicable.

7.0 Media

1. All information relating to a fraud or corruption investigation will not be disclosed without the expressed permission by the GM Corporate and / or Chief Executive.

8.0 Roles and Responsibilities

Audit and Risk Committee	The Audit and Risk Committee is responsible for monitoring the effectiveness of this policy, and for receiving reports of incidents of fraud and corruption.
Chief Executive	The Chief Executive has overall responsibility and accountability for preventing fraud and corruption within Council.
GM Corporate	GM Corporate shall be responsible for managing fraud or corruption investigations with internal and external resources where required. GM Corporate shall delegate responsibilities and direction to internal or external resources.
General Managers	General Managers are responsible for fostering effective financial management controls, processes, training and awareness of fraud and corruption within their areas of responsibility, and reporting fraud or corruption events to the GM Corporate and Chief Executive.
Managers	<p>Managers are also responsible for ensuring that a culture of honesty and openness exists in their work place such that employees are not discouraged from questioning events or processes and reporting suspected fraud or corruption.</p> <p>Managers are responsible for:</p> <ul style="list-style-type: none"> • Ensuring all employees and contractors are aware of the Fraud and Corruption Policy and that they maintain an understanding of their obligations; • Ensuring all persons who have dealings with the Council, captured by the definitions included in this policy, are aware of the Fraud and Corruption Policy and that they maintain an understand of their obligations; • Identifying the risks (including but not limited to risk of fraud or corruption) to which the Council's systems, operations and procedures are exposed; • Developing and maintaining effective controls to prevent and detect Council related fraud and corruption, within business as usual and/or programmes or projects of work; • Ensuring that controls and processes in place are actively complied with; • Facilitating an effective fraud and corruption awareness and detection culture; • Ensuring employees are supported when making allegations of fraud or corruption to the GM Corporate.

Employees	<p>All employees, including managers, are responsible for:</p> <ul style="list-style-type: none"> • Being aware of, and complying with, this Policy; • Acting honestly, fairly and with integrity in undertaking Council tasks and activities; • Acting in a manner that is beyond reproach; • Being aware of, and complying with, their obligations under the Council's Code of Conduct; • Reporting any suspected fraudulent or corrupt behaviour; • Reporting fraud or corruption control failures or breaches as soon as they become aware of them; • Reporting any incident where they suspect any person or employee is aiding and abetting some other person to defraud Council.
Council Representatives, contractors, consultants or volunteers	<p>All representatives, contractors, consultants and/or volunteers shall adhere to the requirements of this policy.</p>

9.0 Monitoring and Implementation

1. The GM Corporate will monitor the implementation and application of this policy.
2. This policy will be reviewed every three years or at the request of Council or in response to an event, legislative or statutory requirement.

10.0 References

1. Crimes Act 1961
2. Employment Relations Act 2000
3. Evidence Act 2006
4. Local Authorities (Members Interest) Act 1968
5. Code of Conduct for Elected Representatives 2018
6. Protected Disclosures Act 2000
7. Protected Disclosures Policy
8. Financial Delegations to Officers Policy
9. Conflict of Interest Policy
10. Anti-Bribery & Corruption Training Module (HCC LMS platform)
11. Conflict of Interest Training Module (HCC LMS platform)

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 Committee Public Excluded Minutes - 29 March 2023) Good reason to withhold) information exists under) Section 7 Local Government) Official Information and) Meetings Act 1987	Section 48(1)(a)
C2. Legal Risks - Committee Update		
C3. SR4 Loss of Information or Access to Systems and Services		
C4. Organisational Improvement Register - Public Excluded		

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