

Notice of Meeting:

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

Date: Thursday 3 September 2020

Time: 9.30am

Meeting Room: Audio Visual Meeting

Richard Briggs
Chief Executive

Strategic Risk and Assurance Committee OPEN AGENDA

Membership

Chairperson External appointee - Keiran Horne
Heamana

Deputy Chairperson External appointee - Bruce Robertson
Heamana Tuarua

Membership: Mayor Paula Southgate
Chairperson of the Finance Committee – Cr Rob Pascoe
Chairperson of the Strategic Growth Committee – Cr Dave Macpherson
Chairperson of the Infrastructure Operations Committee – Cr Angela O’Leary
Chairperson of the Community Committee – Cr Mark Bunting
Maangai Maaori Representative on the Finance Committee – Bella Takiari-Brame
Maangai Maaori Representative on the Finance Committee – Hemi Rau

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

Quorum: Four members (including one external appointee)

Becca Brooke
Governance Manager
Menetia Mana Whakahaere

26 August 2020

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Purpose:

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.

In addition to the common delegations, the Strategic Risk and Assurance Committee is delegated the following Terms of Reference and powers:

Terms of Reference:*Risk*

1. 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 6 monthly to Council.
2. To review the Risk Management Policy and recommend to Council revisions to the policy for adoption.
3. To review the Fraud and Corruption, Protected Disclosure, Conflict of Interest, and Sensitive Expenditure management policies to ensure appropriate guidance and processes are in place.
4. Review Council's strategic risk register and monitor existing and proposed controls
5. Periodic in-depth reviews of specific, significant risks
6. Monitor emerging risks
7. Review and monitor business continuity planning.
8. Oversight of risk management and assurance across Council's CCO's and CCTOs with respect to risks that may have a significant impact on Council

Internal Audit

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

External Audit

13. Engage with Council's external auditors regarding the external audit work programme and agree the proposed terms and arrangements of the external audit.
14. Recommend to Council the terms and arrangements for the external audit programme.
15. Review the effectiveness of the Annual Plan audit and 10 Year Plan audit.
16. 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

17. 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

18. Review the effectiveness of the systems for monitoring the Council's compliance legislation, regulation, policy and guidelines.
19. Review the adequacy and effectiveness of Council's health and safety programme and cybersecurity programme.
20. Engage with internal and external auditors on any specific one-off audit assignments.
21. 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.
22. 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.
23. 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 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 Internal Auditor 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 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: 03 September 2020
Author: Ian Loiterton
Authoriser: Amy Viggers
Position: Governance Advisor
Position: Governance Team Leader
Report Name: Confirmation of the Open Strategic Risk and Assurance Committee Minutes - 23 June 2020

Report Status	<i>Open</i>
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Staff Recommendation - *Tuutohu-aa-kaimahi*

That the Committee confirm the open Minutes of the Strategic Risk and Assurance Committee meeting held on 23 June 2020 as a true and correct record.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Strategic Risk and Assurance Committee Open Unconfirmed Minutes -23 June 2020

Strategic Risk and Assurance Committee

OPEN MINUTES

Minutes of a meeting of the Strategic Risk and Assurance Committee held via Audio Visual Meeting on Tuesday 23 June 2020.

PRESENT

Chairperson: External appointee - Keiran Horne

Membership: Mayor Paula Southgate
Cr Rob Pascoe
Cr Dave Macpherson
Cr Angela O'Leary

In Attendance: Richard Briggs – Chief Executive
David Bryant – General Manager Corporate
Lance Vervoort – General Manager Community
Eeva-Liisa Wright – General Manager Infrastructure Operations
Chris Allen – General Manager Development
Jen Baird – General Manager City Growth
Tracey Musty – Financial Controller
Irene James – Finance and Commercial Director, H3
James Clarke – Director Mayor's Office
Heather Burden – Risk Manager
Mothla Majeed – Legal Services Manager
Dan Finn – People, Safety and Wellness Manager
Chris Barton – Capital Projects Manager
Murray Heke – CIO Information Services
Rebecca Whitehead – Business and Planning Manager
Morva Kaye – Internal Auditor

James MacGillivray - Tompkins Wake
Lachlan Muldowney - Barrister
Clarence Susan – Audit New Zealand
Naude Kotze – Audit New Zealand
Aaron Steel – Senior Manager Pricewaterhouse Cooper

Governance Staff: Amy Viggers – Governance Team Leader
Ian Loiterton and Carmen Fortin, Governance Advisors

1. Apologies

Resolved: (Ms Horne/Cr O'Leary)

That apologies for absence from Deputy Chair Bruce Robertson and Cr Bunting, for lateness from Cr Pascoe, and for early departure from Cr O'Leary are accepted.

2. Confirmation of Agenda

Resolved: (Ms Horne/Cr O'Leary)

That the agenda is confirmed.

3. Declarations of Interest

No members of the Council declared a Conflict of Interest.

4. Public Forum

No members of public wished to speak.

5. Confirmation of the Open Strategic Risk and Assurance Committee Minutes - 5 March 2020

Resolved: (Ms Horne/Mayor Southgate)

That the Committee confirm the open Minutes of the Strategic Risk and Assurance Committee meeting held on 5 March 2020 as a true and correct record, subject amending *Item 12: Audit Engagement Letter for 2020, 2021 and 2022* to read 'Audit New Zealand' rather than 'Pricewaterhouse Cooper'.

6. Chief Executive Report - Verbal Update

The Chief Executive provided a verbal update concerning staff workloads, occupational health and safety, and the 10 Year Plan process.

Resolved: (Mayor Southgate/Cr O'Leary)

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

Cr Pascoe joined the meeting (12.46pm) during the discussion of the discussion of the above item. He was present when the matter was voted on.

7. Risk Management Report

The Risk Manager spoke to the report and responded to questions from Members regarding risk ratings and assessments.

Resolved: (Ms Horne/Mayor Southgate)

That the Strategic Risk and Assurance Committee receives the report.

Cr Macpherson left the meeting (12.49pm) during the discussion of the above item. He was not present when the matter was voted on.

8. Risk Management Policy Review - 23 June 2020 (Recommendation to Council)

The report was taken as read.

Resolved: (Ms Horne/Cr O'Leary)

That the Strategic Risk and Assurance Committee recommends that the Council approves the amended Risk Management Policy.

Cr Macpherson re-joined the meeting (12.55pm) during discussion of the above item. He was present when the matter was voted on.

9. Safety and Wellbeing Report - 1 February 2020 to 30 April 2020

The Chief Executive and People, Safety and Wellness Manager introduced the report. Staff responded to questions from Members concerning staff pulse check survey responses and processes, flexible work arrangements, monitoring of staff wellbeing post Covid-19 restrictions, resourcing of health and safety structure review processes, processes for the investigation of incidents, contractor safety measures, and site safety plan processes.

Resolved: (Ms Horne/Mayor Southgate)

That the Strategic Audit and Risk Committee receives the report.

Cr O'Leary left the meeting (1.47pm) during the discussion of the above item. She was not present when the matter was voted on.

10. 2019/20 Internal Audit Update – PwC

The General Manager Corporate and Aaron Steele (Pricewaterhouse Cooper) spoke to the report. They responded to questions from Members including reporting timelines, monitoring progress of the Annual Plan and Long Term Plans, contract management and cost estimation processes, and monitoring risks post Covid-19.

Staff action: *Staff undertook to investigate improved reporting against Annual Plan and Long Term Plans objectives and provide information to Members on recommended reporting improvements.*

Resolved: (Ms Horne/Cr Pascoe)

That the Strategic Risk and Assurance Committee:

- a) receives the report; and
- b) notes the Hamilton City Council Internal Audit work undertaken.

The meeting adjourned 2.02pm to 2.10pm.

11. 2019/20 Internal Audit Update

The Internal Auditor took the report as read and responded to questions from Members including areas for improvement.

Resolved: (Ms Horne/Cr Macpherson)

That the Strategic Risk and Assurance Committee:

- a) receives the report;
- b) requests a report to the next meeting of the Committee which includes input from Elected Members concerning the audit processes in relation to grants; and
- c) notes the progress against the Hamilton City Council Internal Audit Plan for internal Council staff.

The meeting adjourned 2.25pm to 2.35pm during the discussion of the above item.

Cr Macpherson left the meeting (2.18pm) and re-joined the meeting after the above adjournment. He was present for voting on the above matter.

12. 2020 Annual Report Accounting Treatment Review

The Financial Controller spoke to the report and responded to questions from Members regarding deficits, re-evaluations, Covid-19 impacts on auditing and financial reporting, interest rate calculations, and reporting of service performance measures.

Resolved: (Ms Horne/Cr Pascoe)

That the Strategic Risk and Assurance Committee receives the report.

13. Audit Proposal Letter for 2020, 2021 and 2022 (*Recommendation to Council*)

The Financial Controller and Clarence Susan – Audit New Zealand spoke to the report and responded to questions from Members including treatment of Covid-19 impacts, options to improve audit processes and future cost implications.

Resolved: (Ms Horne/Cr Pascoe)

That the Strategic Risk and Assurance Committee recommends that the Council:

- a) approves the Audit Proposal Letter; and
- b) delegates the Mayor authority to sign the Audit Proposal Letter on Council's behalf.

Cr O'Leary re-joined the meeting (1.14pm) during the discussion of the above item. She was present when the matter was voted on.

14. Resolution to Exclude the Public

Resolved: (Ms Horne/Cr 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. Fraud and Protected Disclosures Update) Good reason to withhold information exists under	Section 48(1)(a)
C2. Verbal Update on any legal issues or risk) Section 7 Local Government Official Information and Meetings Act 1987	
C3. Cyber Risks/Issues - Verbal Report)	
C4. Confirmation of the Public Excluded Strategic Risk and Assurance Committee Minutes - 5 March 2020		

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

- | | | |
|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|
| Item C1. | to protect information which is subject to an obligation of confidence and disclosure would likely prejudice continual supply of similar information where it is in the public interest for that information to continue to be available
to protect information which is subject to an obligation of confidence where disclosure would likely damage the public interest | Section 7 (2) (c) (i)
Section 7 (2) (c) (ii) |
| Item C2. | to maintain legal professional privilege | Section 7 (2) (g) |
| Item C3. | to prevent the disclosure or use of official information for improper gain or improper advantage | 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) |

The meeting went into a Public Excluded session at 1.17pm.

The meeting was declared closed at 3.56pm.

Council Report

Item 6

Committee: Strategic Risk and Assurance Committee
Date: 03 September 2020
Author: David Bryant
Authoriser: David Bryant
Position: General Manager Corporate
Position: General Manager Corporate
Report Name: Chief Executive Report - Verbal Update

Report Status	Open
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Purpose - *Take*

1. For the Chief Executive to provide a verbal update to the Strategic Risk and Assurance Committee on the key risks faced by Hamilton City Council.

Staff Recommendation - *Tuutohu-aa-kaimahi*

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

Attachments - *Ngaa taapirihanga*

There are no attachments for this report.

Council Report

Item 7

Committee: Strategic Risk and Assurance Committee

Date: 03 September 2020

Author: Dan Finn

Authoriser: David Bryant

Position: People, Safety & Wellness Manager

Position: General Manager Corporate

Report Name: Safety and Wellbeing Report - 1 May 2020 to 30 July 2020

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

1. To inform the Strategic Risk and Assurance Committee on safety and wellness performance and activities for the period covering 1 May 2020 to 30 July 2020.

Staff Recommendation - *Tuutohu-aa-kaimahi*

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

Attachments - *Ngaa taapirihanga*

Attachment 1 - Safety and Wellness Strategic Risk and Assurance Report - May - July 2020 Final.

THINK SAFE
WORK SAFE
HOME SAFE EVERYDAY

Safety and Wellness

STRATEGIC RISK AND ASSURANCE REPORT

May – July 2020

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1.0 Executive Summary

1.1 Overview

The People Safety and Wellness Team continue to support Councils Incident Management Team (IMT) in preparing our facilities and services to operate under the Government guidelines for Covid-19 Alert Level 2. We are looking at both the immediate and longer-term challenges that Covid-19 poses for Council and supporting the business units in their responses to these evolving challenges. As always, the Council's priority is keeping our people and our community safe.

In parallel, the Organisation has also ramped up efforts to prioritise Health and Safety following a continued trend in notifiable events. This 'safety reset' will help improve productivity across Council by creating a safer and healthier workplace. It will provide a degree of business confidence about our performance and help to boost our reputation as an employer of choice. By focusing on key streams that we can improve across workplace health and safety, Council can be assured we are focusing our efforts and investing in the right areas.

Item 7

Attachment 1

2.0 Safety Performance

2.1 Graphs

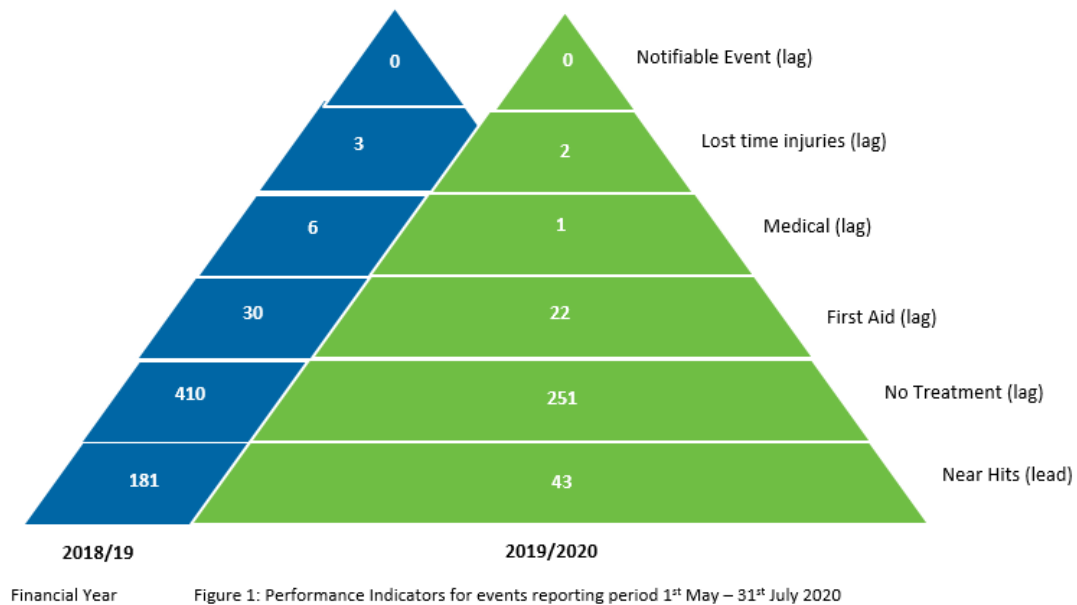


Figure 1: Performance Indicators for events reporting period 1st May – 31st July 2020

Figure 1: Performance Indicators for events for the reporting period 1st May – 31st July 2020

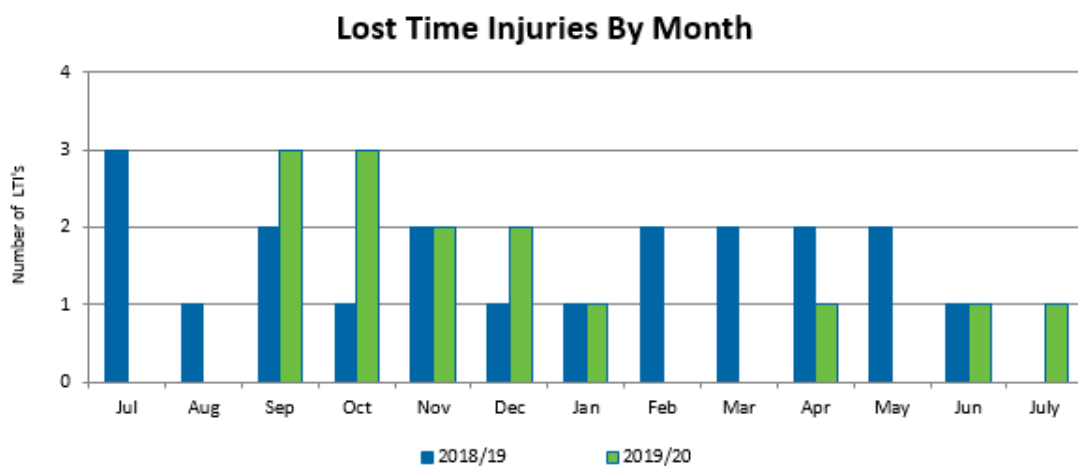


Figure 2: Lost time injuries by month for previous two performance/financial years

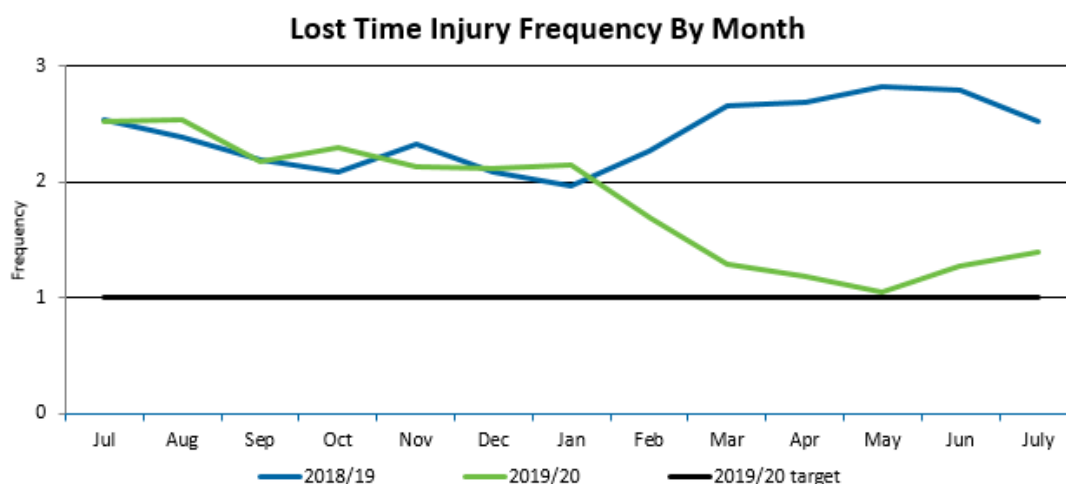


Figure 3: Lost time injury frequency rate per 200,000 work hours for FY18/19 and FY19/20

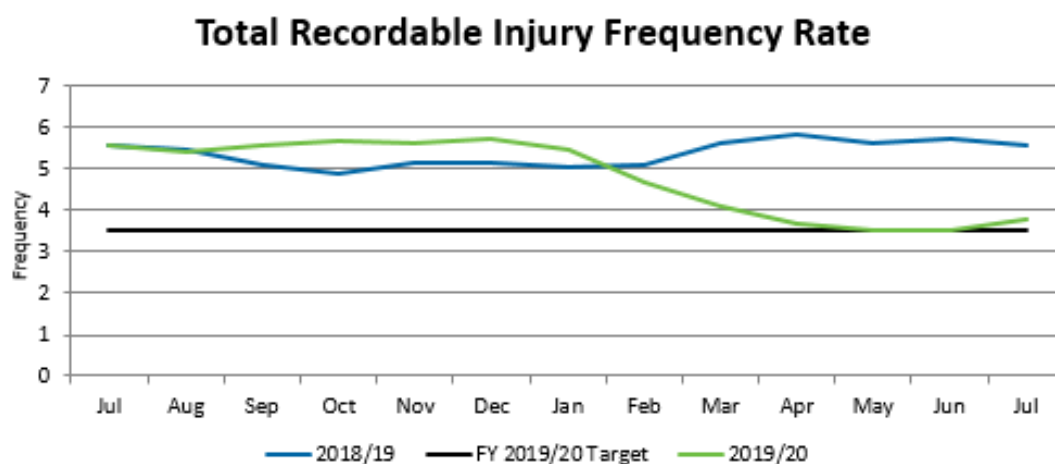


Figure 4: Total recordable injury frequency rate per 200,000 work hours for rolling 12 months

3.0 Health & Safety Trends

3.1 Trend Summary

During this reporting period (1 May to 31 July 2020) we incurred 2 LTI Vs 3 LTI's for the same period last year. Since July 2019 our overall LTIFR has trended downwards.

Data for this reporting period is still heavily influenced by the response to Covid-19 and new the implementation of new way of working. This has reduced the actual exposure to risk, with many employees either:

- working remotely
- one of our essential workers or
- moving to our new flexible ways of working.

3.2 Notifiable Events

During this reporting period (1 May to 31 July 2020) there were no events notified to WorkSafe involving Council employees.

Four Notifiable Events were reported to WorkSafe by Contractors who were engaged to undertake work on our behalf during this period.

Date Notified	Vault #	Contractor	Incident	Action Taken
17.05.2020	18248	Fall from Height Brodaspectrum Dixon Road, Ohaupo	Broadspectrum were engaged by Shick Civil construction to set up a road closure on Dixon road. The back-left hand door locking pin failed and a worker fell out of the truck carrying the signs	Shick Civil Construction have completed an investigation with five corrective actions identified. These actions have been monitored by Council and have all been completed.
10.06.2020	18282	Structure collapse Hewco Engineering, Pukete Waste Water Treatment	A contractor working for Hewco Engineering and sub-contracting to HCC City Waters Mechanical Maintenance was beginning work on the foul air ducts by the pre- aeration tanks. When he walked off the hatch he tripped as the structure partially collapsed	Investigation completed by the Waste Water Business Unit. Worksafe have not required any further information and are not investigating.
17.07.2020	19449	Isolation Hennessy Electrical Solutions, Pukete Waste Water Treatment	A WWTP Maintenance Fitter and a Hennessy Electrical Solutions (Hennessy's) Electrician prepared to work on Heat Loop Pump 1 to swap a failing ajax pump out for new Grundfos model pump. While the correct pump was isolated through SCADA, the physical lock was applied to the incorrect pump, allowing the potential for the pump to be accidentally turned back on while the Electrician was working on it.	Council have completed an investigation identifying six corrective actions. These actions are being monitored for completion.
29.07.2020	19518	Falling Object	A contractor working	Allen's United, Industrial

		Allen's United Industrial Welding Services, Pukete Waste Water Treatment Plant	for Allen's United Industrial Welding was almost struck by a falling hose connector, from an Allen's United sub- contractor, whilst undertaking a pump install at the outfall building, Pukete.	Welding Services and Council have completed investigations. Eight corrective actions have been agreed and accepted with ongoing monitoring occurring.
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Table 2: Contractor staff – notifiable events

Expanded Detail in relation to Contractor Notifiable Events:

Fall from Height

Whilst setting up a road closure on a section of SH3 just south of Dixon Road, one of the trucks carrying signage carried out a turn. The worker was on the back left of the truck in position to carry out the set up when needed. During the turn the back-left hand gate locking pin failed and the worker fell out of the truck, over the door and onto the pavement where she came to a stop. The site was made safe and an ambulance was called immediately. The worker was taken to the A&E to be treated.

WorkSafe confirmed the release of the scene on the basis that the Contractor confirms the latch affixed to the gate on the truck involved has been tested as 'working accurately as per design'. The Contractor carried out an internal investigation that found the gate was misaligned, which meant the latch pin did not fully extend into the pilot hole to secure the gate from opening. This was not picked up in the plant QuipCheck prior to leaving the yard. Five corrective actions were made and have been followed through.

Structure Collapse - Waste Water Treatment Plant, Pukete

A contractor working for Hewco Engineering and sub-contracting to Council – (City Waters Mechanical Maintenance) tripped on a hatch over the pre- aeration tanks because of the hatch partially collapsing. The risk and potential consequence were that the contractor could have fallen through the hatch, a depth of 1-2 metres approx. and have landed in raw sewerage. He would also have been unsighted from any other worker potentially delaying a coordinated response.

The root cause has been identified as:

- The collapse was attributed to a corroded bolt that was not visible due to the surrounding plate obscuring sight

There have been seven recommendations following this investigation to assist in the prevention of a reoccurrence with a Safety Alert being sent out to all Infrastructure Operations staff.

Isolation - Waste Water Treatment Plant, Pukete

On 17 July 2020, at approximately 07:45am a Wastewater Treatment Plant Maintenance Fitter and a Hennessy Electrical Solutions (Hennessy's) Electrician prepared to work on Heat Loop Pump 1, to swap out a failing pump for a new one.

While the correct pump was isolated through SCADA, the physical lock was applied to the incorrect pump, allowing the potential for the pump to accidentally be turned back on while the Electrician was working on it.

The investigation has concluded that there were several process failures that led to the incorrect pump being locked out.

The investigation identified the primary failures were:

- The current Lock out Tag out Process was not followed, and validation of the isolation was not undertaken (secondary checks)

Six recommendations and agreed actions have been identified to assist in the prevention of a reoccurrence along with learnings shared with the Senior Leadership Team and other staff.

Falling Object – Waste Water Treatment Plant, Pukete - Outfall Building

A contractor working for Industrial Welding (IWL) was almost struck by a falling hose connector whilst undertaking a pump installation at the Outfall Building, Pukete.

The risk of falling objects and the requirement for the worker who was working at depth and in a confined space to wear a hardhat, was not identified before commencing the task.

The investigation identified the following key issues:

- The failure was attributed to faulty equipment/ missing clips on a hose
- There was no fail safe/redundancy plan for equipment failure
- Failure to identify risk of falling objects and apply mitigating measures
- Workload requirements for HCC operators greater than the resources available to safely monitor all works on site at this time

There have been eight recommendations following this investigation to assist in the prevention of a reoccurrence with a Safety Alert being sent out to all Infrastructure Operations staff.

3.3 Lost Time Injuries

Between 1 May to 31 July 2020 we recorded 2 LTI's. At the end of 31 July 2020 our LTIFR was 1.39 per 200,000 work hours vs our target of 1.0.

Date	Department	Description and Findings
24.06.20	Hamilton Gardens	While pruning staff felt pain in back. Treated with anti-inflammatories and monitored.
3.07.20	Waikato Museum	Staff crouched down to show a child an activity at the Museum, their leg buckled causing them severe pain and they were unable to stand up. An ambulance was called, and the staff member was taken to the hospital.

Table 3: Lost time injury 1st May 2020 to 31st July 2020

3.4 Medical Treatment and First Aid Injuries

Between 1 May to 31 July 2020 we recorded 1 medical treatment injury and 22 first aid injuries. At the end of 31 July 2020 our TRIFR was 3.78 vs our target of <3.5.

3.5 Near Hit Reporting

Between 1 May to 31 July 2020 we recorded 43 near hits, which is a significant reduction in the reporting of near hits compared to 181 for the same period last year. This may be attributed to staff continuing to work remotely as we continue to progress up and down Alert Levels in response to Covid-19.

3.6 Emerging Issues - Outside Reporting Period

Assault to Contractor

Early Saturday morning on the 8th August 2020 there was an assault on a security guard who was operating as a Noise Control Officer under contract to Council.

The officer responded to a noise complaint in Odette Street, Melville, early Saturday morning. The officer had attended the same address some three hours earlier in relation to another noise complaint. The noise was assessed as not being excessive at the time of the first visit. It appears that contact was made with the occupier and advice given at that time. During the second visit the noise was assessed as being excessive and the officer was in the process of issuing a Noise Direction (direction to abate noise for the following 72-hour period) when he was seriously assaulted. It is understood that the officer was working alone, as is the standard practice for those contractors. Allied Security notified WorkSafe and a significant investigation is underway and led by the CIB.

3.7 Assurance

Between 1 May to 31 July 2020 there were 146 health and safety audits carried out consisting of 55 manager audits, 15 critical risk audits and 76 task activity audits.

During this reporting period there were 431 safety observations recorded across Council. This consisted of 340 safe and 91 unsafe observations. These observations provide workers and managers with an opportunity to have positive safety conversations as well as addressing any unsafe practices that may be observed.

3.8 Site Visits – Emerging Issues

Waterworld

During the months of April and May 2020 the 50-meter pool at Water World recorded excessively high levels of chlorine. A number of staff were affected by the chlorine fumes being omitted and experienced various levels of distress requiring medical assistance. The 50m pool was subsequently closed for testing and cleaning. During this time, we undertook a planned shutdown of the facility incorporating an upgrade of electrical switchboards and other planned work.

Subsequently Council have received eight improvement notices and one prohibition notice from WorkSafe in relation to contravening provisions of the Health and Safety at Work Act or regulations made under the Act. The Health and Safety Team have been supporting the Business Unit to lift the prohibition notice and remedy the works required completing the works to close out the improvement notices.

Improvement notices were issued for the following breaches:

- Failure to obtain a stationary container system compliance certificate for the tank containing class 8 substance at Waterworld – Work in progress
- Failure to establish an emergency response plan required for the volume of hazardous substances stored and used on site. – Work in progress
- Conclusions from enquiries that workers handling or storing hazardous substances on site have not received adequate training, instruction and information. - Complete
- Respiratory protective equipment observed as not stored or maintained appropriately or clean and hygienic - Complete
- Failed to engage with workers in accordance with section 58 - Complete
- PCBU has failed to prepare and maintain an inventory of the hazardous substances held at Waterworld - Complete
- Failure to segregate class 8 corrosive hazardous substances in the hydrotherapy plant room - Complete
- Failed to provide adequate first aid equipment and facilities in the hydrotherapy plant room - Complete

Water Treatment Plant – Alum Tanks

On the 29th July Council received an Improvement Notice at the Water Treatment Plant. This was issued for the following breach:

- Failure to obtain stationary container systems and compliance certificates for the hazardous substance aluminium sulphate tanks numbers 1 to 3 located in the chemical building

Plans have been in place for several years to replace these tanks, with a purpose-built building currently nearing completion to house the new tanks. Unfortunately, due to Covid-19 construction had been held up, subsequently effecting our ability to obtain our stationary container systems compliance certificates. We now have until 4 December 2020 to remedy this certification and we are on track to meet the extended timeframe for compliance.

COVID-19

The COVID-19 Incident Management Team (IMT) was disbanded following collective success by New Zealand to manage Covid-19 and re-enter Alert Level 1.

As we now all know the Country has a second wave of Covid-19, which is largely contained and restricted to a single cluster. Following the reinstatement of Alert Level 3 in Auckland and Alert Level 2 for the rest of New Zealand, Council has reinstated its IMT response.

Although our response is scaled back in comparison to our previous response, IMT's purpose continues to focus on ensuring the health and safety of staff and the community and in the delivery ongoing services for Hamiltonians. The IMT continues to provide guidance and support across the whole of Council, led by David Bryant, General Manager - Corporate, with other support being provided by key subject matter experts, including members from the People, Safety and Wellness (PSW) team, Communications, IS, Facilities and Risk.

We have been continually promoting the use of the New Zealand Covid tracing app that allows staff to create a digital diary of places they visit by scanning the official QR codes which have been set up across all Council sites. This will help contact tracers to quickly

identify and isolate anyone who may have been exposed to Covid-19. This has been of importance should we see any further outbreaks across New Zealand.

The PSW team have managed to obtain sufficient stock of masks, hand sanitizer and gloves to supplement the stocks held across business units in preparation for a movement in Alert Levels, if this current outbreak continues for a prolonged period.

Contractor Management

Contractor Management continues to be an area of focus as we continue to see gaps in the safety documentation provided by some of our contractors as well as observing some unsafe practices on sites. The SMS will provide high level structure for our staff to follow along with forms and templates, however we will need to invest in time and education to support our contractors if we are to see a lift in their performance in this area.

The Health and Safety Team continue to work closely with both the Contractors and Business Units who engage outside workers to perform work on our behalf. This is to ensure that work is undertaken safely and that the correct procedures and documentation is maintained to mitigate risk.

3.9 Worker Participation and Engagement

Health and Safety Representative Meeting

Health and Safety representatives play an important role in keeping our workplace healthy and safe and provide a voice for staff who might not otherwise speak up. They are elected to represent the members of their work group on health and safety matters and meet regularly with the Health and Safety Team (PSW). These meetings were suspended during Covid-19 and recent Alert Levels, with the next meeting scheduled to take place in August. At this meeting we will look to share information on any new initiatives and encourage feedback so that staff are well-informed, know what is going on and can have a real say in decision-making. In addition to this we will share any learnings that have been made since we last met.

Workplace Inspections – Health and Safety Representatives (HSR's)

Workplace inspections are scheduled throughout the year and involve physical inspections of each facility/workplace across council, working through a checklist to identify any uncontrolled hazards, expired certifications and assess the level of health and safety knowledge held by workers. HSR's were unable to complete any inspections across Council between May and July due to the Alert Level restrictions.

Union – PSA

The Health and Safety Team continue to collaborate with the PSA on matters effecting the health and safety of our staff at Council as required. We are engaging with the Union on the development of our new SMS to ensure they are informed and have the opportunity to shape the new direction of health and safety at Council.

Flexible by Choice

As a consequence of COVID-19 many new pressures have been placed on Organisations around the world and here in New Zealand. It has however provided many of us with the opportunity and permission to think about work differently – how work can be designed, what new work environments could look like and what opportunities and challenges lie ahead of us all in the future.

Our shift towards being Flexible by Choice is about supporting our people to be the best versions of themselves, so they can deliver the best possible outcomes for our community.

It does this by providing them with choices (wherever possible) on how, when and where they complete their work. For some, working flexibly means working from home or elsewhere, while for others, it could mean flexibility of hours or role. It's a mindset shift from asking 'why should a role be flexible?' to 'why not?', and treating all roles as suitable for flexible working, unless there is a genuine business case for any role not to be.

To support this piece of work we have developed a new Flexible by Choice toolkit. This includes the adoption of the State Services Commission Flexible working principles to help guide decision making and the development of a flexible working policy and guidelines and refreshed remote working guidelines to ensure we are meeting our legal obligations and keeping our people safe. The toolkit is currently out for consultation and will be published on Velocity when finalised. An education piece is also being developed to ensure our people leaders are aware of their legal obligations and taking action to support the health, safety and wellbeing of an increasingly dispersed workforce.



3.10 Engagement with Regulatory Agencies

WorkSafe NZ

Towards the end of June WorkSafe requested to meet with selected Officers of the PCBU following recent events notified to them by Council. At this meeting WorkSafe discussed safety events, health and safety assurance activities, the management of health and safety across Council business units and how Officers of the PCBU are discharging their obligations under the Health and Safety at Work Act (2015).

Council have received eight improvement notices and one prohibition notice in relation to Waterworld, with another improvement notice issued at the Water Treatment Plant. This is for the alum tanks that require replacement.

3.11 Engagement with other Organisations

As a Health and Safety Team we continue to work with other organisations, either through informal networks or more formal partnerships, to share and access up-to-date information on better practices, new ideas and strategic thinking to help us drive towards becoming a high-performance organisation. During this reporting period we have had conversations and worked with:

Waikato/Bay of Plenty Local Authority Shared Services

The Health and Safety Leads continue to participate and engage with the Waikato Local Authority Shared Services on health and safety matters. The Group's main objective is to provide regular opportunities for Bay of Plenty, and Waikato based Health and Safety practitioners in local authorities to collaborate, network and share lessons learned and resources. This Group has been invaluable providing a means for collaboration and information sharing, as meetings were being held weekly throughout the pandemic.

Waikato University/Auckland Transport

Both organisations have been invaluable during Covid as they have been providing regular updates and sharing their communications to staff on how they are managing the situation. We have been able to leverage learnings and use these to inform some of our decisions.

4.0 Key Health and Safety Initiatives

4.1 Health and Safety Review Team

Following a continued trend in notifiable events a Health and Safety Review Team has been established, similar to the Incident Management Team that was set up for Covid-19. The purpose of this team is to drive an impactful review and reset where needed Council's Health and Safety ecosystem to ensure enduring world class performance outcomes are achieved.

This team is led by David Bryant, General Manager - Corporate, supported by key subject matter experts across Council. The following are the key areas of focus and/or work streams that this team are focussed on as part of this important review:

- Health and Safety Strategy – review and refresh
- Organisational Health and Safety Structure – Determine the best Health and Safety structure and resources to ensure Council's Health and Safety strategic objectives are achieved
- High Performance Framework –include world class Health and Safety performance as an outcome through Council's High-Performance Ways of Working
- Critical Risk Mitigation - ensure all of Council's critical Health and Safety risks are managed effectively
- Contractors - develop a Council-wide approach to partnering with Contractors to ensure high performance safety outcomes are aligned to Council's Health and Safety strategic plan
- Technology - develop an integrated technology platform that supports the Health and Safety and Risk Management Systems and enables Council staff and contractors to achieve Council's Health and Safety and Risk Management strategic objectives
- Safety Management System - ensure Council's Safety Management System is aligned to our Health and Safety Strategic Plan and designed to deliver world class safety outcomes

- Independent Health and Safety Review – engage an external Health and Safety expert to assess Council’s safety leadership, risk management and culture through worker engagement
- Communication and Engagement - ensure all stakeholders understand the scope of the Safety Review and the role they need to play in achieving its objectives
- People and Wellbeing - To ensure the wellbeing and healthy mindsets of our staff

4.2 Return to Work workshops

In conjunction with our ACC business partner, the Health and Safety Team have attended nine-unit meetings across the Organisation to discuss ‘Return to Work’ with managers. The purpose of these workshops was to provide an overview of the process following injury. ACC also discuss the importance of open communication between staff and managers and how this can aid in helping returning staff back to work as soon as possible.

4.3 Training and Competency

Leading Healthy Workplaces - Psychosocial Risks

To better equip our people leaders, we started to roll out our new training programme, Leading Healthy Workplaces - Psychosocial Risks. With 36 staff trained prior to placing further workshops on hold due to Covid-19. The training provides practical tools on how to approach both the process and person aspects of psychosocial health and safety. We will be reinstating this training with a further six training sessions set to commence in September 2020.

Other training completed during this reporting period include:

Courses Provided Between May – July 2020	Number Attended	Month
Basic Warrant Officer Training	14	July
Refresher Warrant Officer training	16	July
Vulnerable Children – Staff	13	July

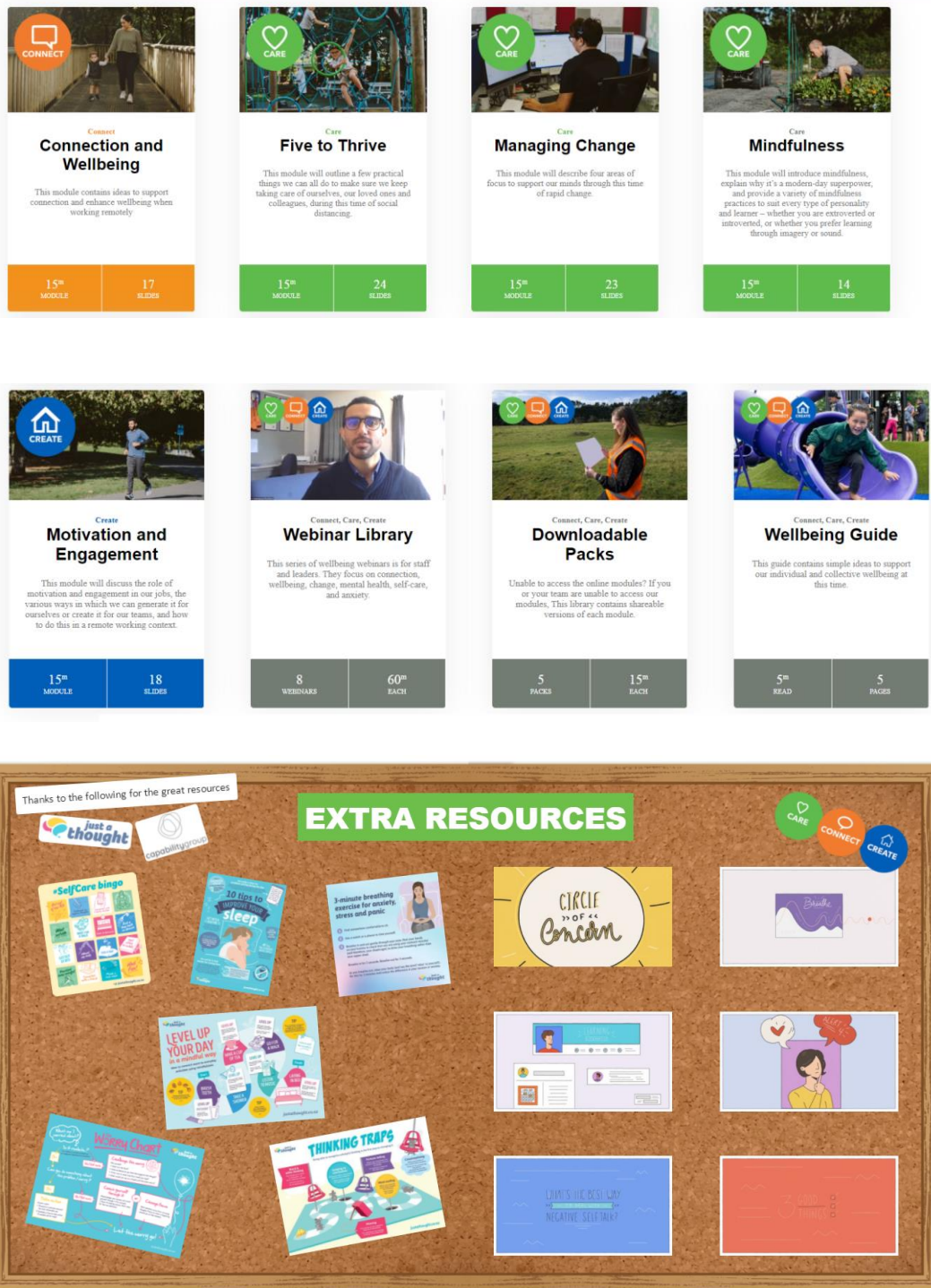
Table 4: Health, Safety and Wellness training completed May – July 2020

5.0 Health and Wellbeing

During the first outbreak of Covid-19 the PSW Team created and introduced a number of useful resources for staff to utilise and to help them through times of uncertainty. With the recent move to level 2 we have reviewed, refreshed and reinstated these resources.

5.1 Wellbeing Hub

The resources are housed in Council’s Wellbeing Hub. The Wellbeing hub is easily accessed from our staff intranet home page and sits in our Learning Management System – Cornerstone. The following are some of the modules available within this platform.



During this reporting period four new cases have been seen over 13 sessions averaging 3.25 hours per session.

5.3 Employee Assistance Programme (EAP)

For the period 1 May to 31 July 2020 there were 52 cases handled through EAP, which is up 4 cases from the previous reporting period. Most of these cases continue to be through self-referrals and the primary presented issues relate to mental health (15) and workplace stress (15) followed by relationship issues (12).

EAP Use	1 May – 31 July 2019	1 August – 31 October	1 Nov – 31 Jan 2020	1 Feb – 30 April 2020	1 May – 31 July 2020
New Cases	22	34	35	22	36
Reopened Cases	2	0	2	1	0
Pre-existing cases seen during period	24	23	27	25	16
Total Cases	48	57	64	48	52
Contact Hours for the Period	97	87	105	81	99
Average Hours per Client	2.2	1.6	1.8	1.7	2.0

Table 6: EAP Usage

5.4 Bullying and Harassment Monitoring

We continue to report incidents relating to alleged bullying and harassment which are captured and categorised under the following three areas:

- Peer support contact (early intervention)
- Informal reports (investigated internally)
- Formal reports (investigated externally)

	Peer Support	Informal Reports	Formal Reports
Total for period 1 st May to 31 st July 2020	1	5	1

Table 7: Bullying and Harassment

During the reporting period we received one formal complaint which is being investigated externally. Options are being discussed with the complainants in regard to the informal reports.

5.5 Flu Vaccinations

During lockdown Council organised free flu vaccinations for staff. This was initially for our essential service workers however as we moved down through the Alerts Levels we have made the vaccination available for all staff as they returned to work. We have had 224 staff taking up this offer compared to 330 staff in 2019. The decrease in staff receiving vaccinations was mainly due to the Alert Level restrictions from March 2020 onwards.

5.6 Voluntary Health Checks

This year 45 staff received voluntary health checks compared to 220 staff in 2019. These checks are confidential and voluntary with appointments made with a health care professional - Waikato Occupational Health Consultants. Health checks include the following:

- Hearing assessment
- Vision assessment
- Blood Pressure reading
- BMI reading
- Blood glucose levels

The decrease in staff volunteering for these checks is also attributed to the Alert Level restrictions.

5.7 Health Monitoring

Health monitoring is carried out in relevant areas across Council, primarily when staff use Personal Protective Equipment (PPE) as a risk control. During this period 149 staff received Health monitoring. The purpose of health monitoring is to monitor the effectiveness of the controls or identify or detect variations in the health of staff related to their working environment and conditions as early as possible.

Baseline testing must be conducted to enable accurate health monitoring. These include but are not limited to, blood testing, hearing/vision testing, inoculations etc to ensure workplace activities are not harming our people.

Compared to previous years we have had a significant uptake in the amount of health monitoring checks.

Council Report

Committee: Strategic Risk and Assurance Committee
Date: 03 September 2020
Author: Heather Burden
Authoriser: David Bryant
Position: Risk Manager
Position: General Manager Corporate
Report Name: Risk Management Report

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

1. To update the Strategic Risk and Assurance Committee on the status of Hamilton City Council's eight strategic risks, three key organisational risks and two key emerging risks.

Staff Recommendation - *Tuutohu-aa-kaimahi*

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

Background - *Kooreo whaimaarama*

3. At its meeting on 16 May 2019, the Audit and Risk Committee approved, for monitoring purposes, eight strategic risks and three key organisational risks (as set out below). At subsequent meetings, staff reported on the status of each risk and associated improvement plans.
4. Staff will continue to provide a report on these matters at each meeting of the Committee. The purpose of the report is to highlight only those risks where there has been significant activity. The appended register sets out more detail on all risks.
5. Continuing from last quarter's risk management report, only risks that have had significant changes or activity since the June 2020 Committee are discussed below. All other risks not mentioned below can still be found in more detail in the appended Strategic and Organisational Risk Register.

Discussion - *Matapaki*

Strategic risk 1 - A disaster event

6. This risk relates to a natural or human-induced disaster event. Council's emergency management framework is supported by local emergency services, National Emergency Management Agency (NEMA), the Civil Defence Group, Regional Hazards Group and the local Emergency Operations Centre structure (capable of responding to a variety of disasters).

7. At the last Committee our Civil Defence Team were still in the response phase of dealing with our Covid-19. Our Emergency Operations Centre (EOC), operated for 72 days, firstly as a joint EOC with Waikato District during Alert Levels 4 and 3, then as the leadership hub for the combined responses in Waikato District, Matamata Piako District, Thames Coromandel District, Hauraki District and Hamilton City and staffed by people from across the five Councils.
8. The EOC was activated to provide welfare support, the provision of food and emergency accommodation. The focus then changed to financial support to foodbanks and community organisations, a Welfare Helpline and to foreign nationals.
9. A total of 59 staff worked in the EOC during our response, working a total of 8,098 hours. Five staff also worked for varying periods of time in the Regional Group Emergency Coordinating Centre. Hamilton City Council staff gained significant real event experience which should provide a good degree of confidence that staff will be able to continue to deliver professional responses to future emergencies.
10. The Covid-19 response provided an opportunity to thoroughly test our EOC contingency plans. This included working for a two-day period from Hamilton City Council's alternate EOC in Duke Street and also testing the ability of staff to work from home or remotely. All IT infrastructure, systems and contingency plans performed to the required levels during the testing providing confidence that working from the alternate EOC is a sustainable option.
11. Infrastructure Operations staff have continued to refine their Business Continuity Plans to ensure that key infrastructure remains at optimal operating levels throughout a disaster.
12. Following Central Government's Covid-19 Alert Level announcement on Monday 10 August 2020, Hamilton is currently operating under Alert Level 2, with Council's IMT ensuring smooth operations continue during this heightened time. CDEM has not been activated at a Hamilton City Council level with active monitoring being undertaken at the regional level only.
13. While the residual rating for this risk remains very high, the rating is due to the unknown impact any disaster event could have on the city and the community.

Strategic risk 2 - Major economic or financial shock

14. This risk identifies external factors that could significantly negatively impact the Council and Hamilton city, and identifies the relevant controls and mitigations in place.
15. As part of operating in the Covid-19 virus environment, the Council did have to reassess the economic and financial landscape that it was operating in. The Council actively engaged in activities to provide a boost to the local economy, such as support to local communities and applying for central Government funding for 'shovel ready' projects. It also delayed the adoption of the Annual Plan so the Council could adapt to the changing environment and put together a plan that enabled Hamilton City Council to continue to invest in the city while targeting help to those people who were the most vulnerable.
16. The Council has some short-term financial resilience. This is a combination of lending facilities with the bank and with LGFA. A significant shock would require the Council to urgently review its capital and operating spending, depending on the circumstances.
17. The recent crisis of Covid-19 and the financial impacts it had to enable the Council to recover and navigate through the pandemic, reinforced that the levers that Hamilton City Council currently have in place were able to help control the risk in this area. The Council continues to monitor other external threats and trends. The Council also continues to review the environment of this risk and where necessary may review its rating based on the economic context of each quarter.

Strategic risk 4 – Cyber Attack

18. This risk continues to be managed “to ensure the organisation is secure from **credible** cyber threats”.
19. A number of initiatives are being implemented to business-wide systems, policies and procedures to improve the security posture of the Council to protect services and data and reduce the likelihood and impact of any potential cyber event.
20. Hamilton City Council is experiencing an increase in cyber-attacks through email phishing events and external scanning of the Council’s environment continues from Threat actors seeking to learn about and exploit known vulnerabilities. Key Threat Actors are State based, Criminal, Organised Crime and Trusted insiders.
21. Recent persistent attacks on critical infrastructure and government departments in Australia highlight the need to focus effort on identifying and eliminating externally facing vulnerabilities and improve anomaly detection capabilities.
22. Funding for the next financial year is for the continued understanding of the threat landscape and management of critical vulnerabilities and the continued improvement of the Council’s identify, protect, detect, response, recovery and reporting capabilities.
23. The Council has recently improved its cyber detection and monitoring capabilities for adverse attacks. Staff will provide a verbal report in the public excluded section of this committee meeting.

Strategic risk 5 – Growth

24. The global Covid-19 pandemic has and will continue to have a significant impact the regional and national economy. The severity and length of the impact are hard to predict as the pandemic continues to evolve globally.
25. In August 2020, New Zealand went into lockdown level 2 with Auckland in Level 3. These most recent lockdown measures are not expected to significantly change the outlook and staff will continue to keep Elected Members updated.

Strategic risk 7 - Significant shortage of key external resources

26. This risk focuses on the strain on resources and materials across New Zealand and the impact this will have on current or pending development across Hamilton city.
27. Regarding capital programme delivery, Hamilton City Council has a budgeted works programme of over \$300M this financial year, which is a significant step increase from \$150M delivered in 2018/19 and \$190M in 2019/20.
28. Indications currently from the construction industry are that the supply chain is actively looking for work; however, Contractors’ commercial risk appetite and financial resilience is currently also low. This requires careful consideration of work packages to ensure the Council’s contracts remain attractive to industry.
29. Covid-19 has had an impact particularly on the availability of construction personnel. While some organisations have halted or postponed scheduled works resulting in an increase in availability of skilled resources, this is offset with border restrictions impacting on the ability to employ migrant workers, who are a key component of the construction supply chain.
30. Regarding delivery of potential regional economic stimulus projects and programmes, assessment of appropriate delivery models is continuing including consideration of rapid mobilisation and alliances. Successful delivery of large and complex infrastructure and construction projects at pace will require a considered approach to bundling, contract delivery models and procurement.

31. Where there is an anticipated or known upcoming regional or national delivery resource demand requirement, opportunities also exist to secure appropriate capacity and capability of delivery resources before committed elsewhere. Three current examples of potentially significant upcoming delivery programmes are:
 - the \$6.8B NZ Upgrade Programme as announced in early 2020;
 - potential 'wave' of investment in the water sector in accordance with funding incentives as part of the national water reform workstream; and
 - potential 'shovel ready' central government stimulus investment.
32. The Development group is leading pipeline visibility and supply chain engagement for the sub-region, as well as integrating with the Infrastructure Commission and the national infrastructure pipeline. An update on the city's capital forward works pipeline was recently presented to the Waikato branch of Civil Contractors NZ which was well received.

Organisational Risks

33. Three key organisational risk reports have been included in **Attachment 1** to this report to provide visibility and assurance to the Committee that safety risks, and risks associated to Hamilton city's critical assets, have mitigations in place and are being monitored by staff.
34. The matter relating to the **Health and Safety risk to staff, contractors and volunteers** will be presented in more detail to the Committee in a separate report in this agenda. Note: there is no change to the residual risk for this quarter, it still remains at high due to Covid-19 and the notifiable events and improvement notices.
35. The **Safety and Wellbeing of the Community** risk was identified as an area that required more analysis to identify key risk exposures to the Council, relating to facilities and services provided to the community. The improvement programme slowed due to the impacts of COVID-19; however, workstreams have recommenced with Actions relating to parks being closed off and monitoring framework and security assessments currently in development.
36. In terms of the **Failure of Critical Assets** risk, monitoring of the condition of critical assets will continue to be undertaken by way of asset management plans (which are ongoing). A work programme, which is regularly reviewed, is in place for maintenance and renewal of these assets. Staff will be undertaking a deep dive on this risk and its controls and mitigations, particularly in light of the potential impact of environmental events (wet weather, pandemics, natural hazard events) on critical assets.
37. There is a current review and update of all Infrastructure Operations Asset Management Plans. Staff have engaged with the Three Water Review Reform processes, which has a key objective to achieve an overall improvement in asset management practices across New Zealand.

Emerging risks

38. Emerging risks are those that may develop, or which already exist and are difficult to quantify but may have a high consequence or high impact if they materialise.
39. Senior Leadership have identified two high level emerging risks for regular reporting to the Committee – 'Climate Change' and 'Water quality and quantity supply to the City'. There have been no significant developments to report in respect of either of these two emerging risks.

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

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

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

41. 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').
42. 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.
43. The recommendations set out in this report are consistent with that purpose.

Social

44. The risks highlighted in this report have the capacity to affect social wellbeing should they materialise. This was evident in respect of COVID-19 in relation to health, education, connectedness, and sense of social inclusion for individuals, their families, whaanau, iwi and hapuu in Hamilton and will continue if necessary during the re-emergence of ALERT Level 2 from 10 August 2020. The Council's effective management of the risks outlined in this report (as well as management of opportunities arising from these risks) will ensure social wellbeing continues to be prioritised.

Economic

45. The risks highlighted in this report have the capacity to affect economic wellbeing should they materialise. Again, this is still evident in respect of COVID-19, which continues to impact on economic wellbeing locally, regionally, nationally and globally for the mid- to long-term, with effects on jobs and earnings, income and consumption, growth, and other aspects of economic wellbeing. The Council's effective management of the risks outlined in this report (as well as management of opportunities arising from these risks) will ensure economic wellbeing continues to be prioritised.

Environmental

46. The Council continues to manage its response to the COVID-19 risk with a positive impact on environmental wellbeing, including the Council's 'shovel ready' projects pitched to central government. Finding opportunities in risks such as this means that environmental wellbeing continues to be prioritised.

Cultural

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

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

Significance

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

Engagement

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

Attachments - *Ngaa taapirihanga*




Attachment 1 - Hamilton City Council - Risk Register September 2020 Final.

Council Strategic Risk Register – September 2020

Risk Number	Strategic Risk Description	Risk Owner	Residual Risk Rating
1	A Disaster Event <i>A natural or human-induced disaster event (excluding act of terrorism)</i>	Jen Baird	Very High 
2	Major Economic or Financial Shock <i>An external financial event impacts Council's financial strategy, fiscal and monetary position.</i>	David Bryant	Medium 
3	Increasing Compliance Standards due to Stakeholder Expectations <i>The risk of central government and regional council increasing compliance standards or changes in community expectations.</i>	David Bryant	High 
4	Cyber Attack <i>Unauthorised access to Council's IT infrastructure results in loss of service continuity that may lead to safety risks to Hamiltonians and relatable consequences of reputational, legal, and financial losses.</i>	David Bryant	High 
5	Growth <i>Significant change to/in growth demand and/or the consequences growth does not deliver positive outcomes for the community.</i>	Jen Baird	High 
6	Political changes impact Council's strategic direction <i>Political stakeholders make unpredictable decisions or take actions that significantly impact or contradict Council's strategic imperatives.</i>	Blair Bowcott	Very High 
7	Significant Shortages of Key External Resources <i>The market is unable to deliver necessary resources to achieve our strategy; including but not limited to people and material for projects</i>	Chris Allen	Very High 
8	High-Level security threat or major emergency <i>A safety, security or environmental attack materialises and impacts Council's strategic direction.</i>	David Bryant	High 

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Attachment 1

Risk Number	Organisational Risk Description	Risk Owner	Residual Risk Rating
1	H&S – Workers (incl. contracted workers & volunteer workers) <i>Failure to ensure the health and safety of council staff or workers whose activities are influenced or directed by council, while the workers are carrying out work.</i>	David Bryant	High  High
2	Safety and Wellbeing of the Community <i>Failure to create, provide and maintain a safe environment for the community leading to a serious injury incident or fatality.</i>	Lance Vervoort	High  Medium
3	Failure of critical assets <i>Incorrect investment (timing and/or amounts) results in the unexpected failure of critical assets (loss of levels of service).</i>	Eeva-Liisa Wright	High 

* There is a very strong relationship between the likelihood and severity (consequence) of H&S incidents. The likelihood of minor injuries is much higher than an incident which could result in a death. (refer pp 20-25)

** Council takes the safety of our people and the community seriously and are working hard to reduce the likelihood of a serious harm incident. Due to the focus and definition of this risk relating to death or a serious injury, the risk rating (and by extension the target risk rating) can never reduce below 'High' because we consider the consequence to be 'catastrophic'. (refer pp 20-25)





Emerging Risks – verbal discussion topics

Emerging risks are risks which may develop or which already exist and are difficult to quantify but may have a high consequence or high impact if they materialise. The following identified risks are not ranked but monitored informally across Council and reported when appropriate. Analysis and mitigation identification have been conducted as operational and business as usual applications.

- *Climate Change*
- *Water supply to the city (quality and quantity)*

Risk Type	Definition
Strategic	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	The risk of an event or impact that is internal or external to Council and could impact the whole organisation.
Operational	The risk of an event or impact that is internal or external to Council and could impact one or more Operational activity.
Emerging	Emerging risks are risks which may develop or which already exist and are difficult to quantify but may have a high consequence, high impact if they materialise.

Residual rating legend

Indicator	Description	Indicator	Description
	No change – managed		Adverse change since previous
	New risk		Improved change since previous

Strategic Risk 1

A Disaster Event

A natural or human-induced disaster event (excluding an act of terrorism)

Risk Owner – (GM Level)	Jen Baird	Category	Strategic Preparation and Disaster Recovery
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Risk Triggers

- Natural disaster event without warning or build up
- Severe weather events that increase in intensity
- Critical asset failure that impacts the safety of Hamiltonians – water, energy, telecommunications, financial, transportation
- Civil unrest – political or social unrest resulting in a security or safety threat to people or assets (excluding an act of terrorism)
- Disaster caused by failure of human-made structures
- Pandemic

Inherent Likelihood	Possible	Inherent Consequence Driver Strategic Safety & Wellbeing,	Catastrophic	Inherent Risk Rating	Rating Very High
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Existing Controls and Mitigations

Emergency management

- Annual external (NEMA) capability assessment – completed September 2019 (Council achieved a 71% rating)
- Collaboration on emergency management response approach across agencies and the region.
- Co-located EOC in a dedicated leading-edge centre (Group Emergency Management Office – GEMO) with built in redundancy (including water and power supplies)
- Early warning processes are in place at a national and regional level
- Emergency Management Framework – National Emergency Management Agency (NEMA), Group, Local Emergency Operations Centre (EOC) structure
- Emergency management training program TAKATU implemented for Council staff
- HCC Crisis Management Plan (see Improvement Plan)
- Ministry of Health and Waikato DHB lead management of any pandemic with HCC support. HCC has developed an internal pandemic plan.
- Robust emergency exercise schedule in place to test preparedness and response functionality
- Use opportunities nationally to build experience in real events where ever possible

Infrastructure resilience

- Asset and service monitoring capability
- Criticality assessments and asset identification ratings
- Engineering standards identified and managed
- Activity Management Plan (AMP) renewals, maintenance plans and operational strategies are funded in the 2018-28 10-Year Plan Budget and critical assets are given a higher priority for renewal
- Availability of technical expertise to manage, monitor, operate and maintain critical assets and identify situations when early intervention is required to maintain asset condition and level of service.
- Infrastructure Strategy is in place to identify significant infrastructure challenges over the next 30 years, and to identify the principal options for managing those challenges and the implications of those options

Item 8

Attachment 1

Further controls and mitigations relating to critical assets can be found in Organisational Risk #3.

Residual Likelihood	Possible	Residual Consequence Driver Strategic Safety & Wellbeing,	Major	Residual Risk Rating	Rating Very High
Action Owner			Mitigation		
Kelvin Powell			Accept		

Improvement Plan	Previous updates	Update – September 2020
<ul style="list-style-type: none"> External CDEM capability assessment work plan. 	<ul style="list-style-type: none"> (March 20) Assessed score of 71% achieved (Advancing category). 15% improvement from 2018. (June 20) – Work plan identified and in operation 	<ul style="list-style-type: none"> A work programme is in place and progress is reported quarterly to the Community committee. Last update was 13 August.
<ul style="list-style-type: none"> Improve engagement and communications with public, media and decision makers during and emergency 	<ul style="list-style-type: none"> (March 20) Pre-comms and engagement in alerting devices drills to alert public (June 20) Waikato Group Community Engagement Strategy and local work plans directed community engagement approach as part of our Covid-19 responses. 	<ul style="list-style-type: none"> Formal reviews conducted post Covid-19 response at local and regional levels to identify areas where additional focus and effort is required to improve public communication
<ul style="list-style-type: none"> Review Council CDEM Covid-19 responses and identify areas where performance improvements can be achieved 	<ul style="list-style-type: none"> New Improvement Plan for September 	<ul style="list-style-type: none"> Covid-19 debriefs completed, Post Activation report completed. Corrective actions register work programme now in place
<ul style="list-style-type: none"> Overall security review/plan/strategy for the Infrastructure Operations Activity 	<ul style="list-style-type: none"> New Improvement Plan for September 	<ul style="list-style-type: none"> This is currently being identified as Phase 2 of the Security Works (if adopted by Council)
<ul style="list-style-type: none"> Review HCC's Crisis Management Plan(s) 	<ul style="list-style-type: none"> (June 20) Crisis Management Plan requires review due to its age 	<ul style="list-style-type: none"> GM Corporate leading review and is work in progress. Plan update will capture learnings from Council's Covid-19 Incident Management Team activities. This review will also extend to testing, and improving where required, the Organisation's operational readiness to execute on the updated plan.

Strategic Risk 2

Major Economic or Financial Shock

An external financial event impacts Council's financial strategy, fiscal and monetary position.

Risk Owner (GM Level)	David Bryant	Category	Financial
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Risk Triggers

- Global financial crisis
- Rapid increases in inflation, 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
- Critical infrastructure failure
- Major construction industry failure
- Major government policy changes negatively impact Council's income streams or cost base
- 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)

Inherent Likelihood	Unlikely	Inherent Consequence Drivers Safety & Wellbeing, Financial, Service Delivery, Compliance Social and Cultural	Major	Inherent Risk Rating	Rating High
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Existing Controls and Mitigations

- PwC, as Council's treasury partner, provides a report and meets with Council (both on a monthly basis) to discuss national and international economic and financial trends relevant to treasury matters
- Six weekly financial forecasting and planning cycles through reporting to the Finance Committee, including a separate Financial Strategy report
- Monitoring of macro trends (Finance, Treasury, Economic Growth team)
- Financial Strategy resilience - excess Local Government Funding Agency (LGFA) borrowing headroom (up to 300% debt to revenue ratio),
- Additional \$60M bank facility
- Financial scenario modelling
- Council's ability to urgently reprioritise and reduce capital spending
- Council's ability to urgently reprioritise and reduce community levels of service spending
- Availability for options to respond to a shock, depending on the type of shock

Residual Likelihood	Unlikely	Residual Consequence Drivers Safety & Wellbeing, Financial, Service Delivery, Compliance Social and Cultural	Serious	Residual Risk Rating	Rating Medium
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Action Owner	Mitigation
Tracey Musty and Greg Carstens	Accept

Further Action	Previous updates	Update –
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		September 2020
<ul style="list-style-type: none"> Ensure Council continues to stay updated on the impacts of Covid-19 on Hamilton and implements initiatives that support the wellbeing of Hamiltonians. 	New for September 2020	<ul style="list-style-type: none"> 2020/21 Annual Plan approved 10 August 2020 by Council. The Plan includes several initiatives to support Hamiltonians and the local economy through this time. 2021-31 10 Year Plan process underway. A key theme will be understanding the likely continuing impact of Covid-19 on Hamilton and ensuring, as best as possible, assumptions and support relief initiatives are captured and planned for.

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Strategic Risk 3

Increasing Compliance Standards

The risk of central government and regional council increasing compliance standards, or changes in community expectations resulting in increased compliance standards.

Risk Owner – (GM Level)	David Bryant	Category	Environment Strategic
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Risk Triggers

- 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
- Continued or serious breaches leading to increased compliance requirements and regulation
- Community service-level expectations in management of water quality, recycling and other services not being met
- Failure to plan long term for consenting requirements (both as a regulator and a regulated entity)
- Regional Council changes its policies to ensure legislative compliance (e.g. Healthy Rivers policy)
- External audit identifying major non-compliance within HCC operations (e.g. by International Accreditation New Zealand)
- Legal challenge to HCC policy or practice resulting in findings of non-compliant practices
- Change in stakeholder partner expectations for environmental performance
- Changes to our own District Plan impacting other parts of the business (e.g. changes to resource consents affect consented Three Waters activities)

Inherent Likelihood	Possible	Inherent Consequence Drivers Safety & Wellbeing, Financial, Service Delivery, Compliance	Major	Inherent Risk Rating	Rating Very High
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Existing Controls and Mitigations

- Community consultation and understanding community needs
- Engagement with our iwi partner and maataawaka to understand expectations, including in terms of iwi through the Joint Management Agreement
- Maintaining relationships with neighbouring councils and working together to inform relevant policies
- Council's Compliance Policy
- External monitoring services and advice from external legal service providers on an ad hoc basis, as well as regular quarterly updates
- In-house legal advisor provides updates to staff on key legislative changes and advises staff on matters of legislative compliance
- Council subscribes to legal update emails to keep up-to-date with changes, and these are distributed to key staff
- Internal resources that analyse the impacts of compliance changes (decentralised and role-specific)
- SLT and Elected Members – assurance requests
- Key stakeholder engagement, including making submissions to central government on proposed changes affecting compliance requirements

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- Infrastructure Strategy (2018-2048) and 10 Year Plan ensure projects and resources are in place to deal with increasing compliance requirements
- HCC bylaws and policies ensure community expectations and regulatory standards are met in a consistent manner
- Independent audits of HCC practice, including by the New Zealand Transport Authority and International Accreditation New Zealand, to ensure ongoing compliance
- Independent accreditation of HCC facilities (e.g. drinking water laboratory is accredited by International Accreditation New Zealand)
- Competency assessments for staff, including building officers
- Establishment of new quality control roles (including two recently established in the Building Control Unit)
- HCC's Chief Executive is involved with the Construction Sector Accord which allows HCC to keep up to date with and influence changes in the sector
- Internal and external reporting (e.g. drinking water test results) ensures ongoing monitoring and compliance
- Notification protocols are in place in respect of various incidents, including wastewater overflow and drinking water concerns, which mitigate risk in the event of an incident
- Incident Management Team is stood up to respond to incidents such as a natural disaster or pandemic and liaises with internal/external parties as necessary and distributes key information to staff to ensure compliance

Residual Likelihood	Possible	Residual Consequence Drivers Safety & Wellbeing, Financial, Service Delivery, Compliance	Serious	Residual Risk Rating	Rating High
Action Owner			Mitigation		
Mothla Majeed			Mitigate		

Improvement Plan	Previous updates	Update – September 2020
<ul style="list-style-type: none"> • Council considers investing in technology to improve its approach to data and support the infrastructure of the compliance program. 	<ul style="list-style-type: none"> • (March 20) Scoping of options (including non-technology solutions) continues • (June 20) Scoping of options continues (both software and manual solutions) 	<ul style="list-style-type: none"> • WLASS currently considering a joint approach to compliance monitoring and assurance. Discussions are ongoing.
<ul style="list-style-type: none"> • Regular workshops on compliance topics are developed and offered to staff 	<ul style="list-style-type: none"> • (March 20) A number of workshops have been held on privacy and waters compliance in recent months. Regular workshops on official information ("LGOIMA") will also be rolled out for staff in the coming months • (June 20) Privacy workshops were paused during lockdown but will be adapted to webinars 	<ul style="list-style-type: none"> • In-person workshops to recommence in Alert Level 1

Strategic Risk 4

Cyber Attack

Unauthorised access to Council's IT infrastructure results in loss of service continuity that may lead to safety risks to Hamiltonians and relatable consequences of reputational, legal, and financial losses.

Risk Owner (GM Level)	David Bryant	Category	Disaster Recovery/ Business Continuity
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Risk Triggers

- IT/OT technology advances – positive and negative
- Inadequate identification of IT security trends, themes, detection and responses
- Poor IT/OT Security awareness / culture / behaviours
- Poor IT/OT security operational practices
- Release and change management lacking a security focus – not “secure by design”
- Privacy Breach
- Outdated hardware and inadequate architecture
- Inadequate competency at organisational level
- Specific targeting and malicious exploitation of security vulnerabilities across Council IT asset infrastructure, or Operational Technology
- International trends and attacks not being considered in NZ
- Malicious activity targeting central and local government entities.
- Underinvestment in Information Services (infrastructure, technology, resource)
- Lack of maintenance in information technology
- Inadequate access control to key systems

Inherent Likelihood	Possible	Inherent Consequence Driver Service Delivery	Catastrophic	Inherent Risk Rating	Rating Very High
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Existing Controls and Mitigations

Identify

- Risk based approach - Three lines of defence (management control, risk management, independent assurance)
- National Cyber Security Centre (NCSC) monitoring and trend analysis reporting of local and international IT security challenges – internal and external
- National and international cyber-attack trends are monitored and assessed by the CIO and CTO to guide system capability investments.
- Security Governance and Risk Management practices implemented
- Policies, Standards and Enablers are documented and communicated regularly
- Risk management frameworks, methods and tools are fit for purpose
- Ongoing Cyber awareness education for staff, contractors, customers and Elected Members

Protect

- Systems and information is secured by design
- Tools, systems and resources are now available to protect against, monitor and resolve potential malicious activity.
- Contractual service level agreements are monitored and maintained
- Compliance of desktop system with Department of Internal Affairs and All of Government (DIAAOG) standards
- Access to Hamilton City Council services are managed effectively
- Information and assets have implemented processes and controls

Detect

- Reviews on Council's IT technology environment are conducted to improve detection and response capabilities.

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- External and internal security audit and reviews
- Networks, systems and operations security will be assured through vulnerability and anomaly detection tools
- Physical environments will have appropriate physical and technology safeguards
- Timely and accurate reporting

Respond

- Response plans processes are in place and tested
- Council is supported by the NZ National Cyber Security Centre (NCSC) for response to attacks and receives quarterly trend updates for consideration.
- Technical support from key vendors - Microsoft and Fujitsu
- Subscription to Cisco Security Incident Response Service (CSIRS)

Recover

- BCDR processes in place and tested
- Cyber recovery planning processes known, understood, and practiced
- Insuring data survivability, data will be backed up and available
- Cyber Insurance

Residual Likelihood	Unlikely	Residual Consequence Driver Service Delivery	Major	Overall Residual Risk Rating	Rating High
Action Owner			Mitigation		
Murray Heke			Mitigate		

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Improvement Plan	June Update	Update – September 2020
<ul style="list-style-type: none"> • Improve staff awareness of cybersecurity issues and best practice behaviours 	<ul style="list-style-type: none"> • Training provided to EMs on email safety (May) 	<ul style="list-style-type: none"> • Completed
<ul style="list-style-type: none"> • Develop Organisational Cyber awareness programme 	<ul style="list-style-type: none"> • Work to commence July 2020 	<ul style="list-style-type: none"> • Initial discussions held with potential vendors
<ul style="list-style-type: none"> • Develop a Cyber Security strategic plan to guide Council's future Cyber security direction and investment 	<ul style="list-style-type: none"> • Commenced and to be completed 30 June 2020 	<ul style="list-style-type: none"> • In progress, but not yet completed. Expected completion December 2020
<ul style="list-style-type: none"> • Develop a Cyber Security Governance framework 	<ul style="list-style-type: none"> • Work to commence August 2020 	<ul style="list-style-type: none"> • Not yet initiated
<ul style="list-style-type: none"> • Complete assessment of threats, vulnerabilities against critical asset and assess risk profile 	<ul style="list-style-type: none"> • Work to commence August 2020 	<ul style="list-style-type: none"> • Initial discussions held with specialist vendors who could be engaged to assist
<ul style="list-style-type: none"> • Establish Cyber Security investment roadmap for 2020-2023 	<ul style="list-style-type: none"> • Work to commence on completion of threat assessment 	<ul style="list-style-type: none"> • Draft roadmap completed including required funding for LTP budgeting
<ul style="list-style-type: none"> • OT Improvement Plan – coordinated and aligned OT and IT environment 	<ul style="list-style-type: none"> • New Improvement plan Sept 2020 	<ul style="list-style-type: none"> • Not yet initiated

Strategic Risk 5

Growth

Significant change in growth demand, and/or the consequences of growth do not deliver positive outcomes for the community.

Risk Owner (GM Level)	Jen Baird	Category	Strategic, Service Delivery
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Risk Triggers

Understanding growth

- Wider economic down turn
- Population growth rates change (either natural change or through internal or international migration rates).
- Significant change in the market – either demand or supply side, due to e.g. construction cost inflation and restrictions on credit.
- Significant change in public perception of growth or growth outcomes
- Inadequate skills, data or modelling and scenario planning

Growth decisions

- 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
- Inadequate provisions in of application of the District Plan to deliver positive outcomes for people / environment
- Neighbouring councils make growth decisions around Hamilton's border that are not aligned with Hamilton's desired growth strategy
- Changes in Government Policy impact on desired growth outcomes or our ability to effectively respond to growth

Growth consequences

- Groups within Council planning and budgeting for growth separately versus in a joined up way

Inherent Likelihood	Possible	Inherent Consequence Driver Service Delivery	Major	Inherent Risk Rating	Rating Very High
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Existing Controls and Mitigations

Understanding growth

- Growth Funding & Analytics Unit established in 2017 to function as Council's growth funding, growth projection and economics specialists
- HCC Growth and Development Contributions model providing data analysis, forecasting and scenario management (revised 2019). Inputs and modelling externally peer reviewed.
- Hamilton Housing Market & Economy Growth Indicator Report provides quarterly, regional analysis of growth, housing and market/economic drivers
- National Policy Statement Urban Development - a sub-regional review of land use, demand and supply completed in 2017 and being updated in 2020
- Analytics Strategy – adopted in 2019 to support evidence-based decision making and provide insights, principally about growth
- Monitoring the broader environment and how it could impact growth rates and including this in modelling, including monitoring migration forecasts

Growth decisions

- Scenario modelling report completed in September 2019 to illustrate modelled effects of higher or lower growth in Hamilton, and to articulate Council's decision-making levers and timelines if growth projections change markedly.

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- Engagement with neighbouring Councils on strategic growth planning (Metro Spatial Plan, Growth discussions at CE and Governance level, good officer level relationships).
 - Engagement with Central Government to explore and implement new tools for funding and delivering growth related projects
 - Business Cases for investment into growth cells that have a wellbeing case (vs just economic) and include the full costs of the growth cell including community and network infrastructure, consequential Opex, commercial considerations and how we will deliver.
 - Consideration and investigation into strategic and consequential infrastructure costs as part of zoning decisions process (high level business case recommended)
 - Management of Resource Consent applications on a consent by consent basis using existing District Plan Controls.
 - Changes to District Plan (plan changes) where required to support better community wellbeing outcomes.
 - Provision of infrastructure through negotiation of Private Developer Agreements.
- Growth consequences**
- Numerous strategies and plans in place to manage the outcomes of a growing city including Regional Policy Statement, Hamilton Urban Growth Strategy, District Plan. The Hamilton Waikato Metro Spatial Plan will also support this once completed.
 - Whole of Council Programme/spatial approach to planning for and delivering new growth areas.

Residual Likelihood	Possible	Residual Consequence Driver Service Delivery	Serious	Overall Residual Risk Rating	Rating High
Action Owner			Mitigation		
Karen Saunders, Greg Carstens			Mitigate		

Improvement Plan	Previous updates	Update September 2020
<ul style="list-style-type: none"> • Developer relationships and understanding their drivers ahead of DC Policy Review 20/21 	<ul style="list-style-type: none"> • (Dec 20) Developer DC engagement group to have better and earlier engagement before DC Policy review in 2021. • (June 20) - In the process of being established through Waikato Property Council 	<ul style="list-style-type: none"> • Several meetings in June/July held with WPC and major developer representative
<ul style="list-style-type: none"> • Consequence management - (New Improvement Plan) 	<ul style="list-style-type: none"> • (June 20) Infill/Intensification rules in District Plan being reviewed • Consideration of a housing strategy to set out goals for built environment outcomes 	<ul style="list-style-type: none"> • Infill/Intensification rules in District Plan being reviewed • Consideration of a housing strategy to set out goals for built environment outcomes • Planning and budgeting for implementation and consequences of the National Policy Statement – Urban Development
<ul style="list-style-type: none"> • Complete Metropolitan Spatial 	<ul style="list-style-type: none"> • (June 20) - Draft due to be signed off by Future Proof in 	<ul style="list-style-type: none"> • Metro Spatial Plan draft completed in June 2020 and

Plan and use to set Strategic Direction for metro area growth	<p>June 2020</p> <ul style="list-style-type: none"> Propose review of HUGS to anchor in strategic alignment for Hamilton 	<p>reported to Cabinet in August 2020.</p> <ul style="list-style-type: none"> Hamilton Area Wastewater detailed business case progressing and due for completion end of 2020. Propose review of HUGS to anchor in strategic alignment for Hamilton
<ul style="list-style-type: none"> New growth delivery model: applying a programme approach to new cells with wellbeing outcomes as focus - (New Improvement Plan) 	<ul style="list-style-type: none"> (June 20) Tested in Peacocke and delivering value. Being used as base for Rotokauri (DBC being completed) and set up ready for potential Ruakura via Shovel Ready Funding 	<ul style="list-style-type: none"> No Update

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Strategic Risk 6					
Political Changes or Decisions Impact Council’s Strategic Direction <i>Political stakeholders make decisions or take actions that significantly impact or contradict Council’s strategic direction.</i>					
Risk Owner (GM Level)	Blair Bowcott	Category	Executive Director of Special Projects		
Risk Triggers					
<ul style="list-style-type: none">• Political changes including central government strategic direction creating risk or opportunities• Local political changes, including potential misunderstanding of Council’s intent• Political personalities, trust and relationships and change of key personnel – positive & negative• Failure to manage stakeholder relationships, communication and engagement tactics, including due to a lack of resource or need to balance priorities• Short term focus overshadows long term cost benefit outcomes• Political sovereignty/patch protection, lack of alignment or willingness to compromise ie boundaryless approach vs localism• Financial strategy misaligned with wider context• International events, trends or decisions influence NZ• Major projects or initiatives for the benefit of Hamilton accelerating or slowing down <p>Note* Political risk is essentially the probability that a political action/decision will significantly affect Council’s strategic direction —whether positively or negatively.</p>					
Inherent Likelihood	Possible	Inherent Consequence Driver Strategic Political Service Delivery	Major	Inherent Risk Rating	Rating Very High
Existing Controls and Mitigations					
<ul style="list-style-type: none">• Regular engagement with stakeholders at political and executive level – shared responsibility to manage key relationships• Regular meetings with Government Ministers and MPs (both government and opposition, Government• Collaborative governance group meetings to progress alignment of strategic direction - Mayoral Forum, Future Proof, Waikato Plan, CEO Forum, Waikato Local Authority Shared Services (WLASS), Regional Transport Committee, neighbouring Councils and other strategic discussions externally• Regular Council briefings for sharing of information and alignment of thinking• Monthly SLT discussion to ensure awareness of strategic initiatives• Culture, expectation and policies of HCC organisation regarding behaviours of political, executive and staff and Council Controlled Organisations.• Participation in national and regional advisory groups on strategic topics• Proactive steps are taken at the start of each local government triennium to re-establish relationships with counterparts and stakeholders, so that we can develop a common understanding of strategic direction• Council takes an apolitical approach to working with central government, to maximise readiness to continue momentum on projects should there be a change in central government					
Residual Likelihood	Possible	Residual Consequence Driver Strategic Political Service Delivery	Major	Overall Residual Risk Rating	Rating Very High

Action Owner	Mitigation
Senior Leadership Team – (Blair Bowcott)	Accept

The Improvement Plan for this risk was removed as it is an ongoing relationship building strategy and not a plan (it was captured under the current controls).

Currently there are no further identified Improvement Plans for this risk.

Strategic Risk 7					
Significant Shortage of Key External Resources <i>The market is unable to deliver necessary resources to achieve our strategy; including but not limited to people and material for projects.</i>					
Risk Owner – (GM Level)	Chris Allen	Category	Development		
Risk Triggers <ul style="list-style-type: none">Major construction sector skills/labour shortage - capacity and capabilityPolitical changes in the labour market (e.g. immigration policy changes)Regional or national investment decisions leading to increased demand for construction resources and market congestion – ie/ significant increase in capital portfolios nationallyClients competing for the same resourcesSupply chain company failuresSupply chain investment confidence - ie/ forward work confidence to invest in people, plant and technologyCompetitive market changes – including the cost of resourcesCOVID-19 Alert LevelsInternational supply chain breakdownChanges in external fundingInternational political instability (resulting in, for example, oil price changes)Growth taking place at a faster rate, or in a different way, than forecast					
Inherent Likelihood	Possible	Inherent Consequence Driver Social, Cultural and Environment	Major	Inherent Risk Rating	Rating Very High
Existing Controls and Mitigations <ul style="list-style-type: none">Forward works pipeline visibility and supply chain engagement - communication of the HCC capital portfolio regionally via regular presentations/updates and nationally via contributing to the NZ Infrastructure Commission national pipeline.Working with other councils and NZTA to coordinate the workload to the market including taking a leading role in the Waikato LASS coordinated infrastructure initiative.Established procurement planning frameworks – including procurement policy and procedures in accordance with NZ Government procurement requirements and principles of the Construction AccordEstablished portfolio, programme and project delivery frameworks – including business cases, project planning and assurance of skilled individuals in key rolesProcurement optimisation – including recent workshop review of NZS3910 contract special conditions to ensure commercial terms are not making our contracts unattractive to industryUtilising panel arrangement for procurement and engagement of professional services, ensuring greater speed in procuring key resources and increased forward workload confidence for suppliers.					
Residual Likelihood	Possible	Residual Consequence Driver Social, Cultural and Environment	Major	Overall Residual Risk Rating	Rating Very High

Action Owner	Mitigation
Chris Barton	Mitigate

Improvement Plan	Previous Updates	Update – September 2020
<ul style="list-style-type: none"> Be a client of choice - optimised contract packages and delivery models + appropriate procurement timing to attract appropriate supply chain resources 	<ul style="list-style-type: none"> New Improvement Plan for September 	<ul style="list-style-type: none"> Recent review of standard form of contract and templates to ensure industry alignment. Continued focus on robust procurement planning through business case development and project planning.
<ul style="list-style-type: none"> Coordinated infrastructure procurement and the opportunities across the region 	<ul style="list-style-type: none"> (June 20) A Council staff member has been seconded to WLASS in a strategic procurement role to ensure councils have greater leverage in common areas of procurement 	<ul style="list-style-type: none"> Opportunity to collaboratively review regional forward works programme throughout 2021-31 10YP development to identify potential works staging conflicts or opportunities. Anticipate review complete by March 2021.
<ul style="list-style-type: none"> Ensure internal resourcing to effectively deliver planned controls and mitigations 	<ul style="list-style-type: none"> New Improvement Plan for September 	<ul style="list-style-type: none"> Continued learning and development focus for key staff regarding procurement strategy and planning.
<ul style="list-style-type: none"> Enhanced supply chain insights and information 	<ul style="list-style-type: none"> New Improvement Plan for September 	<ul style="list-style-type: none"> Initiated a construction industry survey in collaboration with Waikato branch of Civil Contractors NZ – currently awaiting results.

Strategic Risk 8

High-Level security threat or major emergency

A safety, security or environmental attack materialises and impacts Council's strategic direction.

Risk Owner (GM Level)	David Bryant	Category	Strategy Safety and Security
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Risk Triggers

- Large Scale Physical attack on people in public places
- Physical attack on city critical infrastructure – e.g. Waste Water Treatment Plant, Water Treatment Plant, reservoirs designed to compromise integrity of service.
- Civil unrest – redirection of resources to protect vulnerable people and assets
- Chemical or biochemical attack

Inherent Likelihood	Possible	Inherent Consequence Driver Social, Cultural and Environment	Catastrophic	Inherent Risk Rating	Rating Very High
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Existing Controls and Mitigations

- Regional and National Emergency Service Relationship Management – made up of Elected Members and officials.
- Security risk assessments have been completed for key identified HCC facilities,
- Business continuity plans have been completed for some business units. Some emergency response plans are in place at different levels of HCC's business.

Residual Likelihood	Unlikely	Residual Consequence Driver Social, Cultural and Environment	Major	Overall Residual Risk Rating	Rating High
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Action Owner	Mitigation
Heather Burden	Mitigate

Improvement Plan	Previous Updates	Update – September 2020
Physical Security <ul style="list-style-type: none"> • Security Risk Assessment Programme/Security Gap Analysis • Identify the Waikato and Hamilton City security and 	<ul style="list-style-type: none"> • Some Security Risk Assessments had been completed across the business in silos. • Security consultant hired to consolidate and manage the Security portfolio • Covid-19 Lockdown delayed aspects of this gap analysis • The security gap analysis has helped to form some of 	<ul style="list-style-type: none"> • Phase one of implementing the PSR security framework which involves security risk assessments on key community facing facilities is almost complete and should be finalized by end of August 2020 • No update for September.

threat environment	this picture, however further work required for stakeholder input	
Governance <ul style="list-style-type: none"> PSR Governance Framework Security Management Policy and Standards and Guidelines 	<ul style="list-style-type: none"> Covid-19 delayed the establishment of the PSR Governance Model. Due to a number of internal resource challenges this has been delayed. It is expected to be established when/if Council adopts the PSR framework 	<ul style="list-style-type: none"> PSR Workshop postponed to December Committee

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Organisational Risk

H&S – Workers (incl. contracted workers & volunteer workers)

Failure to ensure the health and safety and wellbeing of council staff or workers whose activities are influenced or directed by council, while the workers are carrying out work.

1

Risk Owner

David Bryant
(GM Corporate)

Category

Health & Safety

Risk Triggers

- Poor safety culture and/or behaviours across organisation
- Failing to understand duties and accountability relating to health and safety
- Critical health and safety risks not identified, assessed and mitigated adequately
- Safety Management System (SMS) ineffective or inefficient or implementation failures
- Inadequate contractor management frameworks, including procurement and assurance practices
- Not sharing or acting on information and lessons learnt – internal and external to Council
- Complacency leading to greater risks being taken
- Failure to properly engage with and listen to staff
- Staff under resourcing leading to identified risks not being mitigated appropriately
- Time pressures and or complacency leading to acceptance of high levels of risk

Inherent Risk

		CONSEQUENCE				
		Minor	Moderate	Serious	Major	Catastrophic
LIKELIHOOD	Almost certain	H		VH		E
	Likely	M	H	VH	VH	
	Possible	L	M	H	VH	VH
	Unlikely	L	M	M	H	VH
	Rare	L	L	L	M	H

There is a very strong relationship between the likelihood and severity (consequence) of H&S incidents. The likelihood of minor injuries is much higher than an incident which could result in a death.



Risk of serious injury, illness or death



Risk of other significant incidents as defined in the Health and Safety at Work Act).

Existing Controls and Mitigations

- Prequalification is in place but not always being used appropriately or consistently across Council
- We currently undertake engagement, wellness and safety culture surveys to assess the level of organisational maturity with regard to safety
- We are re-engaging with Health and Safety representatives to reset Committee structures and purpose, after benchmarking and learning from other high performing organisations
- We are leading projects for Waikato Local Authority Shared Services and increasing engagement with similarly diverse organisations
- The business case is approved for the procurement of a more appropriate software solution due to the limitations of our current system. This solution will provide extended applications

- to help modernise and improve user experience
- The framework documents in the SMS are currently being written and will provide direction for the business units
- A Health and Safety reset is currently underway, this will include an independent audit and workstreams that lift our safety performance

Residual Risk

		CONSEQUENCE				
		Minor	Moderate	Serious	Major	Catastrophic
LIKELIHOOD	Almost certain	H	H	VH	E	E
	Likely	M	H	VH	VH	E
	Possible	L	M	M	VH	VH
	Unlikely	L	M	M	M	VH
	Rare	L	L	L	M	H

There is a very strong relationship between the likelihood and severity (consequence) of H&S incidents. The likelihood of minor injuries is much higher than an incident which could result in a death.

- (A) Risk of serious injury, illness or death
- (B) Risk of other significant incidents (as defined in the Health and Safety at Work Act).

Action Owner	Mitigation
Dan Finn	Mitigate

Improvement Plan	Previous updates	Update - September 2020
<ul style="list-style-type: none"> A review of the governance levels of the safety management system is to be conducted with PCBU sign off (Sept 2019) 	<ul style="list-style-type: none"> (December 2019 & March 2020) high-level SMS principles & requirements forwarded to the Chief Executive and SLT for sign off in August. Supporting frameworks drafted, for roll out using a phased approach. (June 2020) Further development of SMS on hold pending decisions on the Safety Software Solution 	<ul style="list-style-type: none"> The development of the SMS and associated framework documents has recommenced following the approval of the new Safety Software Solution
<ul style="list-style-type: none"> A review of the Work Well Initiative is to be conducted and implemented across Council in support of staff. Progress is to be reported quarterly till completed and a monitoring regime implemented for reporting to this Committee 	<ul style="list-style-type: none"> (Sept & Dec 2019) Three areas of focus identified (Mental health & Wellbeing, Physical activity, Whanau friendly) part of the Work Well initiative, with action plans being finalised. (March 2020) Work Well now BAU process. Bronze status accreditation is being sought, pending refinement of action plans. (June 2020) Bronze status accreditation on hold for COVID-19 Wellbeing initiatives 	<ul style="list-style-type: none"> Bronze accreditation approval will recommence as part of the Health and Safety reset

Organisational Risk

Safety and Wellbeing of the Community

Failure to create, provide and maintain a safe environment for the community leading to a serious injury incident or fatality.

2

Risk Owner Lance Vervoort (Deputy CE / GM Community)

Category People

Risk Triggers

- Poor HCC understanding of the health and safety risks within the facilities and services provided and managed by Council
- Failures in safety-in-design planning for our amenities and services provided to the community
- Failures in asset maintenance
- Failure in due diligence on assets purchased for use by the community or staff
- Failure in due diligence on maintenance
- Human error / inappropriate behaviours / criminal behaviour or damage at Council assets
- Complacency leading to greater risks being taken by the community of public safety issues
- Failure to properly engage with and listen to the community
- Failure to act on staff and public information or lessons learned from near misses and incidents (including lessons from other industry experiences)
- BCP and Pandemic Plans are not adhered to

Inherent Risk

		CONSEQUENCE				
		Minor	Moderate	Serious	Major	Catastrophic
LIKELIHOOD	Almost certain	H		VH		E
	Likely	M	H	H	VH	
	Possible	L	M	H	VH	VH
	Unlikely	L	M	M	H	VH
	Rare	L	L	L	M	H

There is a very strong relationship between the likelihood and severity (consequence) of H&S incidents. The likelihood of minor injuries is much higher than an incident which could result in a death.

- (A) Risk of serious injury or death
- (B) Risk of other serious harm incidents (as defined in the Health and Safety at Work Act).

Existing Controls and Mitigations

- Emergency response and Pandemic plans
- Emergency and safety response training drills
- Specific training programmes for staff within facilities and service management
- Subject matter expert support – internal and external
- Incorporated risk assessments and safety in design planning
- Traffic management plan adoption per requirements
- Maintenance and monitoring plans – buildings
- Operational asset maintenance (trees and operational infrastructure)
- Condition assessments for assets
- Communication plans for new projects around safety requirements
- Community education support for ongoing Community safety
- Management drop-ins and Unit Audits

Residual Risk (expected rating)

		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	VH	VH
	Rare	L	L	L	M	VH

There is a very strong relationship between the likelihood and severity (consequence) of H&S incidents. The likelihood of minor injuries is much higher than an incident which could result in a death.

- (A) Risk of serious injury or death
- (B) Risk of other serious harm incidents (as defined in the Health and Safety at Work Act).

Item 8

Action Owner		Mitigation
3LT – (Rebecca Whitehead)		Mitigate
Improvement Plan	Previous updates	Update- September 2020
<ul style="list-style-type: none"> Enhance understanding of key risk scenarios and commonality of critical controls. 	<ul style="list-style-type: none"> (March 20) - Workshop identified focus areas workstreams; Security, Safety in Parks, Tree Maintenance. Security issues in public spaces is being planned for H3 with integration into the wider business (Linked to Strategic Risk 8) (June 20) - improvement programme has been on hold due to alert Level 4 and 3 restrictions. Work on the programme will recommence this month utilising new insights from the impacts of COVID to address new gaps and ensure adequate response capabilities In response to incident at water world review, update and programme works to ensure compliance and monitoring of controls around hazardous substances. 	<ul style="list-style-type: none"> Completed: Review of Parks SOPs. Underway: Security assessments for or community facilities – draft findings and recommendations reports in development. Underway: Review of SOP's, Plans, compliance, engineered controls around hazardous substances
<ul style="list-style-type: none"> Design and implement an appropriate monitoring and reporting framework for Critical Risks relevant to Organisational Risk 2 	<ul style="list-style-type: none"> (Dec 20) - Assurance reporting levels will be identified as part of the works identified within the workshop, and will be discussed with the internal audit function and GM Corporate as to preferred reporting requirements (March 20) – No Update (June 20) – No Update 	<ul style="list-style-type: none"> Framework in development and due for completion August 2020. Reporting to community group leadership commence September 2020.

Attachment 1

Organisational Risk

Failure of critical assets

Incorrect investment (timing and/or amounts) results in the unexpected failure of critical assets (loss of levels of service).

3

Risk Owner	Eeva-Liisa Wright (GM City Infrastructure Operations)	Category	Financial
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Risk Triggers

- Inadequate budget allocated for maintenance and renewal of critical assets
- Incorrect analysis in development of maintenance and renewal requirements
- Poor or incomplete asset data
- Failure to identify all critical assets
- Failure to carry out and prioritise planned maintenance and renewal of critical asset
- Failure to accurately forecast capacity limits or inaccurate demand forecasting on critical assets
- Failure to install asset correctly (including poor procurement processes to begin with)
- 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.
- Misalignment in the timing of investment with the required levels of service or that key deliverable dates not identified appropriately
- Assets being operated outside of design scope as a result of regulation change or change in demand or that the operation of the asset exceeds design assumptions.
- Utility service and third-party critical impacts (stakeholder relationships)

Inherent Likelihood		Inherent Consequence Drivers Safety & Wellbeing, Financial, Service Delivery, Compliance		Inherent Risk Rating	Rating
	Possible		Major		Very High

Existing Controls and Mitigations

- Activity Management Plan (AMP) renewals, maintenance plans and operational strategies are funded in the 2018-28 10-Year Plan Budget and critical assets are given a higher priority for renewal
- Activity Management Plans are internally and externally reviewed following their 3 yearly review to ensure robust planning processes and systems
- Asset Management Plan policy in place to set standards
- Asset Strategy Team is in place to drive organisational consistency of asset management overseen by the GM Development
- Processes for the supervision, design and testing during build or vesting of the asset
- Independent asset management maturity assessments are undertaken 3 yearly
- Infrastructure Strategy is in place to identify significant infrastructure challenges over the next 30 years, and to identify the principal options for managing those challenges and the implications of those options
- Modelling and master planning of strategic assets undertaken to forecast and respond to the impact of changing demand and growth
- Actively monitor and submit on regulatory change that impacts on our activities
- Availability of technical expertise to manage, monitor, operate and maintain critical assets and

identify situations when early intervention is required to maintain asset condition and level of service <ul style="list-style-type: none"> • Speciality contracts are in place to maintain the condition of critical assets and minimise the risk of failure occurring. • Training and development plans in place for staff to identify competency and skill requirements 					
Residual Likelihood	Unlikely	Residual Consequence Drivers Safety & Wellbeing, Financial, Service Delivery, Compliance Social and Cultural	Major	Residual Risk Rating	Rating High
Action Owners				Mitigation	
Paul Gower (Assets Strategy Manager), Maire Porter (City Waters Manager), Jason Harrison (Transportation Manager), Tania Hermann (Infrastructure Group Business Manager), Simon Young (Delivery Manager)				Mitigate	
Improvement Plan		Previous updates		Update – June 2020	
<ul style="list-style-type: none"> • Identification of all critical assets and recording data in an asset management system (IPS and RAMM) 		<ul style="list-style-type: none"> • Schedule of completion is expected end of financial year (June 2020) 		<ul style="list-style-type: none"> • This action has become part of the Group's BAU. 	
<ul style="list-style-type: none"> • Identification of onsite critical spares for emergency resilience to ensure critical assets are maintained during emergency events. 		<ul style="list-style-type: none"> • N/A 		<ul style="list-style-type: none"> • This is an ongoing item that will continue to be assessed. There is no further update required on this action. 	
<ul style="list-style-type: none"> • Identification of critical asset groups and documentation of management strategies for assets 		<ul style="list-style-type: none"> • Water, Wastewater, Stormwater, Solid Waste and Transportation Activity Management Plans, which includes management strategies for assets, are currently under review. Initial review due to be completed by end of July 2020. 		<ul style="list-style-type: none"> • Asset Management Plans are in the final stages of review as part of the 2021-31 LTP process. 	
<ul style="list-style-type: none"> • Identify key speciality services and skillsets for the operation and maintenance of critical assets that need to be employed or engaged under contract, including developing competency and training programmes. 		<ul style="list-style-type: none"> • N/A 		<ul style="list-style-type: none"> • New Improvement Plan for September 	
<ul style="list-style-type: none"> • Identify list of Civil Defence trained staff within activity units who are business critical 		<ul style="list-style-type: none"> • N/A 		<ul style="list-style-type: none"> • New Improvement Plan for September 	

Attachment 1

(depending on event type).		
<ul style="list-style-type: none">Identify other critical assets across the organisation that need to be included in this risk.	<ul style="list-style-type: none">N/A	<ul style="list-style-type: none">New Improvement Plan for September

Item 8

APPENDIX A – RISK RATING AND REPORTING

The following tables provide the limits within Hamilton City Council's overall risk threshold which the organisation is expected to operate within and expected responses for each level of risk.

		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

This matrix is used to map the likelihood and consequence levels of a risk and provide a pictorial representation of the relativity of that risk to other risks within an Activity Group or Project and can also be used for mapping key risks across Hamilton City Council.

Action Required Table

The table details the required actions for each risk

ACTION REQUIRED FOR RISK	
E	Extreme Risk – Immediate action required: risk escalated as appropriate. Action Plans and management responsibility specified with scrutiny required. Only the Chief Executive and/or Council can accept this level of risk.
VH	Very High Risk – Senior Leadership Team attention advised. Action Plans and management responsibility specified with periodic scrutiny required. The relevant GM, Unit Manager and Risk Owner / Programme Manager can accept this level of risk.
H	High Risk – Senior Leadership Team attention advised. Action Plans and management responsibility specified with periodic scrutiny required. The relevant General Manager (GM), Risk Owner, Unit Manager or action owner can accept this level of risk.
M	Medium Risk – Management responsibility specified. Managed by specific monitoring and procedures. The relevant Risk Owner, Unit Manager or action owner can accept this level of risk.
L	Low Risk – Manage by routine procedures. Unlikely to require specific application of resources. The relevant activity manager can accept this level of risk.

APPENDIX B – RISK REVIEW AND REPORTING TABLE

The following table details the required level to which the different risk levels must be reviewed and reported.

RISK LEVEL	STRATEGIC/ ORGANISATIONAL RISKS	REVIEW PERIOD (Minimum)	REPORTING PERIOD (Minimum)
Extreme	Council	Quarterly	Strategic Risk & Assurance Quarterly
	Senior Leadership Team	Monthly	Monthly
Very High	Council	Quarterly	Strategic Risk & Assurance Quarterly
	Senior Leadership Team	Monthly	Monthly
High	Senior Leadership Team	Quarterly	Monthly
Medium	Wider Leadership Group*	Six-monthly	Bi-Monthly / as required
Low	Wider Leadership Group*	Six-monthly	Bi-Monthly / as required

**Wider Leadership Group is to be interpreted as any staff member with specific business responsibilities, including but not limited to, General Managers, Unit Managers, Team Leaders and Project Managers.*

By using this matrix, a decision can be made as to the level of escalation for management acceptance that is required and the frequencies with which accepted risks are to be reviewed and reported.

Council Report

Item 9

Committee: Strategic Risk and Assurance Committee
Date: 03 September 2020
Author: Morva Kaye
Authoriser: David Bryant
Position: Internal Auditor
Position: General Manager Corporate
Report Name: 2020/21 Internal Audit Update PwC

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

- To inform the Strategic Risk and Assurance Committee on PwC Internal Audit progress to 31 July 2020.




Staff Recommendation - *Tuutohu-aa-kaimahi*

- That the Strategic Risk and Assurance Committee:
 - receives the report; and
 - notes the Hamilton City Council PwC Internal Audit work undertaken.

Discussion - *Matapaki*




- Hamilton City Council's internal audit function incorporates engagements delivered by PwC and internal Council staff. This report provides an update on progress by PwC.

KEY

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

PwC Internal Audit Plan – progress summary

- The following progress has been made on the internal audit engagements included in the 2019/20 and 2020/21 Internal Audit Plans:

Engagements in Progress – 2019/20	Status
Data Governance – Q2 Phase One is complete. Fieldwork is continuing on phase two of this engagement.	
Psoda Data – Q2 This engagement has been completed and the final report is attached.	
Civil Defence – Q3 PwC has discussed this with management and this work was covered by the review performed by the Ministry of Civil Defence & Emergency Management and reported to the Committee at the 11 December 2019 meeting. This has been replaced by the IBIS project	

engagement.	
Forecasting & Modelling – Q3 The fieldwork for this engagement has been completed. A draft report is being prepared.	
Business Case Preparation and Benefits Realisation – Q4 PwC has agreed a scope of works with management. The fieldwork for this engagement has started.	
IBIS Project Assessment PwC is assessing the controls over the new financial strategy model being implemented through the IBIS project.	
Wairere/Cobham Drive Interchange Project Assessment PwC has completed their fieldwork and issued a draft report on 30 June 2020.	
Engagements in Progress – 2020/21	Status
Health & Safety PwC have agreed a scope of work with management.	

Financial Considerations - *Whaiwhakaaro Puutea*

- The cost of the PwC annual internal audit programme is \$150,000 (GST excl.) and is budgeted in the Annual Plan.

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

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

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

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

Risks - *Tuuraru*

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

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

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

Attachments - *Ngaa taapirihanga*

Attachment 1 - Hamilton City Council - Psoda audit - FINAL report.

*Hamilton City Council
Psoda Assessment*

*FINAL Report
13 August 2020
SRAC version*

Confidential

This report 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 report 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 report is disclosed or otherwise made available. No copy, extract or quote from our report may be made available to any other person without our prior written consent to the form and content of the disclosure.





Chris Allen
General Manager Development
Hamilton City Council
Private Bag 3010
Hamilton 3240

David Bryant
General Manager Corporate
Hamilton City Council
Private Bag 3010
Hamilton 3240

13 August 2020

Dear Chris and David

Psoda Assessment

In accordance with our Contract dated 1 July 2017 and the Terms of Reference dated 21 April 2020, we are pleased to report the findings and recommendations arising from our work in respect of the Psoda Assessment at Hamilton City Council.

We would welcome the opportunity to discuss our findings and recommendations in the report with you.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'M White'.

Matthew White
Partner
PricewaterhouseCoopers
Hamilton, New Zealand

PricewaterhouseCoopers, Corner Anglesea and Ward Streets, PO Box 191, Hamilton 3420, New Zealand
T: +64 (7) 838 3838, F: +64 (7) 839 4178, www.pwc.com/nz

Executive Summary

Introduction

Hamilton City Council (HCC) implemented the new financial system, Authority, on 1 September 2019. Data on actual costs and revenue associated to projects is input to Authority on an ongoing basis by programme and project managers overseeing the capital projects underway.

Project actuals (revenue and expenditure) are imported to Psoda on a monthly basis to enable project managers to track budget versus actual and monitor project progress. This import is reliant on the completeness and accuracy of the data maintained and reported from Authority.

Psoda is a project management tool that provides project managers with the information they need to manage HCC's capital project portfolio. This includes providing a mechanism for project managers and project sponsors to re-forecast, update and defer project costs/revenue.

Psoda further provides functionality for budgeting of capital projects for the 10 year planning process.

Scope

The objective of this engagement is to assess the:

1. controls over the completeness and accuracy of the transfer of actual expenditure (for projects) between Authority and Psoda
2. planned approach to using Psoda for the 2021 – 2031 LTP for capturing the right information and moving data from LTP budgeting to delivery (project management)
3. Psoda budget figures (project management) updated for deferrals, approved changes and savings between financial years has appropriate controls in place

Key Findings

Authority/Psoda Data Transfer

The transfer of capital project actuals on a monthly basis from Authority to Psoda involves the manual extraction and upload of data that should be automated.

We identified a number of key controls being:

- A reconciliation of the data imported against the source file from Authority
- Finance month end close off process
- Programme/project managers review of actuals
- New work-order request template.

Our procedures confirmed that the reconciliation had been operating effectively throughout the period.

The finance month-end close process and coding of financial information are both crucial to the completeness and accuracy of the data transfer and are outside of the control of the Psoda team. While there were unforeseen issues with month-end close-off in the first few months of Authority being implemented that affected the data transfer, these have now largely been addressed. The accurate coding of information also caused problems initially, but we were informed that the number of adjustments as a result of the programme/project managers review has decreased substantially in recent months, which indicates coding of transactions has improved. Ongoing monitoring of these finance functions is necessary to ensure the validity of the financial data within Psoda.

The work-order request template (this allows both Authority and Psoda to be updated for new projects to ensure alignment) was introduced in December 2019 and from our sample of 14 projects, 8 did not have the template completed. These were identified during the reconciliation process as exceptions.

2021-31 10 year plan budgeting

The process for creating the budget for capital projects within Psoda for the 2021-31 10 year plan will be considerably different from the 2018 process, as Psoda already has the majority of projects loaded. The Psoda team are only expecting 10-20 new projects and have a manual template to enter these.

The key control for all project budgets will be the approval process within Psoda whereby each project's budget will be submitted for approval by the project manager to the business owner and then the asset management team, with final approval by the senior leadership team.

Psoda updates

Deferrals, savings, and approved changes are reflected in Psoda on a monthly basis through a manual process whereby the PMO team creates a template for managers to raise any deferrals and savings to be recognised in Psoda. The PMO team then manually enters these into Psoda. Of a sample of 25 deferrals 18 (72%) had a reference to the template received from the project manager.

While there is an audit trail of changes within Psoda and the source of the change is usually documented and referenced, the approval process is not visible within Psoda. Of a sample of 20 changes assessed in Psoda, 18 changes did not reference any approval or have evidence of that approval. Project changes are normally approved by the project steering group or capital investment board and approvals often occur after they have been entered into Psoda due the Finance Committee (FC) reporting timelines. Psoda needs to have evidence of the subsequent approval attached to the change.

Deferrals, savings and approved changes are reported to the FC as part of the Capital Monitoring Report. The Finance Committee receives the report for information only. All deferrals and savings are formally approved at each year end.

Management Comment

The PMO team are satisfied with findings of this audit and suggested improvements. We have started working on these to ensure any issues identified are addressed going forward.

Detailed Findings and Recommendations

Our detailed findings have been provided to management. A summary of the findings is presented on the next page.

Inherent Limitations

This assignment does not constitute a review, audit, or assurance 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.

Summary of Findings

We set out alongside a summary of our findings arising from this engagement against the risk assessment framework.

The risk assessment framework is described in Appendix I. This is a subjective assessment of the findings identified compared against likelihood of occurrence at HCC and the possible impact.

No	Summary of Findings	Risk Rating
1	The transfer of data between Authority and Psoda and upload of data into Psoda is still based upon manual processes.	Moderate
2	The finance month-end close process and coding of financial information are both crucial to the completeness and accuracy of the data transfer and need to be monitored in order to address issues.	High
3	Although approvals by the Project Steering Group, Capital Investment Board or FC may not be feasible before the change is entered due to the timing of meetings, subsequent verification of the approval needs to be referenced within Psoda.	Moderate
4	Currently, the time stamp report is generated to identify the changes to be reported to the FC, but the report is not retained.	Low
5	There is inconsistent use of the new Work Order template that aligns new work orders between Authority and Psoda.	Low

Likelihood	High			
	Moderate	5	1,3	2
	Low	4		
		Low	Moderate	High
Impact				

Appendices

Appendix I: Risk assessment framework

Impact

Level	Description
High	A significant weakness which could compromise Management's internal control.
Moderate	An issue which can undermine Management's internal control and should be addressed but with a lower priority than High.
Low	A weakness which does not seriously detract from the system of internal control but which should nevertheless be considered by Management.

Likelihood

Level	Description
High	Risk is likely or almost certain to happen (66-100%)
Moderate	Risk is possible to happen (36- 65%)
Low	Risk is unlikely or rarely will happen (0-35%)

Risk Matrix

Likelihood		Impact		
		Low	Moderate	High
	High	Moderate	High	High
	Moderate	Low	Moderate	High
	Low	Low	Low	Moderate
		Low	Moderate	High

Priority Rating

Level	Risk	Consequences of Risk Ratings
H	High	Requires immediate attention
M	Moderate	Requires attention/action underway within 3 months
L	Low	Requires attention/action underway within 6 months

Appendix II: Terms of Reference

Background

HCC implemented Psoda in 2018 as a project management system and the new financial system Authority went live in September 2019. Project expenditure actuals are recorded in Authority and then transferred monthly into Psoda. For July and August, the actuals were sourced from AX, the Council's previous financial system.

Psoda is also used (separate to project management) in the Long Term Planning (LTP) process to capture all capital expenditure project's budgets (subsequently referred to as LTP budgeting).

Psoda is setup for financial years and some Council projects are multi-year and not all expenditure planned is spent within the financial year budgeted for. This means that subsequent years budgets are updated for deferrals (change to budget across financial years), approved changes (increase or decrease in budget) and savings (not all budget spent, reallocation).

Sponsor

The Hamilton City Council (HCC) Executive Sponsor for this engagement will be David Bryant, General Manager Corporate and Chris Allen, General Manager Development.

Objective and scope

The objective of this engagement is to assess the:

- 4 controls over the completeness and accuracy of the transfer of actual expenditure (for projects) between Authority and Psoda
- 5 planned approach to using Psoda for the 2021 – 2031 LTP for capturing the right information and moving data from LTP budgeting to delivery (project management)
- 6 Psoda budget figures (project management) updated for deferrals, approved changes and savings between financial years has appropriate controls in place

Scope limitations

The time period covered is 1 July 2019 to 29 February 2020.

We are reliant on HCC providing us with information and data to complete our procedures.

If we consider the design to be ineffective, then operational effectiveness procedures will not necessarily be performed.

Our assignment does not constitute a review, audit, or assurance 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.

Approach

Our approach will be to evaluate the design effectiveness through inquiry, walkthrough and limited operational effectiveness procedures (where appropriate) of the:

1. controls and processes used to transfer data between Psoda and Authority/AX:
 - understanding processes and identifying key controls through inquiry and reading documentation
 - walkthrough of the processes
 - assess design effectiveness
 - limited operational effectiveness procedures over key controls.
2. planned approach for LTP budgeting for the 2021-2031 LTP:
 - inquiry and reading of documentation to assess the planned approach
 - inquiry with staff on the learnings from the 2018/28 LTP process in respect to moving LTP budget figures into Psoda project management.
3. updated Psoda budget figures:
 - understanding the process of updating the budget figures through inquiry and identifying key controls
 - walkthrough of the process
 - assess design effectiveness
 - limited operational effectiveness procedures by tracing through a sample of changes.

Deliverable

At the conclusion of the fieldwork, we will workshop the findings with management and prepare a written report of our findings identified during the assessment (both strengths and weaknesses) along with recommendations for improvement where weaknesses are identified.

The report will be issued in draft to the engagement sponsor for comment, followed by a final report once all comments have been received, agreed, and incorporated within the report.

Council Report

Committee: Strategic Risk and Assurance Committee
Date: 03 September 2020
Author: Morva Kaye
Authoriser: David Bryant
Position: Internal Auditor
Position: General Manager Corporate
Report Name: 2020/21 Internal Audit Update

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

- To inform the Strategic Risk and Assurance Committee on Internal Audit progress to 31 July 2020.

Staff Recommendation - *Tuutohu-aa-kaimahi*

- That the Strategic Risk and Assurance Committee:
 - receives the report; and
 - notes the progress against the Hamilton City Council Internal Audit Plan for internal Council staff.

Background - *Koorero whaimaarama*

- The Council's internal audit function incorporates engagements delivered by PricewaterhouseCoopers (PwC) and internal Council staff. This report provides an update on progress by internal Council staff.

Discussion - *Matapaki*

- Progress against the work programme is as follows:

Audit	Status
Contract management This review covers checking a sample of contracts to ensure that the contracts have been set up and managed correctly. A scope of works will be agreed with management during the first quarter of the 2020-21 year.	
Community Assistance Grants This work has been completed. Summary report attached.	

Audit	Status
Payroll Terms of reference are being reviewed by management for: <ul style="list-style-type: none"> Follow-up PwC audit assessment recommendations (February 2017) Unusual transactions paid through the payroll system Holiday pay payments High annual leave balances PwC are providing the payroll analytics for this project.	

KEY

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

Financial Considerations - *Whaiwhakaaro Puutea*

5. This is a regular operating activity funded through the 2018-28 Long-Term Plan.

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

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

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

7. 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').
8. 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.
9. There are no known social, economic, environmental or cultural considerations associated with this matter.

Risks - *Tuuraru*

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

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

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

Attachments - *Ngaa taapirihanga*

Attachment 1 - Community Assistance Grants - Summary report to the Strategic Risk and Assurance Committee (September 2020).

Hamilton City Council

Internal Audit Assessment
(Summary)

Community Assistance Grants

May 2020

Background

Community Grants are administered by the Community Group and two separately-appointed Grants Committees made up of two elected and five community representatives who are delegated to make grants funding decisions. The committees are appointed by the General Manager Community.

The 2018-2028 Hamilton City Council (HCC) 10-Year Plan provides for an annual grants budget of \$1,276,000 (2018/19 financial year) split across three grant categories:

- Community Event Grants (\$50k p.a.)
- Single Year Community Grants (\$308k p.a.)
- Multi Year Community Grants (\$918k p.a. over a 3-year cycle)

Committees meet at different times according to different grant application periods. Grants are assessed on whether they will benefit the social, cultural, arts and environmental well-being of Hamilton communities taking into account three main considerations:

- strengthening community participation and diversity
- building the capability and sustainability of community infrastructure
- work collaboratively across community sectors

Grants staff use online proprietary software (Smarty Grants) for administering grants. They carry out eligibility checks, allocate applications to committee members for assessment online, liaise with grant committees and review accountability reports for compliance with grant agreements. The grants team provide reports to Council.

Terms of reference

The objectives of this assessment were to:

- assess the design and operating effectiveness of the processes and controls for approving/declining Community grants against good practice and according to HCC policies and procedures
- provide recommendations for improvement where control gaps or operating deficiencies are identified
- assess the controls for reviewing accountability documents.

Approach

The Office of the Auditor-General (OAG) published a good practice guide for public entities which includes a section on 'Managing many low-value grants'. The guiding principles are:

- to establish a clear purpose for grants and grant programmes
- to develop eligibility criteria and in giving preference to economically or socially disadvantaged groups and projects that sustain and support a network of community organisations
- to ensure fairness and transparency in assessing and managing grant funding

- to observe the principle of openness in communicating funding decisions publicly including holding seminars to help organisations considering making grant applications
- to develop processes to ensure public entities are acting within the law and for reviewing financial information and how money is spent – and balancing accountability and value-for-money principles; and
- to maintain integrity.

Recommendations

The key opportunities to emerge from the audit are the need to:

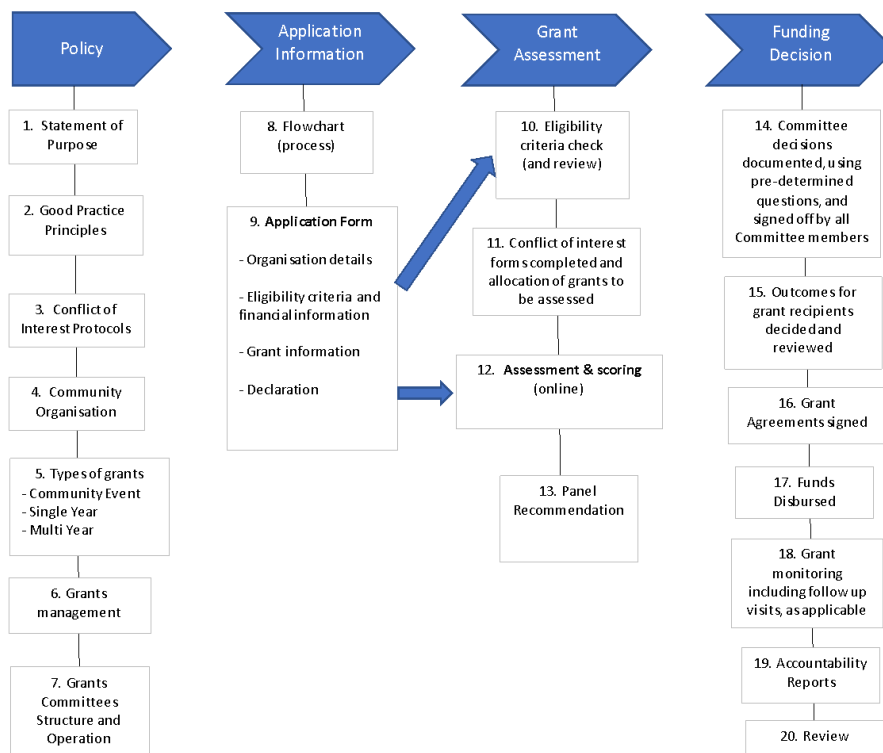
- review the *Community Assistance Policy* including the adoption of:
 - the OAG principles
 - a *Statement of purpose* that reflects Council's strategic imperatives and obligations in relation to grants
- review *Smarty Grants* to improve the linkages between the Community Assistance Policy, grant application forms, grant assessment (and scoring) and grant accountability requirements. And to make the process more efficient to use for external committees, elected members and for grant applicants. See chart attached.
- improve documentation for all grant processes and transparency around Committee final funding decisions
- formalise conflict of interest protocols
- formalise the need to temper the rules for accountability by grant applicants for small grants

Morva Kaye
Internal Auditor

The following is a summary of a discussion with Councillor Dave Macpherson on the Community Assistance Grants Summary report on 27 July 2020.

- The Pre-assessment Check form should be a checklist of the eligibility criteria in the Community Assistance Policy that qualifies an applicant to be assessed for a single-year or multi-year grant.
- The criteria used by Allocation Committees to evaluate single-year or multi-year grant applications and determine funding decisions, should be documented and include reference to the Policy or reference to a specific Council purpose, for example Covid-19 grants. The documentation should be retained on file and not destroyed.
- In order to ensure fairness and transparency, the funding decision documented in Smarty Grants should be relative to the risk and dollar value of the grant and include comments that relate to the criteria used to evaluate the application.
- The documentation for a \$50,000 multi-year grant funding decision should include more detail as to how the applicant met each of the criterion in the policy compared with the level of detail required for a \$2,000 single-year grant decision. Both decisions are enhanced by including 'local knowledge' comments by the committee members.
- The accountability report should prove that the grant was spent according to the Committee's decision and that the purpose of the grant was achieved. The level of accountability should be commensurate with the risk and dollar value of the grant. All of the above processes should be documented in Promapp.

Community Assistance Grant Framework



Council Report

Item 11

Committee: Strategic Risk and Assurance Committee

Date: 03 September 2020

Author: Candice Swanepoel

Authoriser: David Bryant

Position: Business Performance Accountant

Position: General Manager Corporate

Report Name: Interim Audit of Hamilton City Council - 30 June 2020

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

1. To inform the Strategic Risk and Assurance Committee on the outcome of the interim audit of Hamilton City Council by Audit New Zealand, for the year ended 30 June 2020.

Staff Recommendation – *Tuutohu-aa-kaimahi*

2. That the Strategic Risk and Assurance Committee:
 - a) receives the report; and
 - b) notes Audit New Zealand's recommendations.

Background – *Kooreo whaimaarama*

3. The focus of Audit New Zealand's interim audit visits is on performing a high-level review of the Hamilton City Council's control environment and evaluating the Council's internal controls in place for key financial and non-financial information systems. Overall, Audit New Zealand are satisfied that the control environment is effective and enables them to plan and undertake the most efficient and effective audit approach.

Discussion - *Matapaki*

4. The progress made to date on improving the administrative processes for resource consents was reviewed. Audit New Zealand noted that the completeness of documentation has remarkably improved. However, there is no independent or subsequent reviews performed on the accuracy of the data recorded.
5. The implementation of the Hamilton City Council's new financial information system (Project Kookiri) was also reviewed. Overall, Audit New Zealand are satisfied that the implementation of the financial information system was planned and executed effectively.

6. Audit New Zealand made two new recommendations:
 - a. Fujitsu monthly reporting and monitoring
A full review of Fujitsu reporting be done, and the reports be actively used to monitor and improve controls and ensure services are being provided.
 - b. Resource consents
Management review all consents processed in this financial year to ensure the dates recorded are accurate.
7. Details pertaining to the two areas identified by Audit New Zealand can be viewed in the attached report to the Council.

Wellbeing Considerations – *Whaiwhakaaro-aa-oranga tonutanga*

8. 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').
9. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report.
10. There are no known social, economic, environmental or cultural considerations associated with this matter.

Risks - *Tuuraru*

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

Financial Considerations – *Whaiwhakaaro Puutea*

12. The cost of this engagement is funded through the 2018-28 Long-Term Plan.

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

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

Significance & Engagement Policy – *Kaupapa hehe whakahira/ anganui*

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

Attachments - *Ngaa taapirihanga*

Attachment 1 - Audit New Zealand - Report to Council on Interim Audit.

Report to the Council on the interim audit of

Hamilton City Council

For the year ended 30 June 2020

Item 11

Attachment 1

Contents

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Key messages

This report sets out our findings from our recently completed interim audit for the year ended 30 June 2020.

The focus of our interim audit visits was on performing a high level review of the City Council's control environment and evaluating the City Council's internal controls in place for key financial and non-financial information systems. Overall, we are satisfied that the control environment is effective and enables us to plan and undertake the most efficient and effective audit approach.

We reviewed the progress made to date on improving the administrative processes for resource consents. We noted that the completeness of documentation has remarkably improved. However, there is no independent or subsequent reviews performed on the accuracy of the data recorded.

We also reviewed the implementation of the City Council's new financial information system (Project Kookiri). Overall, we are satisfied that the implementation of the financial information system was planned and executed effectively.

Thank you

We would like to thank management and staff for the assistance provided during the interim audits.



Clarence Susan
Appointed Auditor
3 July 2020

1 Recommendations



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

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

1.1 New recommendations

The following table summarises our recommendations and their priority.

Recommendation	Reference	Priority
Fujitsu monthly reporting and monitoring A full review of Fujitsu reporting be done and the reports be actively used to monitor and improve controls and ensure services are being provided.	3.1	Necessary
Resource consents Management review all consents processed in this financial year to ensure the dates recorded are accurate.	4.2	Necessary

1.2 Status of recommendations

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

Priority	Priority			
	Urgent	Necessary	Beneficial	Total
Open	-	2	-	2
In progress	-	3	-	3
Total	-	5	-	5
Matters that will be followed up during our next audit visits	-	4	1	5
Implemented or closed in this report	1	4	1	6

2 Assessment of internal control



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

2.1 Control environment

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

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

No matters have come to our attention that we consider would affect the culture of honesty and ethical behaviour within the City Council. The elements of the control environment provide an appropriate foundation for other components of internal control.

2.2 Internal controls

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

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

The controls in each system are capable collectively of preventing or detecting and correcting material misstatements.

3 Matters identified during the audit

3.1 Improvements needed to Fujitsu monthly reporting and monitoring

Background

Fujitsu provide a variety of daily, weekly, and monthly reports under their managed service and desktop service contracts.

When we looked for specific reporting on some aspects of their service, we noted that the reports had errors and were missing information.

We were unable to see a report showing the patching status of desktops, and one report we sighted contained information about the patching status of other entities - presumably clients of Fujitsu.

In prior years, we had also noted shortcomings in the reporting but understood that to be a "bedding down" process. We consider that, given the contract has been in place for a few years, priority needs to be given to checking and improving the reporting.

We also noted recommendations regarding improvement to security have been included in Fujitsu reports over several months and these have not been actioned.

Recommendation

We recommend that a full review of Fujitsu reporting be done and that the reports be actively used to monitor and improve controls and ensure services are being provided.

Given that a new contract for desktop support is to commence with a different supplier in July, this opportunity should be taken to establish effective reporting from the beginning of the contract.

Management comment

We are intending to have a full review of the monthly reporting provided by Fujitsu in order to consolidate and rationalise the information provided. In conjunction with this, responsibilities will be assigned to specific HCC roles to ensure that any recommendations/actions contained in the reports will have a clear owner.

Whilst server patching continues on a monthly basis, desktop operating system patching has paused since January 2020 due to the end-of-support for Windows 7. This has been acknowledged as a risk and will be resolved by the upgrade to the new Windows 10 managed desktop (progress in progress).

4 Other matters

4.1 Quality and timeliness of information provided for audit

Management is required to provide information for audit. We provided lists of information we required before our interim audit visits. The latest interim audit visit occurred during the COVID-19 pandemic whereby the City Council and the audit team were required to complete the audit offsite. The information provided to support the interim audits was of good quality and provided within reasonable timeframes.

4.2 Resource consents

In 2019, as part of our audit process, we identified a high rate of inaccuracies in our sample when performing audit work over the measure “average processing days for non-notified land use and subdivision resource consents”.

We acknowledge the effort that the City Council has put into improving their administrative processes around resource consents. We noted an improvement in how documentation is recorded and stored.

We noted that the accuracy of dates entered has not been independently or subsequently reviewed at the time of our audit visit.

Recommendation

We recommend that management review all consents processed in this financial year to ensure the dates recorded are accurate. We will test the accuracy at our final audit visit.

Management comment

As per recommendation, this will be done.

5 Project Kookiri

The City Council implemented the Authority Financial Information System with effect from 1 September 2019. The implementation project is known as Project Kookiri.

Because the City Council's core financial processes and processing may be impacted if the transition from one system to the other goes wrong, we engaged with the City Council early and agreed on the assurance work to be performed in a separate proposal letter dated 23 July 2019.

The scope of our assurance work and our approach covered five stages:

- Project methodology and execution;
- User acceptance testing;
- Business rules and controls;
- Data migration and results; and
- Evaluate systems (update control environment; systems descriptions and walkthrough tests).

We comment further on each stage below:

- **Project methodology and execution**

From our review of the project methodology and execution, we concluded that there was adequate project governance and oversight in place. We were also able to view effective project planning, management, monitoring and reporting.

No other formally reported independent quality assurance reviews were conducted, however the City Council brought in experienced project personnel and independent professional observers. The City Council minimised their risk in this area.

- **User acceptance testing**

Sufficient planning, testing, and training was carried out to ensure that the business processes and underlying systems functioned in line with good practice.

- **Business rules and controls**

Subject matter experts from the business tested business processes in Authority to ensure that business rules and controls remained in effect. Sufficient security controls had been included in the design and implementation of the new system to ensure that the data can be appropriately restricted.

- **Data migration and results**

Data migration planning and execution was completed successfully. We reviewed controls upon which we place audit reliance and found these controls to be operating effectively in Authority.

- **Evaluate systems**

We updated our understanding of the changes in the control environment, documented, and assessed the key controls in place for all financial components that we intend to place reliance on for audit purposes.

Overall, we can conclude that the implementation of the Authority Financial Information Systems was planned and executed effectively.

6 Adoption of new accounting standards



Public benefit entities must apply the new “group” accounting standards, PBE IPSAS 34 *Separate Financial Statements*, PBE IPSAS 35 *Consolidated Financial Statements*, PBE IPSAS 36 *Investments in Associates and Joint Ventures*, PBE IPSAS 37 *Joint Arrangements*, and PBE IPSAS 38 *Disclosure of Interest in Other Entities*, in preparing their 30 June 2020 financial statements.

Management is responsible for performing the necessary transition work to successfully implement these new standards. Areas of focus with the transition include:

- Assessing whether the revised control definition and guidance result in an entity being assessed as controlled under PBE IPSAS 35 for those entities previously assessed as not controlled under prior standards. For example, trusts established by Hamilton City Council that support Hamilton City Council in achieving its objectives.
- Determining whether a joint arrangement is categorised as a joint venture or joint operation. Joint ventures must be accounted for using the equity method.
- Updating the “group” accounting policies and “group” related disclosures in the financial statements. PBE IPSAS 38 generally requires more disclosure about interests in other entities than the previous standards.
- Implementing changes to systems and processes that may be necessary to support changes in accounting practices.
- Keeping relevant parties informed, such as your auditor and audit committee.

The transition to this new standard may require significant judgement for some arrangements and maybe particularly time consuming for those entities with a large number of potentially controlled entities. It is important that management substantially complete its transition work on these new standards well in advance of 30 June 2020. We recommend that as part of this, management prepare pro-forma financial statements so that revised group-related disclosures can be agreed.

We encourage Hamilton City Council to share its transition plan and transition work with us early in the audit process so we can agree issues and adjustments in a timely manner.

7 Useful publications



Based on our knowledge of the City Council, we have included some publications that the Council and management may find useful.

Description	Where to find it
Model financial statements	
<p>Our model financial statements reflect best practice we have seen to improve financial reporting. This includes:</p> <ul style="list-style-type: none"> • significant accounting policies are alongside the notes to which they relate; • simplifying accounting policy language; • enhancing estimates and judgement disclosures; and • including colour, contents pages, and subheadings to assist the reader in navigating the financial statements. 	<p>On our website under publications and resources.</p> <p>Link: Model Financial Statements</p>
Client substantiation file	
<p>When you are fully prepared for an audit, it helps to minimise the disruption for your staff and make sure that we can complete the audit efficiently and effectively.</p> <p>We have put together a tool box called the Client Substantiation File to help you prepare the information you will need to provide to us so we can complete the audit work that needs to be done. This is essentially a tool box to help you collate documentation that the auditor will ask for.</p>	<p>On the OAG's website under publications and resources.</p> <p>Link: Client Substantiation File</p>

Description	Where to find it
Good practice	
<p>The OAG's website has been updated to make it easier to find good practice guidance. This includes resources on:</p> <ul style="list-style-type: none"> • audit committees; • conflicts of interest; • discouraging fraud; • good governance; and • service performance reporting. 	<p>On the OAG's website under good practice.</p> <p>Link: Good practice</p>
Post-implementation reviews	
<p>The OAG have recently completed a review of Auckland Council's post-implementation review process. While many aspects of the report are specific to Auckland Council, it documents the process that Auckland Council uses, and includes a post-implementation review checklist.</p>	<p>On the OAG's website under publications.</p> <p>Link: Post-implementation review process</p>
Reporting fraud	
<p>The OAG have released data from 2012-2018 on fraud in public entities. This includes how the fraud was detected, the type of fraud and the methods and reasons for the fraud. The graphs show the high-level sector, and this can be broken down further into sub-sectors by opening the spreadsheets available.</p>	<p>On the OAG's website under data.</p> <p>Link: Reporting Fraud</p>

Appendix 1: Status of previous recommendations

Open recommendations

Recommendation	First raised	Status
Necessary		
No organisational business continuity plan or IT disaster recovery plan		
We recommended that the City Council prioritise development and testing of Organisational Business Continuity and IT Disaster Recovery plans.	2015	<p>Organisational business continuity and pandemic plans have been developed and testing planned.</p> <p>The IT Disaster recovery plan is still in development.</p> <p>Management comment</p> <p><i>DR and BCP plans continue to be a work-in-progress and will be developed, enhanced and tested over the next 12 months.</i></p>
Manual processing of weekly timesheets		
<p>We recommended that the Council implement an online timesheet function for processing weekly timesheets. This will reduce the risk of timesheet information being entered incorrectly into the system and serve as an efficient way to process weekly pay runs.</p> <p>Alternatively, the responsibility for capturing weekly timesheets could be delegated to an individual within the various departments, and the payroll staff members could then just perform a review of the captured information.</p>	2019	Council continues to process weekly timesheets manually.

Recommendation	First raised	Status
Necessary		
Treatment of found assets		
We recommended that the City Council review its processes regarding found assets to ensure that they are recognised and valued in a timely manner. In addition, we recommend that processes be put in place to determine how assets were originally “lost”. This will ensure that subsequent accounting treatment of found assets within revenue or revaluation is correct.	2018	The City Council has discussed and decided on a process to be followed when found assets are identified. We will monitor this recommendation when we review any revaluations.

Implemented or closed recommendations

Recommendation	First raised	Priority	Status
Resource consents	2019	Urgent	We note that processes around documentation relating to the processing of resource consents has improved, and have closed this part of the recommendation. Refer to our comments in Section 4.2 above to review all consents processed in this financial year to ensure the dates recorded are accurate.
Management of Generic (shared) network login accounts	2017	Necessary	A full review and reduction of generic network login accounts has been done and approval for new generic network accounts is tightly controlled. Recommendation is closed.
Discount rate	2019	Necessary	The new methodology for calculating the provision has been used. Recommendation is closed.

Recommendation	First raised	Priority	Status
Property, plant and equipment – completeness of information in IPS	2017	Necessary	From our review of the parks and gardens revaluation, parks and gardens assets are maintained in either the Council's database or H3's database. Recommendation is closed.
Assets missed from the revaluation	2017	Necessary	From our review of the parks and gardens revaluation, all assets were revalued, except for those maintained in the H3's database, which were subject to a desktop valuation. Recommendation is closed.
Policy review improvements - Sensitive Expenditure	2019	Beneficial	From our review of the policy, the recommendations have been addressed. Recommendation is closed.

Recommendations to be followed up at the next audit visit

Recommendation	First raised
Building consents	2019
Road and traffic network asset revaluations ¹	2017
Improve data for water and wastewater treatment plants ² SCADA equipment not depreciated ³	2019
Mixed group consolidation adjustments	2019
Interest register	2019

¹ This recommendation will be followed up when the next road and traffic network asset revaluation is performed.

² This recommendation will be followed up when the next water and wastewater revaluation is performed.

³ This recommendation will be followed up when the next water and wastewater revaluation is performed.

Appendix 2: Disclosures

Area	Key messages
Our responsibilities in conducting the audit	<p>We carry out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the financial statements and performance information. This responsibility arises from section 15 of the Public Audit Act 2001.</p> <p>The audit of the financial statements does not relieve management or the Council of their responsibilities.</p> <p>Our audit engagement letter contains a detailed explanation of the respective responsibilities of the auditor and the Council.</p>
Auditing standards	<p>We carry out our audit in accordance with the Auditor-General's Auditing Standards. The audit cannot and should not be relied upon to detect every instance of misstatement, fraud, irregularity or inefficiency that are immaterial to your financial statements. The Council and management are responsible for implementing and maintaining systems of controls for detecting these matters.</p>
Auditor independence	<p>We are independent of the City Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): <i>Code of Ethics for Assurance Practitioners</i>, issued by New Zealand Auditing and Assurance Standards Board.</p>
Fees	<p>The audit fee for the year is \$233,450, as detailed in our Audit Proposal Letter.</p> <p>To date, other fees charged in the period are \$27,330 for additional audit assurance relating to Project Kookiri.</p>
Other relationships	<p>To date, we are not aware of any situations where a spouse or close relative of a staff member involved in the audit occupies a position with the City Council or its subsidiaries that is significant to the audit.</p> <p>We are not aware of any situations to date where a staff member of Audit New Zealand has accepted a position of employment with the City Council or its subsidiaries during or since the end of the financial year.</p>

AUDIT NEW ZEALAND

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Council Report

Item 12

Committee: Strategic Risk and Assurance Committee

Date: 03 September 2020

Author: Morva Kaye

Authoriser: David Bryant

Position: Internal Auditor

Position: General Manager Corporate

Report Name: Organisational Improvement Register as at 30 June 2020

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 Organisation Improvement Register as at 30 June 2020.

Staff Recommendation - *Tuutohu-aa-kaimahi*

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

Discussion - *Matapaki*

3. The Council's risk management programme includes the completion of external audits by Audit New Zealand, New Zealand Transport Agency (NZTA) and others and internal audits by PricewaterhouseCoopers (PwC) and an internal resource.
4. Actions and recommendations resulting from these audits are recorded and monitored through the Organisational Improvement Register.

Audit New Zealand

5. There are 10 recommendations outstanding in Audit New Zealand's interim management report for the year ended 30 June 2020.
6. Nine recommendations for improvement have a priority of 'necessary', and should be addressed at the earliest reasonable opportunity, generally within six months.
7. One recommendation for improvement has a priority of 'beneficial' and should be addressed within six to 12 months.
8. Recommendations are at various stages of being implemented or awaiting other actions e.g. revaluation of assets at a future date.

PwC Tax Compliance Review

9. The Tax Compliance Review was completed in December 2017.
10. Four outstanding recommendations are at various stages of being implemented.

Financial Considerations - *Whaiwhakaaro Puutea*

11. This is a regular operating activity funded through the current Annual Plan.

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

12. Staff confirm that this project complies with the Council's legal and policy requirements.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

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

Risks - *Tuuraru*

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

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

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

Item 13

Committee: Strategic Risk and Assurance Committee

Date: 03 September 2020

Author: Tracey Musty

Authoriser: David Bryant

Position: Financial Controller

Position: General Manager Corporate

Report Name: Draft Annual Report 2019/20

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

1. To provide the draft 2019/20 Annual Report to the Strategic Risk and Assurance Committee for review.

Staff Recommendation - *Tuutohu-aa-kaimahi*

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

Discussion - *Matapaki*

3. The Annual Report is a requirement under the Local Government Act 2002. The report has been prepared and is compliant with all applicable accounting standards.
4. The draft Annual Report 2019/20 will be provided to the Strategic Risk and Assurance Committee as a late attachment under separate cover on 31 August 2020.
5. Audit New Zealand has been onsite between 10 August 2020 and 28 August 2020. Any changes advised from Audit NZ has been captured in the draft Annual Report 2019/20.
6. The draft Annual Report 2019/20 will be reviewed at the morning workshop with the Strategic Risk and Assurance Audit.
7. The final version incorporating any changes will be circulated at the next Strategic Risk and Assurance Committee meeting.
8. Audit New Zealand will be providing a verbal clearance to the Committee that the 2019/20 Annual Report is compliant and fairly reflects Council's financial position for the year ended 30 June 2020 on 18 September 2020 as set out in their Audit Plan.

Attachments - *Ngaa taapirihanga*

There are no attachments for this report.

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 Public Excluded Strategic Risk and Assurance Committee Minutes - 23 June 2020) Good reason to withhold) information exists under) Section 7 Local Government) Official Information and) Meetings Act 1987)	Section 48(1)(a)
C2. Verbal update on any legal issues or risk		
C3. Fraud and Protected Disclosures Update		
C4. Cyber Risks/Issues - Verbal Report		

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

Item C1.	to 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	Section 7 (2) (g)
Item C3.	to protect information which is subject to an obligation of confidence and disclosure would likely prejudice continual supply of similar information where it is in the public interest for that information to continue to be available to protect information which is subject to an obligation of confidence where disclosure would likely damage the public interest	Section 7 (2) (c) (i) Section 7 (2) (c) (ii)
Item C4.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)