



Notice of Meeting:

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

Date: Thursday 28 March 2024
Time: 9:30 am
Meeting Room: Council Chamber and Audio-Visual Link
Venue: Municipal Building, Garden Place, Hamilton

Lance Vervoort
Chief Executive

Strategic Risk and Assurance Committee *Komiti Whakamauru Tuuraru* OPEN AGENDA

Membership

Chairperson Ms Keiran Horne
Heamana

Deputy Chairperson Mr Bruce Robertson
Heamana Tuarua

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

Quorum: Four members (including one external appointee)

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

Amy Viggers
Mana Whakahaere
Governance Lead

20 March 2024

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Purpose:

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

Terms of Reference:

Risk and Resilience

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

Internal Audit

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

External Audit

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

Statutory Reporting

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

Other Matters

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

The Committee is delegated the following recommendatory powers:

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

Special Notes:

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

Recommendatory Oversight of Policies and Bylaws:

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

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1 Apologies – *Tono aroha*

2 Confirmation of Agenda – *Whakatau raarangi take*

The Committee to confirm the agenda.

3 Declaration of Interest – *Tauaakii whaipanga*

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

Author: Charlotte Mitchell

Position: Graduate Governance Support

Report Name: Confirmation of the Strategic Risk and Assurance Committee Open Minutes - 7 December 2023

Date: 28 March 2024

Authoriser: Michelle Hawthorne

Position: Governance and Assurance Manager

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

Staff Recommendation - *Tuutohu-aa-kaimahi*

That the Strategic Risk and Assurance Committee confirm the Open Minutes of the Strategic Risk and Assurance Committee Meeting held on 7 December 2023 as a true and correct record.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Strategic Risk and Assurance Committee Unconfirmed Minutes - 7 December 2023 .

Attachment 1

Item 5

Strategic Risk and Assurance Committee 7 DECEMBER 2023 - OPEN



Strategic Risk and Assurance Committee
Te Komiti Rautaki tuuraru me te whakatuuturu
OPEN MINUTES

Minutes of a meeting of the Strategic Risk and Assurance Committee held in Council Chamber and via Audio-Visual link, Municipal Building, Garden Place, Hamilton on Thursday 7 December 2023 at 1.01pm.

PRESENT

Chairperson Ms Keiran Horne
Heamana
Members Mayor Paula Southgate
Cr Maxine van Oosten
Cr Kesh Naidoo-Rauf (via Audi-Visual Link)
Cr Ewan Wilson

In Attendance: Lance Vervoort – Chief Executive
David Bryant – General Manager Business Services
Andrew Parsons – General Manager Infrastructure and Assets
Blair Bowcott – General Manager Strategy, Growth and Planning
Dan Finn – People, Safety and Wellness Manager
Tracey Musty – Finance Director
Michelle Hawthorne – Governance & Assurance Manager
Julia Kofoed – Insurance Lead
Marie Snowball - Safety & Wellness Lead
Nicholas Whittaker – Senior Risk and Resilience Advisor
Greg Dearsly - Chair of the Safety Governance Committee
Bineeta Nand – Partner, KPMG
Murtaza Ali – Director, KPMG
Clarence Susan – Audit NZ
Matthew Wilson - AON

Governance Team Amy Viggers – Governance Lead
Arnold Andrews and Keryn Phillips – Governance Advisor

Chair opened the meeting with a Karakia

- 1. Apologies – *Tono aroha*
Resolved: (Cr Wilson/Cr van Oosten)
That the apologies for early departure from Cr Naidoo-Rauf and for full absence from Deputy Mayor O’Leary, Cr Donovan, Cr Tauariki and Mr Robertson are accepted
- 2. Confirmation of Agenda – *Whakatau raarangi take*
Resolved: (Ms Keiran/Cr Wilson)
That the agenda is confirmed.
- 3. Declarations of Interest – *Tauaakii whaipanga*
No members of the Council declared a Conflict of Interest.

Strategic Risk and Assurance Committee 7 DECEMBER 2023 - OPEN

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4. Public Forum – Aatea koorero

No members of public wished to speak.

5. Confirmation of the Strategic Risk and Assurance Committee Open Minutes - 28 September 2023**Resolved:** (Ms Kieran/Cr Wilson)

That the Strategic Risk and Assurance Committee confirm the Open Minutes of the Strategic Risk and Assurance Committee Meeting held on 28 September 2023 as a true and correct record.

6. Chief Executive Report

The Chief Executive spoke to the report, highlighting the central government's initiatives, future for Local Government and LTP related policies. He also touched on the 10 year plan and the media coverage on rate increases, balancing the books, risks associated with rates decision, future fit, support for staff and fire security. He responded to questions from Members in relation to de-escalation training for staff, golden clams, risks faced in the next phase of LTP, reduction in proposed budget, communication plan with public, risk appetite, staff preparedness for negative response from public, rate increase impact and public perception.

Resolved: (Ms Keiran/Cr Wilson)

That the Strategic Risk and Assurance Committee receives the report.

7. Safety and Wellbeing Report - 1 August 2023 to 31 October 2023

The People, Safety and Wellness Manager spoke to the report, highlighting ISO Accreditation, safety management system, safety system ORA and wellbeing of staff. He responded to questions from Members in relation to injuries reported in the current year.

Chair of the Safety Governance Committee spoke about the work the group has been doing and highlighted their purpose like due diligence obligations and strategic oversight. He touched on topics like risks, health and safety systems, risk profile of the organisation, major events, water world, resourcing, compliance, current political climate, wastewater treatment plants, hazardous activities and engagement with neuro-diverse people.

Resolved: (Cr Wilson/Mayor Southgate)

That the Strategic Risk and Assurance Committee:

- a) receives the report; and
- b) recommends that the Council receives the report.

8. Risk Management Report

The Senior Risk Advisor spoke to the report, highlighting golden clams, newly elected government, risk appetite statements. He responded to questions from Members in relation to Golden Clams, learnings from international experts, resourcing, risk profile, shared learnings and services, weather impacts on water supply, delay in a detailed work plan and risk appetite statement.

Resolved: (Cr Wilson/Cr van Oosten)

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

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Strategic Risk and Assurance Committee 7 DECEMBER 2023 - OPEN

report.

9. Internal Audit Update

The Finance Director and KPMG spoke to the report, highlighting the audit process undertaken. She responded to questions from Members in relation to internal audit, independent review

Staff Action: *Staff undertook to consider Ms Horne and Mr Robertson's feedback before the next meeting of the committee.*

Resolved: (Cr Wilson/Mayor Southgate)

That the Strategic Risk and Assurance Committee receives the report.

10. Organisational Improvement Report

The Finance Director took the report as read. She responded to questions from Members in relation to controls put in place to mitigate risk for the LTP process.

Resolved: (Ms Horne/Cr van Oosten)

That the Strategic Risk and Assurance Committee receives the report.

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11. Audit NZ Management Report 30 June 2023

The Finance Director and Audit NZ spoke to the report, highlighting the additional steps undertaken in the audit processes. They responded to questions from Members in relation to staff overtime, consistency in process, learnings from the process, LTP audit, Office of the Auditor-General (OAG) report, engagement letter, meeting deadlines before the next stage of the audit process, various approaches within local government,

Resolved: (Cr Wilson/Cr Thomson)

That the Strategic Risk and Assurance Committee receives the report.

Cr Naidoo-Rauf retired from the meeting (2:20pm) during the discussion on the above item. She was not present when the matter was voted on.

12. Annual Credit Rating Report - S&P Global Ratings

The Finance Director spoke to the report, highlighting the process undertaken for credit ratings, She responded to questions from Members

Resolved: (Ms Horne/Cr Wilson)

That the Strategic Risk and Assurance Committee receives the report.

13. Strategic Risk and Assurance Committee - Annual Self Review

The General Manager, Business Services and Chairperson took the report as read.

Resolved: (Cr Wilson/Cr van Oosten)

That the Strategic Risk and Assurance Committee

Strategic Risk and Assurance Committee 7 DECEMBER 2023 - OPEN

- a) receives the report;
- b) thanks Chair Keiran Horne and Deputy Chair Robertson for their work this year; and
- c) notes any areas for improvement or additional training for the Committee in 2024.

14. General Insurance Activity Update

The Insurance Lead and AON spoke to the report, highlighting pressures in the insurance market, increased premiums, increased value of assets. They responded to questions from Members in relation to challenges within the insurance market.

Resolved: (Cr Wilson/Cr Thomson)

That the Strategic Risk and Assurance Committee:

- a) receives the report; and
- b) notes the renewal of Council's general insurances.

15. Draft Work Programme – 2024

The Governance and Assurance Manager spoke to the report, highlighting the draft nature of the work programme. She responded to questions from Members in relation to timing delays during the LTP period.

Staff Action: *Staff undertook to add the following reports to the draft Work Plan:*

- *March – Final Audit Plan, BCP Management report, and updated schedule.*
- *June – Tax review.*

Resolved: (Ms Horne/Cr van Oosten)

That the Strategic Risk and Assurance Committee:

- a) receives the report;
- b) adopts the draft work programme for the Strategic Risk and Assurance Committee for 2024; and
- c) notes that a wider Schedule of Reports for the Strategic Risk and Assurance Committee, Council, and other Committees for 2024 will be updated and provided to the Strategic Risk and Assurance Committee in 2024.

16. Compliance Reporting Update

The Governance and Assurance Manager took the report as read.

Resolved: (Ms Horne/Cr Wilson)

That the Strategic Risk and Assurance Committee receives the report.

17. Resolution to Exclude the Public

Resolved : (Cr Wilson/Cr van Oosten)

Section 48, Local Government Official Information and Meetings Act 1987

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

The general subject of each matter to be considered while the public is excluded, the reason for

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Attachment 1

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Strategic Risk and Assurance Committee 7 DECEMBER 2023 - OPEN

passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows.

| General subject of each matter to be considered | Reasons for passing this resolution in relation to each matter | Ground(s) under section 48(1) for the passing of this resolution |
|--|--|--|
| C1. Confirmation of the Strategic Risk and Assurance Committee Public Excluded Minutes - 28 September 2023 |) Good reason to withhold) information exists under) Section 7 Local Government) Official Information and) Meetings Act 1987 | Section 48(1)(a) |
| C2. Organisational Improvement Register - Public Excluded | | |
| C3. Legal Risks - Committee Update | | |
| C4. SR4 Loss of Information or Access to Systems and Services | | |

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

| | | |
|----------|---|------------------------|
| Item C1. | to prevent the disclosure or use of official information for improper gain or improper advantage | Section 7 (2) (j) |
| Item C2. | to prevent the disclosure or use of official information for improper gain or improper advantage | Section 7 (2) (j) |
| Item C3. | to maintain legal professional privilege | Section 7 (2) (g) |
| | to enable Council to carry out commercial activities without disadvantage | Section 7 (2) (h) |
| | to enable Council to carry out negotiations | Section 7 (2) (i) |
| Item C4. | to protect information which is subject to an obligation of confidence where disclosure would likely damage the public interest | Section 7 (2) (c) (ii) |
| | to enable Council to carry out commercial activities without disadvantage | Section 7 (2) (h) |
| | to prevent the disclosure or use of official information for improper gain or improper advantage | Section 7 (2) (j) |

The meeting moved to public excluded session at 2:46pm.

The meeting closed at 3:44pm.

Council Report

Item 6

Committee: Strategic Risk and Assurance Committee

Author: Tracey Musty

Position: Finance Director

Date: 28 March 2024

Authoriser: David Bryant

Position: General Manager Business Services

Report Name: Annual Report 2023/2024 Planning and Accounting Technical Review

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

Purpose - Take

- 1. To inform the Strategic Risk and Assurance Committee on the plan and timetable for the 2023/2024 Annual Report and the Accounting Treatment Review.

Staff Recommendation - Tuutohu-aa-kaimahi

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

Executive Summary - Whakaraapopototanga matua

- 3. Staff are currently undertaking planning activities in relation to the 2023/2024 Annual Report.
- 4. Audit New Zealand will begin the interim audit for the Annual Report from 7 May 2024.
- 5. Key issues from the Accounting Treatment Review that staff would like to bring to the Committee’s attention are provided below:
- 6. The **landfill provision** is currently \$10 million based on the latest available discount rates. This will be updated on 30 June 2024.
- 7. The **Weathertightness provision** currently sits at \$0.6 million and is intended to cover our potential exposure. The **building defects provision** sits at \$1.8 million.
- 8. **Other provisions** relating to legal proceedings total \$1.8m.
- 9. **Contingencies** total \$60,000 in relation to legal proceedings. A further \$1.9 million of uncalled capital from New Zealand Local Government Funding Agency Ltd (NZLGFA) was identified.
- 10. No **impairments** have been identified during the financial year and staff will review this again as at 30 June 2024.
- 11. **Revaluations** of land and investment property will be completed by 30 June 2024.

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12. There are currently no significant changes in the following **accounting estimates and judgements**:
 - i. Estimates of the fair value of interest rates swaps;
 - ii. Estimates of the fair value of land, building and infrastructure assets;
 - iii. Estimating the fair value of investment property;
 - iv. Estimating the retirement gratuities obligations; and
 - v. Estimating the provision for uncollectable receivables.
13. There have been no changes to **accounting policies**.
14. Key accounting standards and their implications for the preparation of the 2023/2024 Annual Report and following periods have been identified.
15. Staff consider the matters in this report have low significance and that the recommendations comply with Council's legal requirements.

Discussion - Matapaki

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

Landfill provision

17. The landfill provision is based on the latest available discount rates (31 January 2024) and is currently \$10 million. This represents a decrease of \$1.5 million from last year. Rates currently vary from 4.41% to 5.25%.
18. Staff have used Treasury's Risk-free discount rates when calculating the landfill provision. The Treasury discount rates are next updated in June 2024. Staff will use the rates available at this date to complete the final provision calculation.

Weathertightness and building defects provision

19. Provision has been created for the potential liability of 3 claims that are outstanding with the Weathertight Homes Resolution Service or lodged via the court system.
20. They represent a mix of residential and commercial properties.
21. The value of the weathertightness provision is currently \$0.6 million and building defects provision is \$1.8 million. We are currently working with staff and advisors to assess, and if appropriate, update the provision by 30 June 2024.

Other provisions

22. There is a total of \$1.8 million in other provisions relating to legal proceedings.

Contingent liabilities

23. There was a total of \$60,000 of contingencies identified last year in relation to legal proceedings. There was also \$1.9 million of uncalled capital from New Zealand Local Government Funding Agency Ltd (NZLGFA).
24. Staff have not been made aware of any additional contingent liabilities.
25. As part of the year end process, legal confirmation letters are sent out to all lawyers that Council has received legal advice from.
26. These letters will provide staff with the details of any further contingent liabilities as at 30 June 2024 that may need to be provided for.

Judicial reviews

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

Impairments

28. No impairments have been identified during the financial year, but staff will review this as of 30 June 2024.

Asset revaluations

29. Land and Investment property revaluations will be completed as of 30 June 2024.

Significant accounting estimates and judgements

30. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:
- i. **Estimating the fair value of interest rate swap:** Council's interest rates swaps are independently valued by ETOS/Deloitte. The valuations are compared to the bank confirmations to ensure the valuations are reasonable.
 - ii. **Estimating the fair value of land, buildings, and infrastructure assets:** Land is being revalued this year. For those assets that were not revalued, staff have completed fair value assessment of all assets that are subject to revaluations. This assessment shows that the fair value of the assets is not significantly different to the current carrying value, so does not trigger a need to complete a revaluation.
 - iii. **Estimating the fair value of investment property:** Council's investment properties are valued by independent valuers Telfer Young.
 - iv. **Estimating the retirement gratuities obligations:** Staff perform a calculation to estimate the value of gratuities that will need to be paid if certain staff reach retirement.
 - v. **Estimating the landfill aftercare provision:** Staff use discount rates provided on the Treasury website.
 - vi. **Estimating the provision for uncollectable receivables:** Staff will estimate doubtful debts on parking debtors and sundry debtors as of 30 June 2024 based on historical impairment rates.

Changes in accounting policies

31. There are no identified changes in accounting policies for the year ending 30 June 2024.

Changes in accounting standards

32. We are aware of the following proposed changes in accounting standards that are not yet effective for the 30 June 2024 financial year:

Accounting Standards Exposure Drafts Released

33. Exposure Draft IPSAS 43 Leases has been released by the New Zealand Accounting Standards Board with the intention to align PBE standards with NZ IFRS 16. If adopted, this will require on balance sheet accounting for leases with right of use assets and lease liabilities recorded for leases. The proposed effective date will apply the standard to the financial statements for the year ending 30 June 2027. Lease information for the year ending 30 June 2026 will be required for the comparative period.

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34. This is not likely to have a significant impact on the Council financial reporting as the value of leases is not material. It is possible, although unlikely, that it would affect covenant levels for debt ratios however this should be reviewed with LGFA. Systems and processes to correctly record and account for the leases and staff training to correctly apply the standard will be required.

Disclosure of Fees for Audit Firms' Services (Amendments to PBE IPSAS 1)

35. Amendments change the required disclosures for fees relating to services provided by the audit or review provider, including a requirement to disaggregate the fees into specified categories. The amendments to PBE IPSAS 1 aim to address concerns about the quality and consistency of disclosures an entity provides about fees paid to its audit or review firm for different types of services. The enhanced disclosures are expected to improve the transparency and consistency of disclosures about fees paid to an entity's audit or review firm. This is effective for the year ended 30 June 2025. Council has not yet assessed in detail the impact of these amendments; however, we believe these amendments are not expected to have a significant impact.

Financial Considerations - *Whaiwhakaaro Puutea*

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

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

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

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

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

Risks - *Tuuraru*

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

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

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

Attachments - *Ngaa taapirihanga*

There are no attachments for this report. .

Item 6

Council Report

Committee: Strategic Risk and Assurance Committee
Date: 28 March 2024
Author: Tracey Musty
Authoriser: David Bryant
Position: Finance Director
Position: General Manager Business Services
Report Name: Internal Audit Update

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

Purpose - *Take*

1. To inform the Strategic Risk and Assurance Committee on the internal audit progress to March 2024.

Staff Recommendation - *Tuutohu-aa-kaimahi*

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

Executive Summary - *Whakaraapopototanga matua*

3. The 3-year Internal Audit Plan has been completed by KPMG covering FY2024 to FY2026 (**Attachment 1**).
4. The procurement maturity assessment has commenced and is in progress.

Discussion - *Matapaki*

5. Council's internal audit function incorporates engagements and actions from KPMG.
6. This report provides an update on progress by KPMG on the internal audit work stream.
7. Since the last report to this committee, there are two updates to note:
 - i. The 3-year Internal Audit Plan has been completed by KPMG covering FY2024 to FY2026 (Attachment 1). A summary of the key areas to be covered over the next 3 years include:

| Area of focus | 2024FY | 2025FY | 2026FY |
|---|--------|--------|--------|
| Procurement Maturity Assessment | ✓ | | |
| Fees and Charges (Building and Resource) | ✓ | | |
| Accounts Receivable and Debtor Management | ✓ | | |

| Area of focus | 2024FY | 2025FY | 2026FY |
|--|--------|--------|--------|
| Climate Change Maturity Assessment | | ✓ | |
| Future Fit and Simplification Programme Controls Impact Assessment | | ✓ | |
| Cybersecurity | | ✓ | |
| Development Contributions | | ✓ | |
| Health check – Portfolio/Project Governance and Management | | ✓ | |
| IT Governance | | | ✓ |
| Animal Control | | | ✓ |
| Asset Management | | | ✓ |
| Fraud Risk Management Maturity Assessment | | | ✓ |
| Business Continuity Management | | | ✓ |
| Development Contributions | | | ✓ |

ii. The procurement maturity assessment has commenced and is in progress.

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

Financial Considerations - *Whaiwhakaaro Puutea*

9. The internal audit programme is a regular operating activity funded through the current Annual Plan.

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

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

Climate Change Impact Statement

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

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

12. 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').
13. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report.

Item 7

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

Risks - *Tuuraru*

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

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

Significance

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

Engagement

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

Attachments - *Ngaa taapirihanga*


Attachment 1 - KPMG Internal Audit Plan 2024FY to 2026FY .

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**Internal Audit Plan for
FY 2024
and indicative coverage for
FY2025-2026**

Hamilton City Council
March 2024




Item 7


Attachment 1

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Content

| | |
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| 01 | Executive Summary |
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| 03 | Sector trends and key HCC messages/themes |
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| 05 | Rationale and indicative scope for the reviews prioritised for FY2024 and FY2025 |
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Executive Summary

Introduction

This document presents the final Internal Audit Plan for Hamilton City Council (Council) for FY2024 and indicative Internal Audit coverage for FY2025 and FY2026.

The Strategic Risk and Assurance Committee (SRAC) of the Council approved a draft Internal Audit plan for FY2024 in the SRAC meeting held on 20th November 2023 on the basis that a final Internal Audit Plan for FY2024 and indicative Internal Audit coverage for FY2025 and FY2026 will be presented in the March SRAC meeting after one on one discussions have been completed with the Executive Leadership Team (ELT).

Constructive discussions were held with the ELT to gather their perspectives and insights, which were thoughtfully incorporated in determining Internal Audit coverage. The document outlines the following in detail:

1. Approach to developing the Internal Audit plan
2. Key focus areas of the Council and the macro trends impacting local Councils
3. Internal Audit Plan for FY2024 and proposed future in FY2025 and FY2026.
4. Rationale for selecting the Internal Audit areas and indicative scope
5. Internal Audit coverage by Key Strategic and Organisational Risks (KSOR).

Role of Internal Audit

Council has an Internal Audit partnership arrangement with KPMG with the following objectives and goals:

- Provide the Council and Management independent assurance/comfort that key risks to the business are managed/mitigated in line with the risk appetite set by the Council and Management.
- Provide the SRAC and Management assurance on the effectiveness of controls.
- Support Management in achieving its strategic objectives, managing risks, monitoring compliance with policies, procedures and regulatory requirements, improving the efficiency and effectiveness of processes and controls.

Review and Approval

Despite this structured view, risks and priorities can change during the year due to business changes, emerging risks, or risk events, and the plan has a degree of flexibility to respond to this. Should this occur during the year, alternative projects will be considered and agreed upon with the ELT and the SRAC. The Internal Audit plan will also be reviewed on an annual basis to ensure it remains relevant.

The current plan continues to build on Council's enhanced assurance model and ensures:

- Internal Audit that continues to provide strong oversight of financial and related information technology controls whilst also focussing on key business risks, core business processes, and the linkage to strategy;
- Access to a broad skill set and specialist knowledge complemented by strong business understanding; and
- Continued strong collaboration with other assurance providers.

The SRAC is requested to review and approve the Internal Audit plan for FY2024 and future coverage for FY2025 and FY 2026.

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Approach to developing the Internal Audit Plan


The Internal Audit Plan has been prepared based on the following planning steps:




Strategy and Risk Landscape



Integration of Assurance Activities



Plan Validation




Internal Audit Plan

| | | | |
|---------------------|---|---|---|
| <p>Strategy</p> | <p>Business Processes</p> | <p>Executive Leadership Team Input</p> | <p>FY2024 & future coverage (FY 2025 & FY 2026)</p> |
| <p>Macro trends</p> | <p>Historical Internal Audit Coverage</p> | <p>Key areas of focus for the Council</p> | |
| <p>Risk Profile</p> | | <p>Sector trends</p> | |

We have developed a thorough Internal Audit plan for the Council for FY2024 and also provided an indicative view of future coverage in FY2025 & FY2026. To effectively identify, prioritise, and time our Internal Audits, we considered several factors including the following:

- Giving higher priority to processes undergoing significant changes or associated with heightened risks, providing timely assurance and support during transitional periods.
- Implementing cyclical coverage of core business processes every two years, providing regular assurance and identifying areas for improvement.
- Scheduling reviews to provide assurance on enduring processes, promptly address design issues, and minimise operational disruption.
- Prioritising reviews that ensure regulatory compliance and foster a strong compliance culture within the organisation.
- Considering the inherent and residual risk profiles of processes to determine appropriate assurance coverage.
- Addressing areas where Management and the SRAC seek value add and assurance on the effectiveness of internal controls in key business processes and strategic initiatives.
- Providing continuous assurance at critical milestones of modernisation and system refresh projects to keep the Board, SRAC, and Management well-informed.



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Sector trends and HCC key messages/themes

We have outlined below the eight macro trends that are influencing Councils and the key common /messages/themes we heard consistently from the ELT and other key stakeholders during the Internal Audit planning process. These form the underlying basis of the Internal Audit Plan.

| MACRO TRENDS | | KEY MESSAGES/ THEMES | |
|--|--|--|--|
| AGEING POPULATION Increasing demands for senior services. | INCREASING URBANISATION Increasing population density creates infrastructure challenges. |  Cost Optimisation Efficient utilisation of resources to achieve cost savings. |  Financial Stability Ensuring financial sustainability of the Council |
| DISRUPTIVE TECHNOLOGY AND COMMUNITY EXPECTATIONS Rapid technological advancements and changing expectations. | SUSTAINABILITY Long-term funding and environmental concerns. |  Simplification Streamlining systems and operations to enhance efficiency |  Digital Transformation Enhancing capabilities, ensuring compliance. |
| INCREASED PUBLIC PARTICIPATION Growing demand for public participation in decision-making. | BUDGET CONSTRAINT Managing budget constraints in local government operations. |  Project Prioritisation Delivering the most important projects for the community. |  Strategic Procurement Efficient, streamlined spend management. |
| POPULATION GROWTH Managing infrastructure challenges due to population growth. | COMMUNITY RESILIENCE Promoting community resilience in local government operations. | | |

Source

- Technology One, (n.d.). Macro trends driving transformation in local government (2024)
- Affairs, T.D. of I. (2021). Local Government Policy.

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Summary view - Internal Audit Plan for FY2024 and indicative coverage for FY2025 and FY2026

| | Reviews | Key Strategic and Organisational Risk | Key Strategic Objectives |
|------|--|---|---|
| 2024 | <ul style="list-style-type: none"> Procurement Maturity Assessment Fees and Charges (Building and Resource) Accounts Receivable and Debtor Management | <ul style="list-style-type: none"> Significant impact on financial strategy | <ul style="list-style-type: none"> We are financially sustainable. We are customer centric. We are financially sustainable. |
| 2025 | <ul style="list-style-type: none"> Climate Change Maturity Assessment Future Fit and Simplification Programme Controls Impact Assessment Cybersecurity Health check - Portfolio/ Project Governance and Management | <ul style="list-style-type: none"> Failure to respond to climate change Failure to deliver our work programmes Loss of information or access to systems and services Failure to deliver our work programmes | <ul style="list-style-type: none"> Our Te Tiriti o Waitangi responsibilities are embedded in the way we work We have fit for purpose systems and processes We have fit for purpose systems and processes We prioritise and deliver the things that matter most to the community |

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Summary view - Internal Audit Plan for FY2024 and indicative coverage for FY2025 and FY2026 (cont'd)

| | Reviews | Key Strategic and Organisational Risk | Key Strategic Objectives |
|------|---|---|---|
| 2026 | ▪ IT Governance | ▪ Loss of information or access to systems and services | ▪ We have fit for purpose systems and processes |
| | ▪ Animal Control | ▪ Failure to provide a safe environment for the community | ▪ Our Te Tiriti o Waitangi responsibilities are embedded in the way we work. |
| | ▪ Asset Management | ▪ Failure of critical assets | ▪ We are financially sustainable |
| | ▪ Fraud Risk Management Maturity Assessment | ▪ Significant impact on financial strategy | ▪ We are financially sustainable |
| | ▪ Business Continuity Management | ▪ Significant impact on financial strategy ▪ Failure to respond to a crisis or emergency | ▪ We are financially sustainable |
| | ▪ Development Contributions | ▪ Significant impact on financial strategy | ▪ We are customer centric |

Attachment 1

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Rationale and indicative scope for the reviews prioritised for FY2024 and FY2025

| YEAR | Internal Audit | Link to KSOR | Inherent Risk Level | Residual Risk Level | RATIONALE | INDICATIVE SCOPE |
|--------|---|--|---------------------|---------------------|--|--|
| FY2024 | Procurement Maturity Assessment | Significant impact on financial strategy | Very High | Medium | Review in progress | The primary objective of this review is to assess Council's internal procurement structure with the aim to flag risk and improvement areas that will enable Council to enhance its functional support and achieve its key priorities and values. Through a thorough evaluation of the current state, including the organisational overview, procurement touchpoints, roles, mandates, and associated risks, we aim to uncover potential risks of non-compliance and value leakage from sub-optimal purchasing practices. |
| FY2024 | Fees and Charges (Building and Resource) | Significant impact on financial strategy | Very High | Medium | Scoping in progress | The review will provide assurance on the control environment by assessing the adequacy and effectiveness of controls and oversight within the council's fee charging (Building and Resource) processes. This will aim to identify any inefficiencies that may produce shortcomings impacting the council's revenue and cash flow. And provide recommendations for improvement where gaps and opportunities exist. |
| FY2024 | Accounts Receivable and Debtor Management | Significant impact on financial strategy | Very High | Medium | With the risk of major economic or financial shock events, having strong controls over accounts receivable is crucial and helps the achievement of Council's overall financial strategy. The review will also provide comfort on the effectiveness of the risk mitigation controls to mitigating the impact of economic shocks which is one of the KER's of the Council. | The review will assess controls and processes related to the Council's management of accounts receivable. This includes evaluating collection procedures, credit risk assessment, and credit control policies. It will also examine the accuracy of records, reconciliation with the general ledger, and monitoring of overdue accounts. The goal of the review is to identify weaknesses and provide recommendations for improvement. |

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Rationale and indicative scope for the reviews prioritised for FY2024 and FY2025 (Contd)

| YEAR | Internal Audit | Link to KSOR | Inherent Risk Level | Residual Risk Level | RATIONALE | INDICATIVE SCOPE |
|--------|--|---|---------------------|---------------------|--|---|
| FY2025 | Climate Change Maturity Assessment | Failure to respond to climate change | Very High | Very High | As no reviews have been conducted in the last three years, it is important to assess the Council's maturity in responding to climate change. This review will identify any gaps in planning and preparedness, reducing the high-level enterprise risk of failure to respond to climate change and its negative impact on community wellbeing. | Evaluate the Council's current approach to climate change adaptation and mitigation, assess the effectiveness of existing strategies and initiatives, and identify gaps in preparedness for climate change impacts. Provide recommendations for enhancing the Council's climate change maturity, thereby mitigating risks to the community's well-being and the long-term sustainability of the Council's operations |
| FY2025 | Future Fit and Simplification Programme Controls Impact Assessment | Failure to deliver our work programmes | Extreme | Very High | Organisational changes involving the processes, systems, and structures from the recent Future Fit and Simplification programme warrant careful planning to guarantee the preservation of the internal control environment. Without due consideration, the Council is vulnerable to risks that may be beyond its risk appetite and tolerance levels to service levels. It is timely to assess the potential impact of the council's recent implementation of the Future Fit and Simplification programme on the control environment. This assessment will help in identifying possible risks and control gaps. | This review will assess Council's approach to risk and control assessment in implementing the Future Fit and Simplification programme to ensure no gaps in service delivery and the continuity of key controls to manage and mitigate key risks in the respective business units and processes. The impact of the Future Fit and Simplification programme on key controls will be analysed, and recommendations for improvement will be provided. |
| FY2025 | Cybersecurity | Loss of information or access to systems and services | Very High | High | Considering the increasing significance of cybersecurity in the current digital landscape, it is essential to prioritise the review of the Council's cybersecurity measures. This review aims to identify vulnerabilities, assess the effectiveness of risk mitigation strategies, and reduce the high-level enterprise risk of potential loss of information or unauthorised access to systems and services, which can have severe consequences on the Council's operations and reputation. | Evaluate the effectiveness of the Council's cybersecurity measures, assess the adequacy of controls and safeguards in place to protect information and systems, identify vulnerabilities and potential threats, and provide recommendations for enhancing cybersecurity practises to mitigate the risk of data breaches and non-compliance. |

Attachment 1

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Rationale and indicative scope for the reviews prioritised for FY2024 and FY2025 (Contd)

| YEAR | Internal Audit | Link to KSOR | Inherent Risk Level | Residual Risk Level | RATIONALE | INDICATIVE SCOPE |
|--------|--|--|---------------------|---------------------|---|--|
| FY2025 | Health check - Portfolio/Project Governance and Management | Failure to deliver our work programmes | Extreme | Very High | This area has not had Internal Audit coverage in the last three years. There are significant projects on the go and in the pipeline. A review over this area is critical. However, Management has advised that recognising that this area needed a lot of revamping. It is expected that the recommendations from this review would be mostly implemented in FY2025 which will be timely for Internal Audit to undertake a health check to ensure that the improvements made are effective to mitigate the KER of failure to deliver work programmes. | Conduct a health check of the implemented recommendations from the revamping of the portfolio/project governance, ensuring their effectiveness in mitigating risks and optimising project outcomes. Evaluate the alignment of governance and management practises with best practises and project management standards. Identify areas for improvement and provide recommendations to enhance portfolio/project governance, thus mitigating operational and strategic risks and optimising project outcomes. |

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Internal Audit Coverage by key strategic and organisational risk / core processes

| Key Enterprise Risk | Inherent Risk Level | Residual Risk Level | Historical coverage (FY2021 to FY2023) | Proposed coverage | | |
|--|---------------------|---------------------|--|--|--------|--|
| | | | | FY2024 | FY2025 | FY2026 |
| Failure to respond to a disaster: A lack of preparedness leads to a failure to respond or an ineffective response to a natural or human induced disaster event resulting in compromised community resilience. | Very High | Very High | <ul style="list-style-type: none"> Business Continuity Management (FY2022) | | | <ul style="list-style-type: none"> Business Continuity Management |
| Significant impact on financial strategy: A major economic or financial shock event negatively impacts Council's financial strategy, fiscal and monetary position resulting in significant financial pressure on Council. | Very High | Medium | | <ul style="list-style-type: none"> Procurement Maturity Assessment Fees and Charges (Building and Resource) Accounts Receivable and Debtor Management | | <ul style="list-style-type: none"> Fraud Risk Management Maturity Assessment Development Contributions |
| Failure to meet compliance standards: Compliance requirements from central government and regional Council or changes in community expectations leads to a failure to meet compliance standards resulting in increase exposure to litigation. | High | High | <ul style="list-style-type: none"> Sensitive Expenditure (FY2021) Tax Risk Governance Framework (FY2023) GST and FBT Compliance Evaluation (FY2023) | | | |

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Internal Audit Coverage by key strategic and organisational risk / core processes (cont'd)

| Key Enterprise Risk | Inherent Risk Level | Residual Risk Level | Historical coverage (FY2021 to FY2023) | Proposed coverage | | |
|--|---------------------|---------------------|---|-------------------|---|---|
| | | | | FY2024 | FY2025 | FY2026 |
| Loss of information or access to systems and services: In the event of a cyber attack, IT service or technology asset failure there is a risk that confidential information and/ or Council services are compromised or fail and / or there is a loss of information resulting in ongoing reputational, legal and financial consequences. | Very High | High | <ul style="list-style-type: none"> Cybersecurity Review (FY2022) | | <ul style="list-style-type: none"> Cybersecurity | <ul style="list-style-type: none"> IT Governance |
| Failure to deliver growth outcomes: Step-changes in growth requirements or demand or consequences of growth means Council can't deliver expected growth outcomes resulting in increased costs and the perception that growth delivers negative outcomes for the community | Very High | High | <ul style="list-style-type: none"> IBIS Project Assessment (FY2021) Business case preparation and benefits realisation (FY2021) | | | |
| Political changes negatively impact strategic direction: Political stakeholders make unanticipated changes or decisions or take actions that negatively impact Council's strategic direction resulting in significant changes to Council's form or function, resourcing and work programme. | Very High | Very High | | | | |



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Internal Audit Coverage by key strategic and organisational risk / core processes (cont'd)

| Key Enterprise Risk | Inherent Risk Level | Residual Risk Level | Historical coverage (FY2021 to FY2023) | Proposed coverage | | |
|--|---------------------|---------------------|---|-------------------|---|--|
| | | | | FY2024 | FY2025 | FY2026 |
| Failure to deliver our work programmes: An ongoing shortage of necessary resources (people and materials) means we are unable to deliver our work programmes resulting in constrained growth and negative long-term outcomes for the community. | Extreme | Very High | <ul style="list-style-type: none"> Business case preparation and benefits realisation (FY2021) Contract KPIs (FY2022) Contract register - management and reporting issues (FY2022) | | <ul style="list-style-type: none"> Future Fit and Simplification Programme Controls Impact Assessment Health check - Portfolio/ Project Governance and Management | |
| Failure to respond to a crisis or emergency: A lack of Council's preparedness leads to a failure to respond or an ineffective response to a crisis (e.g., pandemic) or emergency (e.g. security attack) resulting in compromised business resilience. | Very High | Very High | <ul style="list-style-type: none"> Business Continuity Management (FY2022) | | | <ul style="list-style-type: none"> Business Continuity Management |
| Failure to respond to climate change: Climate change causes changes to our community and City we have not anticipated or planned for which will negatively impact on the wellbeing of our community. | Very High | Very High | | | <ul style="list-style-type: none"> Climate Change Maturity Assessment | |



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Internal Audit Coverage by key strategic and organisational risk / core processes (cont'd)

| Key Enterprise Risk | Inherent Risk Level | Residual Risk Level | Historical coverage (FY2021 to FY2023) | Proposed coverage | | |
|---|---------------------|---------------------|---|-------------------|------------------|--------|
| | | | | FY2024 | FY2025 | FY2026 |
| Failure to provide a safe and healthy work environment: Ineffective or inadequate health, safety and wellbeing management at our work sites leads to a failure to provide a safe and healthy work environment for Council staff or workers (inc. contracted or volunteer workers) resulting in a serious injury incident or fatality and increased exposure to litigation | Extreme | High | <ul style="list-style-type: none"> Contracts – Health & Safety Audits (FY2022) | | | |
| Failure to provide a safe environment for the community: Ineffective or inadequate safety and security management at our community attractions and facilities might mean we fail to provide and maintain a safe environment for the community resulting in a serious injury incident or fatality and increased exposure to litigation. | Very High | High | <ul style="list-style-type: none"> Property Management (FY2021) Contracts – Health & Safety Audits (FY2022) | | Animal control | |
| Failure of critical assets: Incorrect investment (timing and/or amounts) results in the unexpected failure of critical assets (loss of levels of service). | Very High | Very High | <ul style="list-style-type: none"> Leased Property Acquisition (FY2021) Capitalisation of Assets (FY2022) Strategic Property Unit (FY2022) | | Asset Management | |


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Item 8

Council Report

Committee: Strategic Risk and Assurance Committee **Date:** 28 March 2024

Author: Tracey Musty **Authoriser:** David Bryant

Position: Finance Director **Position:** General Manager Business Services

Report Name: Audit New Zealand Update

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

Purpose - *Take*

1. To inform the Strategic Risk and Assurance Committee on Audit New Zealand audit progress since the last committee meeting and provide the final Audit Engagement Letter that covers the audit of the 2024-34 Long Term Plan (LTP).

Staff Recommendation - *Tuutohu-aa-kaimahi*

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

Executive Summary - *Whakaraapopototanga matua*

2024-34 Long Term Plan

3. The final Audit Engagement letter has been provided and covers the audit of the 2024-34 Long Term Plan (**Attachment 1**).
4. The audit timing for this piece of work will be from 6 May 2024 to 27 June 2024. The audit fee is \$162,400.

2023-24 Annual Report

5. The Audit Plan for the 2023-24 Annual Report audit will be presented at the June 2024 Committee meeting.
6. Audit New Zealand will be onsite to commence the interim audit of the 2023-24 Annual Report on 6 May 2024.

Discussion - *Matapaki***2024-34 10 Year Plan**

7. The Audit Engagement letter covers the audit of the 2024-34 Long Term Plan (**Attachment 1**). The key areas of audit emphasis outlined in the document includes:
 - a. Council's Financial strategy and Infrastructure Strategy
 - b. Assumptions
 - c. Quality of asset-related forecasting information
 - d. National Policy Statement on Urban Development 2020
8. The proposed timing of the 2024-34 Long Term Plan audit is:

| | |
|--|--------------|
| Third audit visit (on site – 2 weeks) | 6 May 2024 |
| Proposed LTP (before final deliberation meeting) | 22 May 2024 |
| Final audit - review of LTP (on site – 3 weeks) | 27 May 2024 |
| Final LTP (after final deliberation meeting) | 31 May 2024 |
| Hot review date | TBC |
| Audit report on adopted LTP required | 27 June 2024 |
| Draft report to governors on LTP engagement issued | 12 July 2024 |
9. The audit fee for this piece of work is \$162,400 (excluding GST and disbursements).
10. This proposed fee is an increase of \$28,200 (21%) compared to the 2021 agreed fee.
11. At the Council meeting on 14 December 2023, the responsibility for approving and signing the Audit Engagement letter for the Long-Term Plan was delegated to that the Chief Executive and Mayor.
12. Audit New Zealand have been onsite conducting the audit of the 2024-34 Long-Term Plan. The audit team were reviewing the consultation document in February 2024. A verbal update of the process and any issues will be provided at the meeting by representatives from Audit New Zealand.

2023-24 Annual Report

13. The Audit Plan for the 2023-24 Annual Report audit will be presented at the June 2024 Committee meeting.
14. Audit New Zealand will be onsite to commence the interim audit of the 2023-24 Annual Report on 6 May 2024.

Financial Considerations - *Whaiwhakaaro Puutea*

15. The cost of this engagement is funded through the Long-Term Plan.

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

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

Wellbeing Considerations - *Whaiwhakaaro-aa-orange tonutanga*

17. 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').

Item 8

18. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report.

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

Risks - *Tuuraru*

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

Significance and Engagement Policy

Significance

21. Having considered the Significance and Engagement Policy, staff have assessed that the matter in this report is of low significance.

Engagement

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

Attachments

Attachment 1 - Audit New Zealand: Audit Engagement Letter of the long term plan 2024-34 .



AUDIT NEW ZEALAND
Mana Arotake Aotearoa

8 March 2024

Level 4, 127 Alexandra Street
PO Box 256, Hamilton 3240

Paula Southgate
Mayor
Hamilton City Council
Private Bag 3010
Waikato Mail Centre
Hamilton 3240

Dear Paula

Audit engagement letter: audit of the long-term plan for the period commencing 1 July 2024

This audit engagement letter is sent to you on behalf of the Auditor-General, who is the auditor of all “public entities”, including Hamilton City Council (the Council), under section 14 of the Public Audit Act 2001. The Auditor-General has appointed me, Clarence Susan, using the staff and resources of Audit New Zealand, under sections 32 and 33 of the Public Audit Act 2001, to carry out the audit of the Council’s long-term plan (LTP).

This letter outlines:

- the terms of the audit engagement and the respective responsibilities of the Council and me as the Appointed Auditor;
- the audit scope and objectives;
- the approach taken to complete the audit;
- the areas of audit emphasis;
- the audit logistics; and
- the professional fees.

1 Specific responsibilities of the Council for preparing the consultation document and the long-term plan

Our audit will be carried out on the basis that the Council acknowledges that it has responsibility for preparing the consultation document and LTP, by applying the Council’s own assumptions, in accordance with the Local Government Act 2002 (the Act) (in particular, the requirements of Part 6 and Schedule 10) and in accordance with generally accepted accounting practice in New Zealand. We assume that elected members are familiar with those responsibilities and, where necessary, have obtained advice about them.

Attachment 1

The Council has chosen not to have its 2024 consultation document audited.¹ For clarity, we note the following statutory responsibilities as set out in the Act:

- section 93 of the Act requires the Council to have an LTP at all times, and Part 1 of Schedule 10 prescribes the information that must be included in the LTP;
- section 111 requires all information that is required to be included in the LTP to be prepared in accordance with applicable generally accepted accounting practice;
- section 83 (with reference to section 93A) sets out the special consultative procedure that the Council is required to follow to adopt the consultation document and LTP; and
- section 94 requires an audit report on the LTP.

Given Council has elected not to have its consultation document audited, we will not be providing any assurance to Council as to whether the consultation document achieves its purpose in accordance with Section 93B of the Local Government Act 2002. Council is responsible for satisfying itself the consultation document achieves its purpose in accordance with Section 93B of the Local Government Act 2002.

Please note that the audit of the LTP does not relieve the Council of any of its responsibilities.

Other general terms are set out in the relevant sections of this letter and Appendix 1.

Item 8

2 Our audit scope

The Act requires us to provide a report on:

- whether the LTP gives effect to the purpose in section 93(6); and
- the quality of the information and assumptions underlying the forecast information provided in the LTP.

We expect our work to assess the quality of underlying information and assumptions to be a single, continuous process during the entire LTP preparation period including the consultation document stage.

Our focus for the first limb of the LTP audit report will be to assess whether the LTP meets its statutory purposes.

Our focus for the second limb will be to obtain evidence about the quality of the information and assumptions underlying the information contained in the LTP. How we obtain this information depends on our judgement, including our assessment of the risks of material misstatement of the information and assumptions underlying the information contained in the LTP, whether because of fraud or error.

¹ Section 93C(4) of the Act requires an auditor's report on the consultation document. However, clause 45 of Schedule 1AA of the Act (inserted by the Water Services Acts Repeal Act 2024) provides that, despite section 93C(4), the consultation document for the 2024-2034 LTP of a territorial authority (except the Chatham Islands Council) or the Wellington Regional Council need not contain an auditor's report.

Our audit report does not:

- provide a guarantee of absolute accuracy of the information in the LTP;
- provide a guarantee that the Council has complied with all relevant legal obligations;
- express an opinion on the merits of any policy content; or
- include an opinion on whether the forecasts will be achieved.

3 Our approach to this audit

3.1 The content of the consultation document

While we will not be issuing an audit opinion on the Consultation Document, we will still need to form a view about the major matters that Council consulted on in their Consultation Document, as this will inform our audit opinion on whether the LTP meets its purpose in accordance with Section 93(6) of the Local Government Act 2002. Further, the audit of the assumptions, underlying information, financial model, performance framework, infrastructure strategy, and financial strategy should ideally take place at the time the Council is producing its Consultation Document. Delaying this work increases the risk of audit issues arising that are unable to be resolved before Council adopts its LTP.

3.2 Adopting and auditing the underlying information

Before adopting the consultation document, section 93G of the Act requires the Council to prepare and adopt the information that:

- is relied on by the content of the consultation document;
- is necessary to enable the Auditor-General to issue an audit report under section 93C(4); and
- provides the basis for the preparation of the LTP.

We note that the requirements in the first and third bullet points above continue to apply despite the consultation document not being audited.

We consider that local authorities will need to have thought comprehensively about how best to meet the requirements of the Act. Consistent with the guidance of Taituarā, Local Government Professionals Aotearoa, our view is that core building blocks of an LTP will be needed to support an effective consultation document. This will include, but not be limited to, draft financial and infrastructure strategies and the information that underlies them, including asset management information, assumptions, defined levels of service, funding and financial policies, and a complete set of financial forecasts.

From a practical perspective, it will be important that the Council is well advanced with the preparation of the full LTP when it issues the consultation document. Otherwise, you may find it difficult to complete the work and adopt the full LTP before the statutory deadline.

The same is true for the audit work. The more audit work that can be completed at the first stage of the process, the less pressure there will be on you and the audit team at the end of the process.

3.3 Control environment

The Council is responsible for establishing and maintaining accounting and internal control systems (appropriate to the size of the Council), supported by written policies and procedures, designed to prepare the consultation document and LTP, and to provide reasonable quality information and assumptions underlying the information contained in these documents.

Our approach to the audit will be to identify, confirm, and assess the Council's key processes and controls over the underlying information and the production of the LTP. The purpose of this assessment is to enable us to plan the most effective and efficient approach to the work needed to provide our audit report. Our assessment is not for the purpose of expressing an opinion on the effectiveness of the Council's internal controls.

We will carry out a review of the control environment to help us understand the approach taken to develop the LTP, develop expectations of what should be included in the LTP, and identify areas of potential audit risk. This will involve discussions with elected representatives and selected staff throughout the Council, review of publicly available information about the Council, updating our knowledge of Council issues developed during recent years, and a review of Council minutes since the last audit review.

Our review of your self-assessment response (see below) and key controls relating to the underlying information and development of the LTP is useful to our initial assessment of audit risk and so the nature and extent of our overall audit work.

3.4 Project management, reporting deadlines, and audit progress

The development of the consultation document and LTP is a significant and complex project, and a comprehensive project plan is required for a successful LTP process. It is also essential that there is commitment throughout the organisation for the project, starting with the elected representatives. The involvement of senior management and elected representatives is important in deciding what to include in the consultation document.

The LTP has complex and inter-related information needs and draws together plans, policies, decisions, and information from throughout the Council and its community. We recognise that the Council will be doing its LTP preparation over an extended period. A more efficient and cost-effective audit can be achieved when audit work and feedback is provided in "real time" or on an "auditing as you go" basis as the underlying information is developed.

Consequently, we will discuss with you and your staff the Council's approach to preparing and completing the LTP. We expect that the Council is approaching its preparation on a project basis and recognise that our audit work should "shadow" that project timetable.

The success of this “auditing as you go” approach will depend on the Council’s project management of the overall LTP process, which should include time for audit work at appropriate points in the process.

3.5 Self-assessment

The self-assessment required you to reflect on your most significant issues and risks, governance of the LTP project, and the systems and processes you have in place (particularly to meet the purposes in the Act for the consultation document and the LTP), asset management, performance management and reporting, and financial management.

To assist our audit planning and risk assessment process, we have reviewed the self-assessment you completed and returned to us on 12 December 2023.

4 Our particular areas of audit emphasis

4.1 Financial strategy and infrastructure strategy

The Act requires a local authority to prepare two key strategies as part of the LTP: the financial strategy and the infrastructure strategy.

The purpose of the financial strategy is to:

- facilitate prudent financial management by the local authority by providing a guide for the local authority to consider proposals for funding and expenditure against; and
- provide a context for consultation on the local authority’s proposals for funding and expenditure by making transparent the overall effects of those proposals on the local authority’s services, rates, debt, and investments.

The purpose of the infrastructure strategy is to:

- identify significant infrastructure issues for the local authority during the period covered by the strategy; and
- identify the principal options for managing those issues and the implications of those options.

For the two strategies to be effective, they must be closely aligned. Section 101B(5) allows for them to be combined into a single document.

Although the Act clearly sets the minimum requirements for these strategies, it does not define the only things that can be in a strategy. A good strategy should include what is needed to be a good quality strategic planning document. In the case of the infrastructure strategy, the principles of ISO 55000 should be considered, particularly where the Council is seeking to prepare a best practice strategy.

Attachment 1

Our focus when reviewing both strategies is to assess whether the Council has met the purpose outlined in the Act and presented the strategies in a coherent and easily readable manner. Specifically, we will:

- confirm that the two strategies are appropriately aligned;
- understand the effect of the financial forecasts included in the infrastructure strategy on the prudence of the financial strategy; and
- assess the reasonableness of the prepared forecasts by:
 - understanding how the Council has applied the effect of its assumptions (for example, allowing for changing demographics, the implications of the changing climate, the condition and performance of critical assets) and levels of service on expenditure decisions and outlined the implications of these decisions in the strategies;
 - reviewing the Council's relationship between its renewal capital expenditure and depreciation expenditure forecasts; and
 - checking that the infrastructure strategy is appropriately inflated.

The Council's financial modelling is a significant component of the underlying information that supports both the financial strategy and infrastructure strategy. We will place particular emphasis on the integrity and effectiveness of the financial modelling of all local authorities.

An additional role played by these strategies is to facilitate accountability to the community. It is critical that these strategies are presented in such a way that they are engaging and informative, and support the presentation of issues, options, and implications presented in the consultation document.

4.2 Assumptions

The quality of the Council's financial forecasts is significantly affected by whether the assumptions on which they are based are defined and reasonable. The Act recognises this by requiring all local authorities to clearly outline all significant forecasting assumptions and risks underlying the financial estimates in the LTP (Schedule 10, clause 17). *Prospective Financial Statements* (PBE FRS 42) also requires the disclosure of significant assumptions.

We will review the Council's list of significant forecasting assumptions and confirm that they are materially complete. We will also test the application of selected assumptions in the financial forecasts to check they have been reasonably applied. Finally, we will confirm that:

- all significant forecasting assumptions disclose the level of uncertainty associated with the assumption; and
- for all significant forecasting assumptions that involve a high level of uncertainty, the uncertainty and an estimate of the potential effects of the uncertainty on the financial forecasts are appropriately disclosed in the LTP.

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Climate change assumption

We will continue to focus on the assumptions that the Council has made about climate change and the adequacy of other information and disclosures relating to climate change.

We will review the Council's climate change assumptions to determine whether they are reasonable and supportable. We will assess the quality of the supporting information the Council is using in developing its assumptions and disclosures included in the LTP, and the adopted underlying information.

We do expect the Council to reflect information on the impacts of climate change identified in the last three years in its climate change assumptions and work plans outlined in the LTP.

4.3 Quality of asset-related forecasting information

A significant portion of the Council's operations relates to the management of its infrastructure: the roading network, the "three-waters" of water supply, sewerage, and storm water drainage and parks and gardens. These activities typically make up about 59% of operational expenditure (excluding finance and depreciation) and 87% of capital expenditure.

To prepare reasonable quality asset information, the Council needs to have a comprehensive understanding of its critical assets and the cost of adequately maintaining and renewing them. An important consideration is how well the Council understands the condition of its assets and how the assets are performing.

In reviewing the reasonableness of the Council's asset-related forecasting information, we will:

- assess the Council's type asset management planning systems and processes;
- understand what changes the Council proposes to its forecast levels of service;
- understand the Council's assessment of the reliability of the asset-related information;
- consider how accurate recently prepared budgets have been; and
- assess how matters such as affordability have been incorporated into the asset-related forecasts prepared.

Depending on what we identify in completing the above, we may have to complete further detailed testing on the Council's asset-related information.

4.4 National Policy Statement on Urban Development 2020

The National Policy Statement (NPS) on Urban Development 2020 came into effect in August 2020. The intention of the Policy is to ensure that New Zealand's towns and cities are well-functioning urban environments that meet the changing needs of diverse communities. Local authorities are required to ensure that they provide sufficient development capacity and have robust and frequently updated information on the supply and demand for housing and business land. The Council has been identified as a "tier 1" (high-growth) Council.

Attachment 1

Item 8

The Policy Statement requires every Tier 1 and 2 Council to prepare, and make publicly available, a Future Development Strategy (FDS) and a Housing and Business Development Capacity Assessment (HBA) for its Tier 1 or 2 urban environments. These need to be done every six and three years respectively, and need to be in place to inform the 2024-2034 LTP.

The purpose of the FDS is to promote long-term strategic planning by setting out spatially the broad locations in which development capacity will be provided over the next 30 years. The FDS must also identify the infrastructure needed to support that development and any known constraints on development. Among other things, the FDS must be informed by the Housing and Business Development Capacity Assessment.

The objectives and policies of the NPS-UD are required to be implemented to inform the 2024-34 LTP and will form a significant part of the information underlying the LTP. The Council will need to ensure they have developed a clear roadmap to enable compliance with the NPS-UD.

During our audit, we will:

- obtain an understanding of the approach the Council has taken to implementing the NPS (for example, has the Council completed an HBA and an FDS in time to inform the LTP?);
- assess the skills and experience of the team who have produced the HBA;
- assess whether the growth assumption that has been used in the HBA is consistent with the growth assumption used to develop the FDS and LTP; and
- assess whether the funding implications of the FDS is reasonably reflected in the LTP, including any unresolved financial constraints.

5 Other matters

5.1 Our independence

It is essential that the audit team and Audit New Zealand remain both economically and attitudinally independent of the Council (including being independent of management personnel and the Council). This involves being, and appearing to be, free of any interest that might be regarded, whatever its actual effect, as being incompatible with integrity, objectivity, and independence.

5.2 Publication of the consultation document and adopted long-term plan on the Council's website

The Council is responsible for the electronic presentation of the consultation document and LTP on its website. This includes ensuring that there are enough security and controls over information on the website to maintain the integrity of the presented data. Please ensure that your project plan allows time for us to examine the final electronic file version of the respective documents, including our audit report on the LTP, before its inclusion on the website.

We need to do this to ensure consistency with the paper-based document that has been subject to audit.

6 Audit logistics

6.1 Audit timing

The key dates in the audit timetable are as follows:

| | |
|---|---|
| Self-assessment provided to Council | 25 September 2023 |
| Self-assessment returned to audit team for consideration | Received 12 December 2023 |
| First visit (initial assessment) | 30 January 2024 |
| Second visit (on site – 2 weeks) | 19 February 2024 (on -going) |
| Outstanding financials and the draft Infrastructure Strategy provided to Audit (incorporating any changes and decisions arising from the 7 February 2024 Council Briefing and 20 February 2024 Council meeting) | 23 February 2024 Awaiting updated CD |
| Third audit visit (on site – 2 weeks) | 6 May 2024 |
| Proposed LTP (before final deliberation meeting) | 22 May 2024 |
| Final audit - review of LTP, focused on changes to underlying information as a result of consultation process starting (on site – 3 weeks) | 27 May 2024 |
| Final LTP (after final deliberation meeting) | 31 May 2024 |
| Hot review date | TBC |
| Audit report on adopted LTP required | 27 June 2024 |
| Draft report to governors on LTP engagement issued | 12 July 2024 |

Should we encounter any significant problems or delays during the audit, we will inform you immediately.

We have an electronic audit management system. This means that our auditors will complete most of their work on their laptops. Therefore, we would appreciate it if the following could be made available during our audit:

- a suitable workspace for computer use (in keeping with the health and safety requirements discussed in Appendix 1); and
- electronic copies of key documents.

As noted in section 3.4, our audit work needs to be done as you develop your underlying information and prepare your consultation document and LTP, to ensure the timely completion of our audit.

To ensure that we meet agreed deadlines, it is essential that the dates agreed are adhered to.

7 Professional fees

Our audit fee, covering the LTP for the period commencing 1 July 2024, is \$162,400 (excluding GST and disbursements), as outlined in Appendix 2.

In the unlikely event the actual hours to carry out the audit of the LTP results in the above audit fee being more than \$210 per hour, the fee will be reduced to a maximum \$210 per hour.

For the 2018 LTP, our actual hours were 1,192. These hours are likely to include some inefficiencies on our part, as well as inefficiencies caused by the council. The audit fee we charged was \$184,500, which was an effective hourly rate of \$155. For context, in 2018 the average effective charge out rate for an audit of this complexity should have been \$163-\$211 per hour.

For the 2021 LTP, our actual hours were 821. These hours are likely to include some inefficiencies on our part, as well as inefficiencies caused by the council. The audit fee we charged was \$148,700, (\$134,200 plus recoveries of \$14,500) which was an effective hourly rate of \$181. For context, in 2021 the average effective charge out rate for an audit of this complexity should have been \$180-\$233 per hour.

We cannot continue to spend significant amounts of time on the audit that is not compensated. Over time, we need to increase our audit fees to fairly reflect the costs of performing an efficient audit. The proposed 2024 fee is an increase of \$28,200 (21%) compared to the 2021 agreed fee.

The proposed fee is based on the following assumptions:

- Information required to conduct the audit is complete and provided in accordance with the agreed timelines. This includes the full draft financial strategy, draft infrastructure strategy and key underlying assumptions and information that supports the LTP.
- There will be an appropriate level of assistance from your staff.
- All documentation provided will be subject to appropriate levels of quality review before submission for audit.
- The LTP will include all relevant disclosures.
- We will review, at most, two drafts of the LTP during our audit.
- We will also review one printer's proof copy of the LTP and one copy of the electronic version of the LTP (for publication on your website).
- There are no significant changes in the structure or level of operations of the Council impacting on the audit, such as the establishment of a CCO to deliver core functions or a major restructuring of groups of activities.

- The Council is preparing forecast financial statements for the “Council parent” only, rather than including consolidated forecast financial statements for the Council and any controlled entities in the adopted LTP.

If information is not available for the visits as agreed, or the systems and controls the Council use to prepare the underlying information and assumptions cannot be relied on, we will seek to recover additional costs incurred as a result. We will endeavour to inform you as soon as possible should such a situation arise.

We wish to interim bill as work progresses. We propose the following billing arrangements:

| | \$ |
|--------------|----------------|
| March 2024 | 90,000 |
| April 2024 | 30,000 |
| June 2024 | 20,000 |
| July 2024 | 22,400 |
| Total | 162,400 |

We need to begin our LTP audit work in a timely fashion to ensure that the LTP can be adopted before the statutory deadline.

8 Personnel

Our personnel involved in the management of the audit are:

| | |
|------------------|--|
| Clarence Susan | Director |
| Karen MacKenzie | Engagement Quality Review Director |
| Suzanne Merriott | Subject matter expert on asset management planning |
| Naudé Kotzé | Manager |
| Brandan Botha | Audit Supervisor |

We have endeavoured to maintain staff continuity as far as possible.

Attachment 1

9 Agreement

Please sign and return the attached copy of this letter to indicate that:

- it is in accordance with your understanding of the arrangements for this audit of the LTP for the period commencing 1 July 2024; and
- you accept the terms of the engagement set out in this letter that apply specifically to the audit of the LTP and supplement the existing audit engagement letter dated 15 June 2023.

If there are any matters requiring further clarification, please do not hesitate to contact me.

Yours sincerely



Clarence Susan
Director

cc Lance Vervoort, Chief Executive
James Clark, Unit Manager, Strategy and Planning

I acknowledge that this letter is in accordance with my understanding of the arrangements for the audit engagement. I also acknowledge the terms of the engagement that apply specifically to the audit of the LTP, and that supplement the existing audit engagement letter dated 15 June 2023.

Signed: _____ Date: _____

Paula Southgate
Mayor

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Appendix 1: Terms of the engagement that apply specifically to the audit of the LTP

Objectives

The objectives of the audit of the LTP are:

- to provide an independent report on the LTP (under section 94(1) of the Act) about:
 - whether the LTP gives effect to the statutory purpose; and
 - the quality of the information and assumptions underlying the information included in the LTP; and
- to report on matters relevant to the Council's planning systems that come to our attention.

Our audit involves performing procedures that examine, on a test basis, evidence supporting assumptions, amounts, and other disclosures in the LTP, and evaluating the overall adequacy of the presentation of information.

We also review other information associated with the LTP to identify whether there are material inconsistencies with the audited LTP.

Provision of a report to the governors of the Council

At a minimum, we will report to the governors of the Council at the conclusion of the engagement. The report communicates matters that come to our attention during the engagement and that we think are relevant to the Council. For example, we will report:

- any weaknesses in the Council's systems; and
- uncorrected misstatements noted during the audit.

Please note that the Auditor-General may refer to matters that are identified in the audit of consultation documents and LTPs in a report to Parliament if it is in the public interest, in keeping with section 20 of the Public Audit Act 2001.

Materiality

Consistent with the annual audit, the audit engagement for the LTP adheres to the principles and concepts of materiality during the 10-year period of the LTP and beyond (where relevant).

Materiality is one of the main factors affecting our judgement on the areas to be tested and the nature and extent of our tests and procedures performed during the audit. In planning and performing the audit, we aim to obtain assurance that the LTP, and the information and assumptions underlying the information contained in these documents, do not have material misstatements caused by either fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence a reader's overall understanding of the LTP.

Consequently, if we find material misstatements that are not corrected, we will refer to them in the audit report. Our preference is for any material misstatement to be corrected, avoiding the need to refer to misstatements.

The standards applied when conducting the audit of the adopted long-term plan

Our audit is carried out in accordance with International Standard on Assurance Engagements (New Zealand) 3000 (Revised): *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. In meeting the requirements of this standard, we consider particular elements of the Auditor-General's Auditing Standards and International Standard on Assurance Engagements 3400: *The Examination of Prospective Financial Information* that are consistent with those requirements.

Responsibilities

General responsibilities

The general responsibilities of the Council for preparing and completing the LTP are consistent with those for the annual report, as set out in the audit engagement letter dated 15 June 2023 - but noting that the LTP includes forecast information.

These responsibilities include those set out in Appendix 1 of that audit engagement letter as detailed below:

- Appendix 1: Respective specific responsibilities of the Council and the Appointed Auditor:
 - responsibilities for compliance with laws and regulations; and
 - responsibilities to establish and maintain appropriate standards of conduct and personal integrity.

Specific responsibilities

The Council is responsible for:

- maintaining accounting and other records that:
 - correctly record and explain the forecast transactions of the Council;
 - enable the Council to monitor the resources, activities, and entities under its control;
 - enable the Council's forecast financial position to be determined with reasonable accuracy at any time; and
 - enable the Council to prepare forecast financial statements and performance information that comply with legislation; and

- providing us with:
 - access to all information and assumptions relevant to preparing the LTP, such as records, documentation, and other matters;
 - additional information that we may request from the Council for the purpose of the audit;
 - unrestricted access to Council members and employees that we consider necessary; and
 - written confirmation of representations made to us in connection with the audit.

Health and safety of audit staff

The Auditor-General and Audit New Zealand take seriously their responsibility to provide a safe working environment for audit staff. Under the Health and Safety at Work Act 2015, we need to make arrangements with you to keep our audit staff safe while they are working at your premises.

We expect you to provide a safe work environment for our audit staff that is without risks to their health and safety. This includes providing adequate lighting and ventilation, suitable desks and chairs, and safety equipment, where required. We also expect you to provide them with all information or training necessary to protect them from any risks they may be exposed to at your premises. This includes advising them of emergency evacuation procedures and how to report any health and safety issues.

Item 9

Council Report

Committee: Strategic Risk and Assurance Committee
Date: 28 March 2024
Author: Nicholas Whittaker
Authoriser: David Bryant
Position: Senior Risk and Resilience Advisor
Position: General Manager Business Services
Report Name: Risk Management Report

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

Purpose - *Take*

- To inform the Strategic Risk and Assurance Committee on the status of Hamilton City Council's nine strategic risks, three organisational risks and any potentially significant emerging risks.
- Staff Recommendation - *Tuutohu-aa-kaimahi*** (*Recommendation to the Council*) That the Strategic Risk and Assurance Committee:
 - a) receives the report; and
 - b) recommends that the Council receives the report.

Executive Summary - *Whakaraapopototanga matua*

- Hamilton City Council's strategic and organisational risks have been reviewed over the last quarter and where relevant, have been updated to reflect the changing risk environment.
- Council continues to implement the relevant corrective controls for **Strategic Risk 2** as we navigate a tough economic climate.
- In relation to **Strategic Risk 6 and 3** at the time of writing this report the new government is coming to the end of implementing its 100-day plan. As a result, several key pieces of legislation from the previous government have been repealed. Further clarity in policy positions and the potential impacts on HCC are still being evaluated.
- Strategic Risk 8** has one update this quarter: an update on the security risk assessments.
- Organisational Risk 3** has two specific updates this quarter: Freshwater Gold Clam (*Corbicula Fluminea*) and the Pukete Wastewater Treatment Plant Outfall.
- Staff consider the matters in this report have medium significance and that the recommendations comply with Council's legal requirements.

Background - *Koorero whaimaarama*

9. The Strategic Risk and Assurance Committee meeting of 16 May 2019 approved, for monitoring purposes, eight strategic risks and three organisational risks. At subsequent meetings, staff reported on the status of each risk and associated treatment plans. A ninth strategic risk relating to climate change was added in 2020.
10. The purpose of this report is to highlight significant activity over the last quarter for each risk. The attached Risk Register sets out more detail on all strategic and organisational risks including treatment plans.
11. A review of Council's strategic risks with the Executive Leadership Team took place in May 2022. The next full review is scheduled for June 2024.
12. The outcome of the 2022 review included proposed changes to risk names and descriptions which were taken to the Strategic Risk and Assurance Committee Workshop on 8 June 2022. Changes to risk names and descriptions were discussed by the Committee and approved.
13. At the 2023 September Strategic Risk and Assurance Committee, the risk appetite statements for the strategic and organisational risks were confirmed. These appetite statements will be used to guide investment decisions and the internal audit programme. The risk appetite levels have been included in the Strategic and Organisational Risk Register

Discussion - *Matapaki*

Strategic Risk 1 – Failure to Respond to a Disaster

14. This risk description is 'A lack of preparedness leads to a **failure to respond or an ineffective response to a natural or human induced disaster event** resulting in compromised community resilience.' This risk links to Strategic Risk 4 – Loss of information or access to systems, Strategic Risk 8 – Failure to respond to a crisis or emergency and Strategic Risk 9 – Failure to respond to climate change.
15. There is no change to the residual risk rating for this risk – it remains at very high. This sits outside of our appetite of 'cautious'.
16. There are no significant updates to report this quarter.

Strategic Risk 2 – Significant Negative Impact on Financial Strategy

17. This risk description is 'A major economic or financial shock event **negatively impacts Council's financial strategy, fiscal and monetary position** resulting in significant financial pressure on Council.' This risk links to Strategic Risk 7 – Failure to deliver our work programmes.
18. There is no change to the residual risk rating for this risk – it remains at medium. This sits within our appetite of 'cautious'.
19. Inflation has now been above the RBNZ target for nearly three years. While headline inflation is coming down, domestic inflation remains particularly sticky and has caused the RBNZ to reiterate that if it loses confidence that inflation is heading in the right direction, it will increase the OCR further. On 28 February 2024, the Monetary Policy Committee agreed to hold the OCR at 5.5%, with the next update expected in April.
20. Globally we are also starting to see central banks pushing out expectations of rate cuts. Global instability has potential impacts on oil prices and supply chains, meaning we could see prolonged periods of high inflation.

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21. Development in Hamilton slowed in the 2023/24 financial year with residential construction down 15% and non-residential down 49% from the exceptionally high levels seen in 2022/23. We forecast residential consenting to fall another 10% in the coming 12 months. The high availability of residential sections on the market has also seen a slowdown in subdivision consents in 2023/24. Economic uncertainty and a difficulty securing finance is making development projects difficult to get underway. There is a risk that lower than anticipated levels of development may have a material impact on Development Contribution revenue in the short-term.
22. Staff will continue to actively monitor and report on economic conditions and their impact on Development Contribution revenue, capital expenditure and operational budgets.
23. Reflective of the controls for Strategic Risk 2 the pressures on Council's budget are being closely managed through forecasting to the end of 2023/24 and the current Long-Term Plan process for 2024-34 in particular as part of the development of the significant assumptions and related policies for the Long-Term Plan. In line with this the risk treatment has been updated from accept to mitigate while these processes continue.

Strategic Risk 3 – Failure to Meet Compliance Standards

24. This risk description is 'Compliance requirements from Central Government and regional council or changes in community expectations leads to a **failure to meet compliance standards** resulting in increased exposure to litigation.' This risk links to Strategic Risk 6 – Political changes negatively impact strategic direction.
25. There is no change to the residual risk rating for this risk – it remains at high. This sits within our appetite of 'neutral'.
26. At the time of writing this report the new government is coming to the end of implementing its 100-day plan. As a result, several key pieces of legislation from the previous government have been repealed. Further clarity in policy positions and the potential impacts on HCC are still being evaluated. Further discussion on this is included in the PX legal risk report.

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

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

Strategic Risk 5 – Failure to Deliver Growth Outcomes

30. This risk description is 'Step-changes in growth requirements or demand or consequences of growth means **Council can't deliver expected growth outcomes** resulting in increased costs and the perception that growth delivers negative outcomes for the community.'
31. There is no change to the residual risk rating for this risk – it remains at high. This sits within our appetite of 'neutral'.
32. There are no significant updates to report this quarter.

Strategic Risk 6 – Political Changes Negatively Impact Strategic Direction

- 33. This risk description is 'Political stakeholders make unanticipated changes or decisions or take actions that negatively impact Council's strategic direction resulting in significant changes to Council's form or function, resourcing and work programme.' This risk links to SR3 – Failure to meet compliance standards.
- 34. There is no change to the residual risk rating for this risk – it remains at very high. This sits within our appetite of 'receptive'.
- 35. The general election held on 14 October 2023 has resulted in a change of government. The new coalition Government has been formed, and the 100-day plan is underway, with this period ending in mid-March.
- 36. Staff have had limited contact with new Ministers and MPs, and further clarity on policy positions that will impact council is still required before impacts can be evaluated.

Three Waters

- 37. Prior to the election, National signalled that they will repeal Three waters legislation and replace it with a system "that ensures drinking water, stormwater and wastewater remain in local control".
- 38. The repeal (now complete) will disestablish the water entities, keeping water assets in councils' hands.
- 39. Councils have been given the option of an extra three months for settling on their long-term plans (if needed).
- 40. There are two new Bills pending for waters which will be passed by the middle of the year, the first one setting out provisions relating to council service delivery plans and transitional economic regulation and enabling councils to start shifting the delivery of water services into more financially sustainable configurations.
- 41. The second bill - to be introduced in December and passed by the middle of 2025 - will set out long-term financial sustainability requirements, establish a range of structural and financing tools, including a new type of financially independent council-controlled organisation.
- 42. It will also include regulatory backstop powers, allowing the government to intervene if the entities got into trouble financially.
- 43. The legislation will also set up an economic regulation regime but there is limited detail on this to date.
- 44. Council staff continue to keep a watching brief on any further detail that will provide certainty for council.

Resource Management

- 45. The government has repealed both the Natural and Built Environment Act and the Spatial Planning Act December 2023.
- 46. Work has commenced implementing the National Party '[Going for Housing Growth](#)' plan that includes a longer-term project to reform the Resource Management Act. Fast-track legislation for major infrastructure and urban development projects is expected to be introduced in March 2024 follow shortly after to changes to the MDRS and NPS:UD legislation and policy.
- 47. Government has made it clear in press-releases in early 2024 that the requirement to zone for 30-years of supply to meet demand will be mandated through legislation with funding and financing levers to support infrastructure, granny-flats will be enabled by law.

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Strategic Risk 7 – Failure to deliver our Work Programmes

48. This risk description is 'An ongoing shortage of necessary resources (people and materials) means **Council is unable to deliver our work programmes** resulting in constrained growth and negative long-term outcomes for the community.' This risk links to Strategic Risk 2 – Significant negative impact on financial strategy.
49. There is no change to the residual risk rating for this risk – it remains at high. This sits within our appetite of 'neutral'.
50. Geopolitical tensions in the Russian/Ukraine conflict have impacted global shipping schedules. This can potentially impact the supply of key components, such as electronic goods or consumables and chemicals.
51. In a similar way that the Covid 19 supply chain was disrupted, the delay of goods causes a flow on effect to the ability to complete projects. To mitigate this, long lead time items are ordered early in the project schedule.
52. Staff continue to monitor global supply chains to ensure HCC continues to deliver on the capital work programmes.

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

53. The risk description is 'A lack of Council's preparedness leads to a **failure to respond or an ineffective response to a crisis (e.g. pandemic) or emergency (e.g. security attack)** resulting in compromised business resilience.' Links to SR1 and SR4.
54. There is no change to the residual risk rating for this risk – it remains at very high. This sits outside of our appetite of 'cautious'.
55. Business Impact Analysis (BIA) workshops have been scheduled for all Tier 1, 2, and 3 activities as well as critical support units. These workshops are scheduled for May.
56. Non-H/S events are now being recorded within our Safety and Wellbeing/Enterprise Risk Management system. While this is a recent development, we have already seen a significant number of events logged. These lower-level events are important indicators which can highlight control gaps and where we can improve existing processes. Data analysis of these events will be incorporated into quarterly operational risk reviews.
57. The crisis and emergency management workstream is a critical priority for the risk and resilience team. Key activities underway include approving and formalising the organisational crisis, emergency, and incident guidelines, and partnering with digital services to deliver an emergency notification and communication system. There are also several smaller initiatives in progress which sit under the broader theme of preparedness and resilience.

Risk Management Policy

58. The Council's Risk Management Policy (Policy) was developed and adopted in 2012 and last reviewed in 2020. Staff have undertaken a review and present a proposed policy for consideration. The Committee has delegated responsibility for reviewing and recommending an amended Policy to Council for approval.
59. The purpose of the Policy is to outline Hamilton City Council's approach to managing risk.

60. The proposed Policy recommends a significant refresh, key changes include:
- i. Simplifying the policy structure to make it more accessible and easier to read;
 - ii. Clarifying the scope of the policy to ensure alignment across risk disciplines;
 - iii. Promoting the importance of a risk-aware culture in line with our organisational strategy;
 - iv. Removing paragraphs which do not reflect HCC business process or activities;
 - v. Contextualising risk management within Local Government; and
 - vi. Consolidating and clarifying the roles and responsibilities.
61. Given revisions to the layout of the Policy, both the existing Policy with tracked changes (**Attachment 2**) and a clean version of the revised Policy (Attachment 3) are attached for consideration.
62. Staff recommend the Committee recommends that Council approve the amended Policy. If the staff recommendation is approved, the next review date for the Policy will be 2027.

Security Risk Assessment Recommendations

Background

63. Across 2019/20, Hamilton City Council engaged a security consultant to conduct 12 site-specific security risk assessments (SRAs) and an organisational security risk assessment (OSRA). Additionally, 3 existing site-specific security risk assessments were peer reviewed. This process included physically assessing sites, consulting with key stakeholders, and auditing existing controls. The final SRA reports were then approved by the consultant and activity leadership. Within each of these reports recommendations were identified which were split into 'high', 'medium', and 'low' priorities. The peer reviewed reports used a different priority rating framework (Short and Longer Term). For the purposes of this report short-term will be grouped with high, and longer term with medium.
64. This work was introduced to the Committee at a high level under Strategic Risk 8 and as such we are now providing an update on the implementation of those recommendations.

Summary

65. Site-specific Security Risk Assessments:
66. An update on the SRA recommendations across the Customer and Community, and Venues Tourism and Events Group is provided below. The SRA recommendations for the Infrastructure and Assets Group are not included as the team were unable to provide an update due to capacity pressures.
67. The below table provides a summary of the number of recommendations, their review status (Completed, In Progress, Not Started) and the priority rating (High, Medium, Low). A significant majority of the recommendations have been completed (258/336), however 78 remain in progress or are not started. Of these 78 recommendations that are yet to be completed 30 are high priority, 42 are a medium priority and 6 are low priority.

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| | High + Short Term | Medium + Longer Term | Low | Total |
|-------------|-------------------|----------------------|-----|-------|
| Completed | 153 | 78 | 27 | 258 |
| In progress | 22 | 21 | 3 | 46 |
| Not Started | 8 | 21 | 3 | 32 |
| Total | 183 | 120 | 33 | 336 |

68. Reviewing the 8 'High priority x Not Started' recommendations, 3 of these are security process related and can easily be implemented and will be completed in time for the June Committee. The other 5 recommendations would require additional funding and have not currently been scoped.
69. The 21 'Medium priority x Not Started' recommendations. 3 of these are security process related and can easily be implemented and will be completed in time for the June Committee. 11 recommendations have been queried to determine whether they are still required as other works have taken place which may manage the initial security risk. Further review is required in this space. The other recommendations have not been identified as a priority by the operational activities.
70. The 3 'Low priority' x 'Not Started' recommendations require further review with the activity as there is conflicting information provided in the data. This will be cleared up in time for the June Committee.

Organisational Security Risk Assessment

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

71. Organisational recommendations are not as well progressed as site-specific recommendations. Several compounding challenges have resulted in the recommendations not being completed over the last triennium. Significant issues include the Covid-19 pandemic, Government reforms, Long-Term-Plan funding challenges, and staff resources. An update on centralisation will be brought to a future committee meeting.
72. Of the 10 recommendations, five of the recommendations are in progress. Three of these 'High priority' recommendations have made significant progress since the time of the review, focussing on the areas of security culture, security risk management, and communication and reporting. The other two recommendations that are in progress relate to specific organisational security roles being in place (of which we have a CISO) and further training our staff in emergency management.
73. Three 'High' and one 'Medium' priority recommendations that have not been started focus on security governance and process. This work is not currently a priority for the organisation however, aspects of these processes are interconnected with the work in the Crisis, Emergency, and Incident management workstream.

74. The final recommendation that is 'Not Started' relates to site specific self-audits, as not all site-specific recommendations have been completed, this 'High priority' recommendation has not been completed.
75. Further updates, including the addition of the Infrastructure and Assets Group, will be included under Strategic Risk 8 going forward.

Strategic Risk 9 – Failure to Respond to Climate Change

76. This risk description is 'Climate change causes **changes to our community and City we have not anticipated or planned for** which will negatively impact on the wellbeing of our community.' This risk links to Strategic Risk 1 – Failure to respond to a disaster.
77. There is no change to the residual risk rating for this risk – it remains at very high. This sits outside of our appetite of 'cautious'.
78. In November 2023 we commenced our Climate change maturity and disclosure programme. We are working with Te Whakahaere Aahuarangi to undertake a current state analysis against the four domains of the Taskforce for Climate-related Financial Disclosure and then will develop a three-year roadmap to improve our integration of climate change across the organisation. We are also starting the background work for our first climate disclosure report for 2023/24. We propose to bring the current state analysis, draft roadmap and planning for the disclosure report to the Committee workshop in June 2024.
79. Climate change considerations were built into Long Term Plan proposals, however not all proposals were successful. Staff have been asked by the Climate Strategy Advisory Group to review the draft Long-Term Plan and to provide an update on the climate change considerations. This report will be provided to Elected Members late March/early April via executive update. In addition, the climate change risk assessment proposal for the Long-Term Plan 2024-2034 is currently a project listed under the unbudgeted Community Resilience and Extreme Weather targeted rate.
80. On 7 February 2024 the Supreme Court released its decision on the Smith v Fonterra Co-Operative Group Ltd appeal after 18 months of consideration. Mr Smith is the climate change spokesperson for the Iwi Chairs Forum. The Supreme Court has reinstated Mr Smith's claims that the defendants are liable:
 - i. Public nuisance - the respondents' greenhouse gas emissions cause Mr Smith harm and have or will interfere with public rights;
 - ii. Negligence - the respondents are breaching their duty to Mr Smith, and others like him, by continuing to breach their duty to take reasonable care not to operate their businesses in a way that contributes to climate change; and
 - iii. Climate system damage, a new legal duty which would require the respondents to cease contributing to climate change.
81. Whilst the reinstatement of the claim does not mean it will be successful, it will influence future climate change litigation in New Zealand. The decision also outlined that the court will have to engage with tikanga as Mr Smith is bringing proceedings "as a kaitiaki acting on behalf of the whenua, wai and moana—distinct entities in their own right. And it must consider some tikanga conceptions of loss that are neither physical nor economic. In other words, addressing and assessing matters of tikanga simply cannot be avoided." Judgement of the Court - Smith v Fonterra Co-operative Group Limited [2024] NZSC 5 [7 February 2024].
82. Legal experts have noted that, whilst the case is focused on seven large greenhouse gas emitters, it opens the door for potentially more climate change litigation being brought against other organisations, including local government.

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

- 83. This risk description is 'Ineffective or inadequate health, safety and wellbeing management at our work sites leads to a **failure to provide a safe and healthy work environment for Council staff or workers** (inc. contracted or volunteer workers) resulting in a serious injury incident or fatality and increased exposure to litigation.'
- 84. There is no change to the residual risk rating for this risk – it remains at high. This sits outside of our appetite of 'averse'.
- 85. Council continues to work to embed its Safety Management System (SMS) aligned with ISO45001 to meet health and safety legislation. Internal auditing is happening across the organisation to make sure this is being achieved.
- 86. Council also continues to support the wellbeing of our people going through the current 'Future Fit' restructure providing resilience workshops, Vitae onsite support, EAP, and other self-help avenues.
- 87. A separate report is taken to the Strategic Risk and Assurance Committee which provides further details about the Organisation's Health and Safety strategic direction and improvement schedule.

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

- 88. This risk description is 'Ineffective or inadequate safety and security management at our community attractions and facilities might mean **we fail to provide and maintain a safe environment for the community** resulting in a serious injury incident or fatality and increased exposure to litigation.'
- 89. There is no change to the residual risk rating for this risk – it remains at high. This sits outside of our appetite of 'averse'.
- 90. There are no significant updates to report this quarter.

Organisational Risk 3 – Failure of Critical Assets

- 91. This risk description is 'Incorrect investment (timing and/or amounts) results in the unexpected failure of critical assets (loss of levels of service).'
- 92. There is no change to the residual risk rating for this risk – it remains at very high. This sits outside of our appetite of 'averse'.
- 93. Over recent months Council has been preparing the draft budgets for the 2024-34 Long-Term Plan. As part of these discussions, recommendations from staff for base budgets have been considered for both operational and capital budgets.
- 94. At the Council meeting of 28 November 2023, staff provided information on alternative risk profiles for the renewals and compliance capital programme. The base programme provided for budget consideration was constrained to meet a financial envelope – factoring revenue, debt and balancing the books financial measures. The Base Renewals and Compliance capital programme was assessed as having a high associated risk profile.
- 95. While renewal and investment in critical assets would be prioritised under any scenario, Council decided to include an additional \$27.5m over the first 3 years of the 2024-34 LTP to reduce the associated risk of the programme to medium for those years.
- 96. The increased funding provision will allow more assets to be replaced over these years and lower any associated risk of unplanned failures of critical assets.

97. On 20 February 2024, Council considered a Draft 2024-34 LTP budget that included the management and provision of water services for the full LTP period. Earlier versions of the Draft LTP budget had been based on an assumption that water service activities would be transferred to another entity from 1 July 2026. Council has included funding provisions that generally have a medium risk profile for the 10-year period for the water activities.
98. Having adequate funding and the continued delivery of the Renewals and Compliance budgets as a programme that allows for continual reprioritisation and flexibility on timing across the 3 - year period, will help staff in managing the risks associated with failure of critical assets. The programme approach is a key tool to ensure that timing and investment is optimised and targeted on the assets with highest need and criticality.
99. Staff will continue work over the coming months to update the most optimal 3 year renewal programme for the available funding, factoring in other available budgets for maintenance and other capital improvements that are funded.
100. A fuller review of the risk assessment of Organisational Risk 3 will be undertaken once the funding provisions for the 2024-34 LTP are confirmed and the timing and level of investment in new infrastructure, maintenance and asset renewal programmes is known.

Damage to WWTP Treated Wastewater Outfall Pipe

101. On Thursday 15 February 2024, while carrying out ground improvement works associated with the new Inlet Facility project at the Pukete Wastewater Treatment Plant, a contractor unexpectedly struck and damaged the top of the treated wastewater outfall pipe.
102. This pipeline is a critical asset that is 2.2m in diameter and located at a depth of 6m and it conveys treated wastewater from the last treatment step within the treatment plant, to the outfall structure located in the Waikato River.
103. There was extensive damage to the top section of the pipe as a result of the strike, however, the lower section of the pipe has remained functional. Temporary stabilisation works were put in place around the damaged section of pipe to minimise the risk of further damage, while a plan for the permanent repair of the damaged section of outfall pipeline is developed.
104. Operational contingency measures have been prepared to ensure the function of the pipe or additional over pumping will continue until the repair is completed.
105. An investigation into the cause of the damage is being completed, however, due to the critical nature of the treated wastewater outfall pipeline, work to repair and reinstate full functional capacity of the pipeline will be progressed on a without prejudice basis.
106. Waikato Regional Council has been notified of the event and associated contingency measures, as required by our resource consent for the Pukete Wastewater Treatment Plant site.

Update on Impact of Golden Clams on Infrastructure

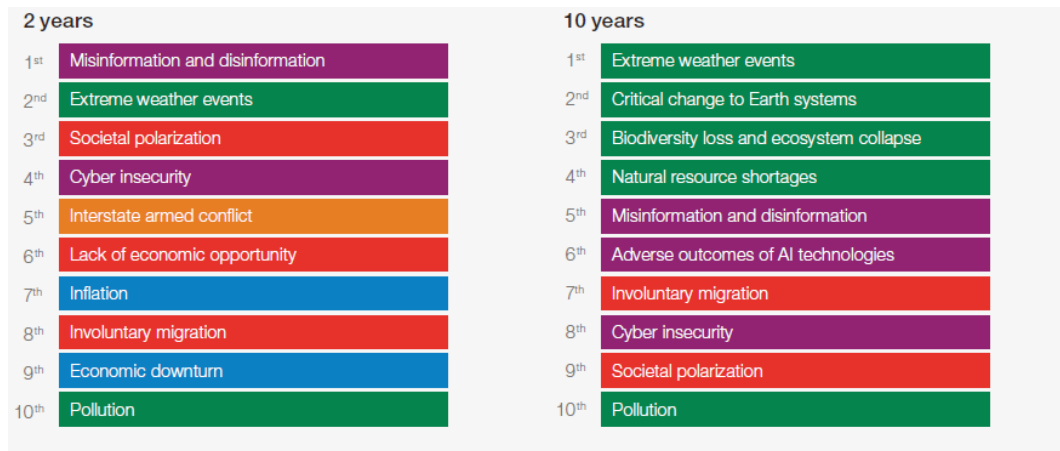
107. There have been no further significant developments in relation to the invasive Freshwater Gold Clam (*Corbicula Fluminea*) that was identified in the Waikato River last year since the last update reported to Strategic Risk and Assurance Committee meeting in December 2023. For context, the clam is an invasive shellfish that breeds rapidly and could detrimentally impact native ecosystems and cause blockages and reduced efficiency of water infrastructure and treatment processes.
108. As reported at the 7 December 2023 Strategic Risk and Assurance Committee meeting, a number of adult size freshwater gold clams were found during routine cleaning and maintenance in the intake wells at the Waiora Water Treatment Plant at the beginning of November 2023. All clams found were disposed of in accordance with Ministry for Primary Industries advice.

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109. In response to the identification of clams at the Waiora Water Treatment Plant, staff have increased planned inspections of other areas of the water treatment plant with the intent to identify and remove any clams as early as possible to minimise impacts on infrastructure and process performance. There have been no further observations of clams within the Waiora Treatment process, however more intensive monitoring will take place following the high water demand period when tanks and channels can be removed from service and inspected.
110. We have been advised that the clams have now been detected in the Waikato River north of Hamilton (down river), so a review of inspection and maintenance requirements for other Council infrastructure located in the river will be completed.
111. There may be unbudgeted costs associated with the increased inspections and maintenance activities which will be reported through to the Finance committee once they are fully known, as part of the normal financial forecasting process.
112. The Freshwater Gold Clams were first detected in the Waikato River in early 2023 and populations of the species have been found in the river at Wellington Street Beach and more recently in locations north (downstream) of Hamilton. The clam is an unwanted organism under the Biosecurity Act 1993 and the Ministry for Primary Industries (MPI) are the lead agency in this biosecurity response.
113. Council continues to follow advice from MPI. Further information about fresh water gold clams can be found at: <https://www.mpi.govt.nz/biosecurity/exotic-pests-and-diseases-in-new-zealand/pests-and-diseases-under-response/freshwater-gold-clam/>

Global Risk Landscape

114. In January 2024, the World Economic Forum released [The Global Risks Report 2024](#) which presents the results of the latest Global Risks Perception Survey. Below are key findings of the report.
 - i. The report highlights that the global outlook on risks is trending increasingly negative. Geopolitical, environmental, and societal risk events in 2023 are expected to worsen, creating a predominantly negative outlook over the next two years to a decade.
 - ii. Environmental risks including 'extreme weather' events continue to feature throughout this report in both the 2 year and 10 year outlooks. Climate change and the 'point of no return' are also discussed as global warming of 1.5C is anticipated to be reached in the early 2030's.
 - iii. Social polarisation, technology, and misinformation risks are increasingly connected and there are significant concerns in this space. The increased rate of technological change (including AI) and the role this plays in relation to misinformation could have a significant impact on society and could widen societal and political divides.
 - iv. Financial crises continue to feature in the short term with 3/10 of the risks focussed on economic strain.
 - v. Geopolitical tensions, geoeconomic divides, and the risk of interstate conflict are also reflected in this report. The speed of technological advances also presents new security risks in the longer-term as disruptive tools become increasingly easier to access.
 - vi. The risk of polycrisis (where disparate crises interact such that the overall impact far exceeds the sum of each part) continues to remain a significant threat.
115. Below are the key risks identified in the report, looking at both a two-year trajectory and over the next decade.



116. The Global Risks Report will be used to form the basis of our annual review of strategic and organisational risks ahead of the June Strategic Risk and Assurance Committee.

Financial Considerations - *Whaiwhakaaro Puutea*

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

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

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

Climate Change Impact Statement

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

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

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

Social

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

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Economic

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

Environmental

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

Cultural

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

Risks - *Tuuraru*

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

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

Significance

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

Engagement

129. Community views and preferences are already known to the Council.
130. Given the medium level of significance determined, the engagement level is medium. No engagement is required.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Strategic and Organisational Risk Register - Strategic Risk and Assurance Committee - March 2024

Attachment 2 - 2024 Draft - Risk Management Policy - Tracked Changes

Attachment 3 - 2024 Draft - Risk Management Policy - Clean .



Strategic & Organisational Risk Register

Q3 2023/24





Attachment 1

How to read this document

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

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

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




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

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

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




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

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

Attachment 1

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

| Strategic Risk 1 | | | | | |
|---|---------------------------------|---|---|---|--------------|
| SR1 Failure to Respond to a Disaster | | | | | |
| A lack of preparedness leads to a failure to respond or an ineffective response to a natural or human induced disaster event resulting in compromised community resilience. Links to SR4 Loss of information or access to systems and SR8 Failure to respond to a crisis or emergency | | | | | |
| Risk Owner | Helen Paki | Category | Disaster Recovery/Business Continuity Strategic | Risk Appetite | Cautious - 2 |
| Risk Cause | | | | | |
| 1. Natural disaster event without warning or build up | | | | | |
| 2. Severe weather events that increase in intensity, including those events that are a result of climate change | | | | | |
| 3. Critical asset failure that impacts the safety of Hamiltonians – water, energy, telecommunications, financial, transportation | | | | | |
| 4. Disaster caused by failure of human-made structure | | | | | |
| 5. Pandemics | | | | | |
| Inherent Risk Rating | | | Very High – Possible x Catastrophic | | |
| Existing Controls | | | | | |
| 1. Annual external (NEMA) capability assessments | | | | | |
| 2. Collaboration on emergency management response approach | | | | | |
| 3. Co-located EOC in a dedicated leading-edge centre | | | | | |
| 4. Early warning processes are in place at a national and regional level | | | | | |
| 5. Emergency Management Framework | | | | | |
| 6. Emergency management training program | | | | | |
| 7. Robust emergency exercise schedule in place | | | | | |
| 8. Council has established an Incident Management Team | | | | | |
| 9. Availability of technical expertise | | | | | |
| 10. Regional and national emergency services relationship management | | | | | |
| 11. Council has responsibility for climate change response | | | | | |
| 12. District Plan | | | | | |
| 13. Asset Management. 2021-2051 Infrastructure Strategy is in place. | | | | | |
| 14. Asset Management.2021-31 Activity Management Plans int. ext. reviewed | | | | | |
| 15. Asset Management. Manage, monitor, operate and maintain critical assets | | | | | |
| 16. Asset Management. Plan policy in place to set standards | | | | | |
| Residual Risk Rating | | | Very High – Possible x Major | | |
| Responsible Manager(s) | Kelvin Powell Helen Schlegel | Risk Treatment Option | | Mitigate | |
| Treatment Plans | | | | | |
| Treatment Plan | | Previous Update | | Update – March 2024 | |
| Implement workplan to address findings raised in Capability Assessment by December 2023 | | September 2023 Workplan continues to be on track. Two major items require LTP funding (Hazard Research and Public Engagement). Applications have been completed. | | March 2024 At the December Council meeting the change requests were conditionally approved however final approval is still | |

Attachment 1

| | | |
|--|---|---|
| | <p>December 2023</p> <p>The Capability Assessment action plan has been incrementally achieved with two outstanding matters – hazard research and community engagement. These areas are not currently resourced but change requests have been submitted to the Long-term plan process. Staff are to undertake a gap analysis and scoping of options for a future business case.</p> | <p>pending LTP consultation and approval.</p> |
|--|---|---|

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| Strategic Risk 2 | | | |
|--|-------------------------------|------------------------------|---|
| SR2 Significant Negative Impact on Financial Strategy | | | |
| A major economic or financial shock event negatively impacts Council’s financial strategy, fiscal and monetary position resulting in significant financial pressure on Council. Links to SR7 Failure to deliver our work programmes | | | |
| Risk Owner | David Bryant | Category | Financial |
| | | Risk Appetite | Cautious - 2 |
| Risk Cause | | | |
| <div>1. Global financial or pandemic crisis</div> <div>2. Rapid increases in inflation, finance sector credit contraction, interest rates, oil prices, or a rapid decline in NZD leading to significantly higher construction input costs, debt costs, and significant pressure on household rates affordability</div> <div>3. Critical infrastructure failure</div> <div>4. Major construction industry failure</div> <div>5. Major government policy changes negatively impact Council’s income streams or cost base</div> <div>6. Natural or manmade disaster (including deliberate attacks on critical infrastructure or pandemic) has an impact on the economy (e.g. affects national imports/exports, which has a flow on effect)</div> <div>7. Recession (two successive quarters of negative GDP growth)</div> | | | |
| Inherent Risk Rating | | Very High – Likely x Major | |
| Existing Controls | | | |
| <div>1. PwC, as Council’s treasury partner</div> <div>2. Financial forecasting cycles at the Finance & Monitoring Committee</div> <div>3. Monitoring of macro trends</div> <div>4. Additional \$100M bank facility</div> <div>5. Financial scenario modelling</div> <div>6. Council’s ability to urgently reprioritise and reduce capital spending</div> <div>7. Ability to urgently reprioritise and reduce community LOS spending</div> <div>8. Financial Policies</div> | | | |
| Residual Risk Rating | | Medium – Possible x Moderate | |
| Responsible Manager(s) | Tracey Musty Greg Carstens | Risk Treatment Option | Mitigate |
| Treatment Plans | | | |
| Treatment Plan | Previous Update | | Update – March 2024 |
| Develop the Financial Strategy & Related Policies (LTP 2024-2034) | New TP | | March 2024 The financial strategy and related policies were presented to Council on March 14 for consultation and the final ones will be taken to Council in June to be approved. |

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| Strategic Risk 3 | | | | | |
|--|--------------|----------|---|---------------|-------------|
| SR3 Failure to Meet Compliance Standards | | | | | |
| Compliance requirements from central government and regional council or changes in community expectations leads to a failure to meet compliance standards resulting in increased exposure to litigation. Links to SR6 Political changes negatively impact on strategic direction. | | | | | |
| Risk Owner | David Bryant | Category | Compliance and Regulatory Environmental Political Reputation | Risk Appetite | Neutral - 3 |
| Risk Cause | | | | | |
| <ol style="list-style-type: none">1. Central government changes the regulatory standards for compliance: including resource management, environmental (including climate change and pollutant management), corporate (including health and safety, human resources and financial), growth, consultation requirements, health and infrastructural (including traffic and transport) compliance. This might also include changes to the required frequency of Council actions (such as the 10 Year Plan). This also includes wide-ranging regulatory changes in response to an incident such as a pandemic or natural disaster2. Continued or serious breaches leading to increased compliance requirements and regulation3. Community service-level expectations in management of water quality, recycling, climate change and other services not being met4. Failure to plan long term for consenting requirements (both as a regulator and a regulated entity)5. Regional Council changes its policies to ensure legislative compliance (e.g. Healthy Rivers policy)6. External audit identifying major non-compliance within HCC operations (e.g. by IANZ)7. Legal challenge to HCC policy or practice resulting in findings of non-compliant practices8. Change in stakeholder partner expectations for environmental performance9. Changes to our own District Plan impacting other parts of the business (e.g. changes to resource consents affect consented Three Waters activities)10. Increased cost of compliance11. Compliance standards at odds with each other | | | | | |
| Inherent Risk Rating | | | High – Possible x Serious | | |
| Existing Controls | | | | | |
| <ol style="list-style-type: none">1. Advice available from external legal service providers - ad hoc basis2. Central oversight of bylaw and Council policy programme at HCC3. Competency assessments and training in place for staff4. Council has access to a legal database5. Council has established an Incident Management Team6. External experts – for example advice on HR, taxation matters.7. Internal legal advisor resource8. Internal programme for continuous improvement in place9. Internal resource allocated for specific compliance changes10. Key stakeholders engaged for central government submissions11. Local and regional council relationships established | | | | | |

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| 12. Notification protocols in place for unforeseen events | | | |
| 13. Regular legal services advice and input from other specialist experts | | | |
| 14. Regular reporting, accreditation and auditing by independent providers | | | |
| Residual Risk Rating | | High – Possible x Serious | |
| Responsible Manager(s) | Mish Hawthorne | Risk Treatment Option | Mitigate |
| Treatment Plans | | | |
| Treatment Plan | Previous Update | | Update – March 2024 |
| Legislative Compliance - Implement organisational monitoring and reporting by July 2024 | September 2023 Compliance Policy review, and testing/piloting of SHIELD use to monitor compliance reporting underway December 2023 Compliance Policy review and testing has been completed, staff are inputting legislation under the Business Services Group, engagement with the wider organisation has been delayed allowing LTP and FutureFit work to work through. | | March 2024 Due to staff turnover in the legal team, progress on this action has been delayed. The due date has been amended to reflect this. |
| Develop additional Compliance Training modules by June 2024 | September 2023 Fraud and Corruption Management Policy review completed, options for online training content is being explored, delayed due to sickness of key staff. December 2023 Staff have refocused on LGOIMA and Privacy training with the organisation, further work on Fraud and Corruption training will now be in the new year | | March 2024 Regular Privacy and LGOIMA training is underway in the organisation. Due to staff turnover in the legal team, progress on this action has been delayed. The due date has been amended to reflect this. |

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| Strategic Risk 4 | | | | | |
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| SR4 Loss of Information or Access to Systems and Services | | | | | |
| In the event of a cyber-attack, IT service or technology asset failure there is a risk that confidential information and / or Council services are compromised or fail and / or there is a loss of information resulting in ongoing reputational, legal, and financial consequences. SR4 links to SR1 (Failure to respond to a disaster) and SR8 (Failure to respond to a crisis or emergency). | | | | | |
| Risk Owner | David Bryant | Category | Disaster Recovery/Business Continuity Technology | Risk Appetite | Neutral - 3 |
| Risk Cause | | | | | |
| <div>1. IT/OT technology advances – positive and negative</div> <div>2. Inadequate identification of IT security threats, trends, themes, detection and responses</div> <div>3. Poor IT/OT Security awareness / culture /behaviours</div> <div>4. Poor IT/OT security operational practices</div> <div>5. Release and change management processes lacking a security focus – not “secure by design”</div> <div>6. Privacy Breach</div> <div>7. Poor asset and service lifecycle management leading to asset and service failure</div> <div>8. Inadequate architecture</div> <div>9. A supplier being breached</div> <div>10. Inadequate competency at organisational level</div> <div>11. Specific targeting and malicious exploitation of security vulnerabilities across Council IT asset infrastructure, or Operational Technology</div> <div>12. International trends and attacks not being considered in NZ</div> <div>13. Malicious activity (e.g. cyber-attack, phishing etc.) targeting central and local government entities.</div> <div>14. Inadequate access control to key systems</div> <div>15. Zero-day attacks</div> | | | | | |
| Inherent Risk Rating | | | Very High – Possible x Catastrophic | | |
| Existing Controls | | | | | |
| A separate public excluded report is taken to the Strategic Risk and Assurance Committee which provides further details about the Organisation’s Cyber Security and Risk | | | | | |
| Residual Risk Rating | | | Very High – Likely x Major | | |
| Responsible Manager(s) | Allan Lightbourne Ron Rahman Eric Wang | Risk Treatment Option | | Mitigate | |
| Treatment Plans | | | | | |
| A separate public excluded report is taken to the Strategic Risk and Assurance Committee which provides further details about the Organisation’s Cyber Security and Risk Improvement Schedule | | | | | |

| Strategic Risk 5 | | | | | |
|--|---------------|----------|--|---------------|-------------|
| SR5 Failure to Deliver Growth Outcomes | | | | | |
| Step-changes in growth requirements or demand or consequences of growth means Council can't deliver expected growth outcomes resulting in increased costs and the perception that growth delivers negative outcomes for the community. | | | | | |
| Risk Owner | Blair Bowcott | Category | Community and Wellbeing Service Delivery Strategic | Risk Appetite | Neutral - 3 |
| Risk Cause | | | | | |
| <div>1. Wider economic downturn</div> <div>2. Significant change in the market – either demand or supply side, due to e.g. construction cost inflation and restrictions on credit</div> <div>3. Population growth rates change (either natural change or through internal or international migration rates)</div> <div>4. Changes in growth projections as a result of climate change impacts on population spread in New Zealand and overseas</div> <div>5. Inadequate skills, data or modelling and scenario planning</div> <div>6. Council’s decisions that impact desired growth outcomes e.g. growth opened on too many fronts, lack of funding for desired levels of outcome etc</div> <div>7. Changes in Government Policy or legislation impact on desired growth outcomes or our ability to effectively respond to growth</div> <div>8. Central Government funding and financing initiatives such as Housing Infrastructure Fund, Infrastructure Funding (IFF) and Financing and the Infrastructure Acceleration Fund (IAF)</div> <div>9. Inadequate provisions in of application of the District Plan to deliver positive outcomes for people / environment</div> <div>10. Neighbouring councils make growth decisions around Hamilton’s border that are not aligned with Hamilton’s desired growth strategy</div> <div>11. Requests from developers for unplanned, out of boundary and/or out of sequence developments</div> <div>12. Groups within Council planning and budgeting for growth separately versus in a joined-up way</div> <div>13. Significant change in public perception of growth or growth outcomes</div> <div>14. Tougher environmental standards (links to SR3) placing constraints on growth to the extent it makes it unaffordable</div> <div>15. Misaligned understanding of growth strategies resulting in different levels of advice from different developers which could delay development or create perceived barriers</div> <div>16. Investment misalignment between key external funding agencies as a result of reforms e.g. RM Reform, Affordable Waters Reform etc.</div> <div>17. Infrastructure capacity and constraints, particularly three waters</div> <div>18. Long Term Plan (LTP) financial constraints and cost of growth infrastructure and market feasibility for developers results in lack of supply and increased prices.</div> | | | | | |
| Inherent Risk Rating | | | Very High – Possible x Major | | |
| Existing Controls | | | | | |

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| <ol style="list-style-type: none"> 1. Numerous strategies and plans in place to manage growth outcomes 2. Hamilton Urban Growth Strategy 3. Future Proof Partnership and work programmes 4. Engagement with Central Government 5. Engagement with neighbouring Councils on strategic growth planning 6. Preparation of growth programme business cases 7. Growth Programmes team 8. Communications and engagement strategies for Growth 9. National Policy Statement Urban Development 10. Changes to District Plan (plan changes) where required 11. Zoning Decision Process 12. Submissions on any neighbouring councils plan changes. 13. Management of Resource Consent applications 14. Out of Boundary Principles 15. Private Developer Agreements 16. Monitoring the broader environment 17. HCC Growth and Development Contributions model 18. Long Term Plan (LTP) and Annual Plan reviews | | | |
| Residual Risk Rating | | High – Possible x Serious | |
| Responsible Manager(s) | Karen Saunders Greg Carstens Mark Davey Hannah Windle Tunde Balvanyos Nicky Swan | Risk Treatment Option | Mitigate |
| Treatment Plans | | | |
| Treatment Plan | Previous Update | Update – March 2024 | |
| Progress and notify District Plan Change Programme in response to Government Direction from NPS-UD and RMA Bill, by late 2023 | <p>September 2023 Plan Change 5 (Peacocke) is at the appeals stage, Industrial Land Supply Analysis has been completed to inform up-coming HBA analysis and Emerging Areas investigations are continuing, hearings on PC12 have been delayed in order to address flood hazards through Plan Change 14 first (due to be notified early 2024). Decision deadline on PC12 has been extended by the Minister for the Environment for HCC till December 2024.</p> <p>December 2023 No update this quarter</p> | <p>March 2024 Plan Change 14 notification is now due mid-2024. Government has announced its intentions regarding MDRS and NPS: UD implementation with updated legislation to follow. On this basis Council has confirmed with the Independent Hearing Panel (IHP) that it wishes to go to hearing on Plan Change 12 September 2024 allowing sufficient time to make decisions by 20 December 2024. A proposed timetable for evidence exchange will be put forward by Council to the IHP end of April.</p> | |

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| Incorporate a growth lens to the 2024-34 LTP discussions and consultation, by June 2024 | December 2023 Session on Growth was held with Elected Members as part of the 7-8 Nov LTP workshop. This included growth projections, challenges, risks of not investing in growth and the growth programmes. Consultation doc and final LTP report preparation under way incorporating growth lens. | March 2024 Growth area summary sheets provided to support the capital investment programme and decision making through key LTP workshops. Other key info including growth projections and the infrastructure strategy have been provided or are in development. |
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| Strategic Risk 6 | | | | | |
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| SR6 Political Changes Negatively Impact Strategic Direction | | | | | |
| Political stakeholders make unanticipated changes or decisions or take actions that negatively impact Council’s strategic resulting in significant changes to Council’s form or function, resourcing and work programme. Links to SR3, Failure to meet compliance standards. | | | | | |
| Risk Owner | Blair Bowcott | Category | Political Service Delivery Strategic | Risk Appetite | Receptive - 4 |
| Risk Cause | | | | | |
| 1. Wider economic downturn | | | | | |
| 2. Political changes including central government coalition parties, strategic direction and legislative changes creates risk or opportunities | | | | | |
| 3. Local political changes, including potential misunderstanding of Council’s intent | | | | | |
| 4. Political personalities, trust and relationships and change of key personnel – positive & negative | | | | | |
| 5. Failure to manage stakeholder relationships, communication and engagement tactics, including due to a lack of resource or need to balance priorities | | | | | |
| 6. Short term focus overshadows long term cost benefit outcomes | | | | | |
| 7. Political sovereignty/patch protection, lack of alignment or willingness to compromise ie boundaryless approach vs localism | | | | | |
| 8. Financial strategy misaligned with wider context | | | | | |
| 9. International events, trends or decisions influence NZ | | | | | |
| 10. Major projects or initiatives for the benefit of Hamilton accelerating or slowing down | | | | | |
| 11. Relationships with neighbouring territorial authorities are ineffective or adversarial due to differences of opinion or priorities | | | | | |
| Inherent Risk Rating | | | Very High – Likely x Major | | |
| Existing Controls | | | | | |
| 1. Collaborative governance group meetings | | | | | |
| 2. Culture, expectation, and policies of HCC organisation | | | | | |
| 3. Monthly SLT discussion to ensure awareness of strategic initiatives | | | | | |
| 4. Participation in national and regional advisory groups | | | | | |
| 5. Participation in processes to influence government policy direction | | | | | |
| 6. Proactive steps taken at the start of each local government triennium | | | | | |
| 7. Regular Council briefings | | | | | |
| 8. Regular engagement with stakeholders at political and executive level | | | | | |
| 9. Regular meetings with Government Ministers and MPs | | | | | |
| 10. Future Fit Programme Established | | | | | |
| Residual Risk Rating | | | Very High – Likely x Major | | |
| Responsible Manager(s) | Hannah Windle Mish Hawthorne Nicky Swan | Risk Treatment Option | | Mitigate | |
| Treatment Plans | | | | | |
| Treatment Plan | | Previous Update | | Update – March 2024 | |

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| Feed the implications of Resource Management Reform into the Future Fit Programme by July 2024 | <p>September 2023 Spatial Planning Act and Natural and Built Environment Act now passed into law. Implications of these on council being explored, however impact will be dependent on who makes up the incoming government</p> <p>December 2023 Prior to the election, National has signalled that it will repeal both the Natural and Built Environment Act and the Spatial Planning Act by Christmas 2023. Council staff, along with Future Proof partner councils, continue to keep a watching brief on any further detail that will provide certainty for council.</p> | <p>March 2024 No longer relevant due to NBA and SPA being repealed. This action will now be archived.</p> |
| Work with Future Proof Partners on the implications of RM reform to ensure sub-regional voice is championed by October 2023 | <p>September 2023 Working with Future Proof councils to develop thinking around how we may partner with incoming government to collectively partner to deliver strategic infrastructure (prospectus and white paper)</p> <p>December 2023 There is no certainty on the path forward for resource management reform with the incoming government having signalled that the two new acts (NBA and SPA) will be repealed prior to Christmas in their pre-election promises. Staff continue to keep a watching brief on government updates, and to work with FP partners on shared areas of interest where possible</p> | <p>March 2024 There is no certainty on the path forward for RM reform, however the 2x Acts (NBA and SPA) have been repealed meaning councils continue to operate under the existing RMA. Fast track legislation is due to be released by the Government that has the intention of delivering more houses, faster. We will continue to work with FP partners on shared areas of interest where possible.</p> |
| 3 Waters Reform Treatment Plan | <p>September 2023 Additional legislation passed to provide clarity on future waters entities. Implications for council still unclear due to uncertainty from general election in October.</p> <p>December 2023 There is no further direction that has been provided by the new government on the path forward for 3 waters outside of party manifesto released prior to the election. Staff are having to plan under current legislation for the LTP currently under development, however, are ensuring we have a 'shadow budget' ready should 3 waters stay with councils. Staff continue to lobby government for an off-balance sheet solution for 3 waters</p> | <p>March 2024 Government has signalled 'waters done well' reform programme where councils will maintain control and ownership of waters assets. They have signalled that councils will need to voluntarily investigate opportunities for shared services/CCOs. Discussions are yet to begin, and more detail is required from central government. At this stage, waters have been added back into the LTP from year 3.</p> |
| Future for Local Government Treatment Plan | <p>September 2023</p> | <p>March 2024 There is no clarity on the future for local government review by the new</p> |

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| | <p>Final recommendations from the FFLG panel now released and council considering its position on the recommendations. Government not progressing any of the 17 recommendations until after the general election in October.</p> <p>December 2023 There is no clarity on the future for local government review being progressed further noting the new incoming government. Staff continue to keep a watching brief on any updates on this work.</p> | <p>Government. Staff continue to keep a watching brief for any updates.</p> |
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| Strategic Risk 7 | | | | | |
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| SR7 Failure to Deliver our Work Programmes | | | | | |
| An ongoing shortage of necessary resources (people and materials) means we are unable to deliver our work programmes resulting in constrained growth and negative long-term outcomes for the community. Links to SR2 Significant negative impact on financial strategy. | | | | | |
| Risk Owner | Andrew Parsons | Category | Financial People Service Delivery | Risk Appetite | Neutral - 3 |
| Risk Cause | | | | | |
| <div>1. Major construction sector skills/labour shortage - capacity and capability</div> <div>2. Political changes in the labour market (e.g. immigration policy changes)</div> <div>3. Regional or national investment decisions leading to increased demand for construction resources and market congestion – i.e. significant increase in capital portfolios nationally</div> <div>4. Supply chain company failures</div> <div>5. Supply chain investment confidence - i.e. forward work confidence to invest in people, plant and technology</div> <div>6. Key construction material shortages or delays - particularly pipes, bitumen, oil, steel, aggregate and concrete</div> <div>7. COVID-19 absenteeism</div> <div>8. Supply chain breakdown</div> <div>9. Increased work programmes driven by additional funding (i.e. central government investment)</div> <div>10. Third-party dependencies (utility companies, Waka Kotahi, developers)</div> <div>11. Significant Weather Events (e.g. cyclone, unusually wet construction season)</div> | | | | | |
| Inherent Risk Rating | | | Extreme – Almost Certain x Catastrophic | | |
| Existing Controls | | | | | |
| <div>1. Adjustment of cost escalation provisions in the 2021/31 Long Term Plan</div> <div>2. Established procurement planning frameworks</div> <div>3. Forward works pipeline visibility and supply chain engagement</div> <div>4. Procurement optimisation</div> <div>5. Utilising panel arrangement for procurement and engagement</div> <div>6. Portfolio Framework in place</div> <div>7. Resource management tool for Project Management</div> <div>8. Annual Plan 23/24 Capital Portfolio</div> <div>9. Scope of projects reduced to fit the budget</div> | | | | | |
| Residual Risk Rating | | | High – Possible x Serious | | |
| Responsible Manager(s) | Kelly Stokes Chris Allen | Risk Treatment Option | Mitigate | | |
| Treatment Plans | | | | | |
| Treatment Plan | | Previous Update | | Update – March 2024 | |
| Optimise procurement processes and contracts to enable HCC to be a construction industry client of choice. | | <div>September 2023</div> No update this quarter <div>December 2023</div> Workshop with Corporate Group to update Delegations to Positions Policy. Awaiting updated policy approval. | | <div>March 2024</div> Delegations to Positions Policy update has been implemented | |

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| Strategic Risk 8 | | | | | |
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| SR8 Failure to Respond to a Crisis or Emergency | | | | | |
| A lack of Council’s preparedness leads to a failure to respond or an ineffective response to a crisis (e.g. pandemic) or emergency (e.g. security attack) resulting in compromised business resilience. Links to SR1 and SR4. | | | | | |
| Risk Owner | David Bryant | Category | Disaster Recovery/Business Continuity People Service Delivery | Risk Appetite | Cautious - 2 |
| Risk Cause | | | | | |
| 1. Large scale physical attack on people in public places (e.g. a terrorist attack) 2. Physical attack on city critical infrastructure 3. Civil unrest – political or social unrest resulting in a security or safety threat to people or assets 4. Chemical or biochemical attack, contamination or similar event 5. Fire or water damage within our premises or working environments 6. Significant shortage of key staff in one or more areas 7. Death or injury to staff, residents or customers 8. Disruption to supply chains 9. Denial of access to our facilities (e.g. a bomb threat) 10. Power or water outages 11. Natural or man-made hazards including those requiring us to evacuate staff from our facilities 12. Pandemics | | | | | |
| Inherent Risk Rating | | | Very High – Possible x Catastrophic | | |
| Existing Controls | | | | | |
| 1. Business Continuity Management Policy and Plans 2. Business continuity and disaster recovery (BCDR) processes 3. Council has established an Incident Management Team 4. Security Risk Assessments 5. Quarterly Operational Risk Reviews 6. Risk Management Training 7. Risk Management Policy | | | | | |
| Residual Risk Rating | | | Very High – Possible x Catastrophic | | |
| Responsible Manager(s) | Mish Hawthorne Nicholas Whittaker | Risk Treatment Option | | Mitigate | |
| Treatment Plans | | | | | |
| Treatment Plan | | Previous Update | | Update – March 2024 | |
| Adopt and implement accepted recommendations from SRAs by December 2023 | | September 2023 A full review of Council's SRA recommendations is underway. The outcome of this review will be brought to the next SRAC meeting. The treatment plan's due date has been edited to reflect this. | | March 2024 258/336 recommendations have been completed. Further updates are provided in the risk management report under SR8. | |

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| | <p>December 2023</p> <p>This action has been delayed due to organisational capacity and the FutureFit programme. Key stakeholders have confirmed the review will be completed and reported back to SRAC in March.</p> | |
| Review of Organisational Security Risk Assessment (OSRA) by December 2023 | <p>September 2023</p> <p>A full review of Council's SRA recommendations is underway. The outcome of this review will be brought to the next SRAC meeting. The treatment plan's due date has been edited to reflect this.</p> <p>December 2023</p> <p>This action has been delayed due to organisational capacity and the FutureFit programme. Key stakeholders have confirmed the review will be completed and reported back to SRAC in March.</p> | <p>March 2024</p> <p>0/10 recommendations have been completed. 3 of these recommendations have had significant progress made, focusing on Hamilton City Council's security risk culture, processes, and reporting. Further work is required to complete these recommendations.</p> |
| Develop and deliver Crisis, Emergency & Incident Management guidelines and procedures by March 2024 | <p>September 2023</p> <p>A pilot workshop was run with Hamilton Gardens to test the Incident and Emergency Management Plan/Manual. The pilot was successful in gathering information about the site's ability to respond to an incident/emergency and also created meaningful conversations about resilience and incident and emergency management response. Following the learnings from this pilot, further review is required. Once the review has taken place, this will be rolled out to critical business units and activities over the next 6 months.</p> <p>December 2023</p> <p>The full review has been delayed due to organisational capacity and the FutureFit process. This will be a key action for 2024</p> | <p>March 2024</p> <p>The full review has been delayed to April due to organisational capacity and the FutureFit process. Work has begun at the organisational level to ensure we have fit for purpose processes in place.</p> |
| Align operational-level BIA with enterprise-level BIA as part of routine BCM reviews and updates by Early 2024 | <p>September 2023</p> <p>To date, 13 Business Impact Analysis workshops have been booked in or completed and a further 14 workshops are yet to be booked in. It is anticipated that this workstream will be completed by December 2023.</p> <p>December 2023</p> <p>This work has been delayed given a number of internal capacity pressures. This will be a key focus area in the new year.</p> | <p>March 2024</p> <p>All Tiered 1, 2, 3 and Critical Support Units have BIAs booked and/or completed. All BIAs will be completed by end of May 2024.</p> |
| Refresh the BCP template by March 2024 | <p>September 2023</p> <p>Updated BCP templates will follow</p> | <p>March 2024</p> <p>A revised BCP template has</p> |

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| | <p>Business Impact Analysis (BIA) workshops. The treatment plan's due date has been amended to reflect this</p> <p>December 2023 No update this quarter</p> | <p>been drafted. This will be amended and then implemented following the BIA workshops which are scheduled for May.</p> |
| Develop a Resilience Management Policy by March 2024 | <p>September 2023 Put on hold to align with review of Risk Management Policy.</p> <p>December 2023 The Risk Management Policy review has now been completed. This will inform the Resilience Management Policy which will be brought to the March Committee</p> | <p>March 2024 The Risk Management Policy (deferred from December) has now been completed. Work has begun on the Resilience Management Policy which will be brought to the June Committee.</p> |

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| Strategic Risk 9 | | | | | |
|---|--|---|----------------------------|---|--------------|
| SR9 Failure to Respond to Climate Change | | | | | |
| Climate change causes changes to our community and City we have not anticipated or planned for which will negatively impact on the wellbeing of our community. | | | | | |
| Risk Owner | Blair Bowcott | Category | Climate Change | Risk Appetite | Cautious - 2 |
| Risk Cause | | | | | |
| 1. Council's strategies and plans do not adequately consider appropriate climate change scenarios | | | | | |
| 2. Changes in political direction (including local, regional and national) on climate change | | | | | |
| 3. Economic, social and technological shocks resulting from the transition to a lower-carbon economy | | | | | |
| 4. Uncertainty in the climate modelling on the physical climate change and transition impacts for Hamilton, making it hard to estimate impacts on particular Council activities | | | | | |
| 5. Misalignment between Council's climate change strategies and operational activities | | | | | |
| 6. Failure to consider climate change appropriately in fit for purpose activity management | | | | | |
| 7. Failure to appropriately consider climate change in growth decisions. | | | | | |
| Inherent Risk Rating | | | Very High – Likely x Major | | |
| Existing Controls | | | | | |
| 1. Activity Management Plans incorporate climate change considerations. | | | | | |
| 2. Climate change steering group established and operational | | | | | |
| 3. Our Climate Future: Te Pae Tawhiti o Kirikiriroa | | | | | |
| 4. Climate Change Policy | | | | | |
| 5. Council has responsibility for climate change response | | | | | |
| 6. Council Climate Change Risk Assessment | | | | | |
| 7. Hamilton Urban Growth Strategy | | | | | |
| 8. Access Hamilton - transport strategy | | | | | |
| 9. Future Proof Strategy | | | | | |
| 10. Open Spaces Strategy | | | | | |
| 11. Nature in the City strategy | | | | | |
| 12. Stormwater Master Plan | | | | | |
| 13. Emissions trajectory for Hamilton | | | | | |
| 14. Long term Plan (LTP) and Annual Plan reviews | | | | | |
| 15. District Plan | | | | | |
| 16. Changes to District Plan (plan changes) where required | | | | | |
| Residual Risk Rating | | | Very High – Likely x Major | | |
| Responsible Manager(s) | Charlotte Catmur Cathy Kopeke Poppy Barran | Risk Treatment Option | | Mitigate | |
| Treatment Plans | | | | | |
| Treatment Plan | | Previous Update | | Update – March 2024 | |
| Staff learning and development programme for climate change developed and implemented by June 2024 | | September 2023 The first two learning and development modules are under development, the first is a high | | March 2024 Staff learning sessions have commenced through the Corporate Sustainability | |

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| | <p>level introduction to climate change and the second outlines the climate change strategy, Our Climate Future, in an interactive and accessible format.</p> <p>December 2023 The modules have been finalised and are available on our learning and development platform. Planning is underway for a series of climate change knowledge sharing sessions for 2024 and also a climate change week of action for staff.</p> | <p>Programme. An engagement and education climate change programme for the Executive Leadership Team has been approved and is now underway.</p> |
| Integration of climate change considerations into the Long-Term Plan by June 2024 | <p>September 2023 The climate change team have reviewed the Activity Management Plans and Activity Statements to provide strategic input on how climate change can be integrated into the 2024-34 Long Term Plan.</p> <p>December 2023 Climate change reviews of the proposed capital programmes for the 2024-34 Long Term Plan (LTP). Assessment of the opportunities for community resilience projects within the LTP and a proposal for funding a citywide climate change risk assessment.</p> | <p>March 2024 Staff are assessing the draft Long Term Plan to understand how it delivers on climate change and alignment with Our Climate Future. This will be presented to Elected Members late March/early April for information.</p> |
| Climate change maturity and disclosure programme | (New TP) | <p>March 2024 The climate change maturity and disclosure programme includes two key phases, firstly understand our current integration of climate change across four domains - Governance, Strategy, Risk Management and Metrics and Targets - and develop a 3-year roadmap to improve our maturity and then the second phase to implement the roadmap and to complete annual disclosure reports on our climate change risk.</p> |

| Organisational Risk 1 | | | | | |
|---|----------------------------|-----------------------|----------------------------------|---------------|------------|
| OR1 Failure to Provide a Safe and Healthy Environment | | | | | |
| Ineffective or inadequate health, safety and wellbeing management at our work sites leads to a failure to provide a safe and healthy work environment for Council staff or workers (including contracted or volunteer workers) resulting in a serious injury incident or fatality and increased exposure to litigation. | | | | | |
| Risk Owner | Sean Hickey | Category | People Compliance and Regulatory | Risk Appetite | Averse - 1 |
| Risk Cause | | | | | |
| 1. Poor safety culture and/or behaviours across organisation | | | | | |
| 2. Failure to understand duties and accountability relating to health and safety | | | | | |
| 3. Critical health and safety risks not identified, assessed and mitigated adequately | | | | | |
| 4. Safety Management System (SMS) ineffective or inefficient or implementation failures | | | | | |
| 5. Inadequate contractor management frameworks, including procurement and assurance practices | | | | | |
| 6. Not sharing or acting on information and lessons learnt – internal and external to Council | | | | | |
| 7. Complacency leading to greater risks being taken | | | | | |
| 8. Failure to properly engage with and listen to staff | | | | | |
| 9. Staff under resourcing leading to identified risks not being mitigated appropriately | | | | | |
| 10. Time pressures and or complacency leading to acceptance of high levels of risk | | | | | |
| Inherent Risk Rating | | | Extreme – Likely x Catastrophic | | |
| Existing Controls | | | | | |
| 1. Safety Management System (SMS) aligned to ISO45001 | | | | | |
| 2. Appropriate resources available for Council capabilities | | | | | |
| 3. Assurance activities are carried out regularly int / ext | | | | | |
| 4. Council has an effective safety governance structure | | | | | |
| 5. Council safety software system that provides reporting | | | | | |
| 6. Council’s critical safety risks are reviewed regularly. | | | | | |
| 7. Prequalification and Safety Standards for Contractors | | | | | |
| 8. Council undertakes an annual engagement survey | | | | | |
| 9. He waka eke noa - Our Way of Working | | | | | |
| Residual Risk Rating | | | High – Rare x Catastrophic | | |
| Responsible Manager(s) | Marie Snowball Dan Finn | Risk Treatment Option | | Mitigate | |
| Treatment Plans | | | | | |
| A separate report is taken to the Strategic Risk and Assurance Committee which provides further details about the Organisation’s Health and Safety strategic direction and improvement schedule. | | | | | |

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| Organisational Risk 2 | | | | | |
|---|--|-----------------------|-------------------------------------|---------------|------------|
| OR2 Failure to Provide a Safe Environment for the Community | | | | | |
| Ineffective or inadequate safety and security management at our community attractions and facilities might mean we fail to provide and maintain a safe environment for the community resulting in a serious injury incident or fatality and increased exposure to litigation. | | | | | |
| Risk Owner | Helen Paki | Category | Community and Wellbeing | Risk Appetite | Averse - 1 |
| Risk Cause | | | | | |
| <div>1. Poor HCC understanding of the health and safety risks within the facilities and services provided and managed by Council</div> <div>2. Failures in safety-in-design planning for our amenities and services provided to the community</div> <div>3. Failures in asset maintenance</div> <div>4. Failure in due diligence on assets purchased for use by the community or staff</div> <div>5. Failure in due diligence on maintenance</div> <div>6. Human error / inappropriate behaviours / criminal behaviour or damage at Council assets</div> <div>7. Complacency leading to greater risks being taken by the community on public safety issues</div> <div>8. Failure to properly engage with and listen to the community</div> <div>9. Failure to act on staff and public information or lessons learned from near misses and incidents (including lessons from other industry experiences)</div> <div>10. Internal BCP and Pandemic Plans are not adhered to</div> <div>11. Failure to consider climate change impacts on the community safety and wellbeing</div> | | | | | |
| Inherent Risk Rating | | | Very High – Possible x Catastrophic | | |
| Existing Controls | | | | | |
| <div>1. Communication plans for new projects around safety requirements</div> <div>2. Community education support for ongoing Community safety</div> <div>3. Condition assessments for assets</div> <div>4. Emergency and safety response training drills</div> <div>5. Emergency response and Pandemic plans</div> <div>6. Incorporated risk assessments and safety in design planning</div> <div>7. Maintenance and monitoring plans – buildings</div> <div>8. Management drop-ins and Unit Audits</div> <div>9. Operational asset maintenance (trees and operational infrastructure)</div> <div>10. Specific staff training programmes in facilities & service management</div> <div>11. Subject matter expert support – internal and external</div> <div>12. Traffic management plan adoption per requirements</div> <div>13. Mechanism for public to report issues that require action to us</div> <div>14. Activity Management Plans (AMPs)</div> | | | | | |
| Residual Risk Rating | | | High – Unlikely x Major | | |
| Responsible Manager(s) | Jo Keall Donna Burt Irene James Claire Toko Helen Schlegel | Risk Treatment Option | | Mitigate | |

| Treatment Plans | | |
|---|--|---|
| Treatment Plan | Previous Update | Update – March 2024 |
| Deep dive into security risks by Feb 2024 | <p>September 2023 An initial review has been completed which identified that little work has been progressed on the security risks. A complete review of all security risks is now required to establish what is needed to complete and close these risks. The due date for this has been moved out to February 2024.</p> <p>December 2023 The review of security risks is continuing and we are on track to have this work completed in the new year.</p> | <p>March 2024 The deep dive has been completed and this action can now be considered closed. The deep dive has identified a number of actions that require follow up. The follow up actions will be reported under a new treatment plan, sitting under this risk or SR8.</p> |

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| Organisational Risk 3 | | | | | |
|--|----------------|----------|--|---------------|------------|
| OR3 Failure of Critical Assets | | | | | |
| Incorrect investment (timing or amounts) results in the unexpected failure of critical assets (loss of levels of service), resulting in loss of service delivery, financial impact, and environmental damage. | | | | | |
| Risk Owner | Andrew Parsons | Category | Compliance and Regulatory Environmental Financial Reputation Service Delivery | Risk Appetite | Averse - 1 |
| Risk Cause | | | | | |
| <div>1. Misalignment in the timing of investment with the required levels of service or that key deliverable dates not identified appropriately</div> <div>2. Insufficient skilled, knowledgeable and experienced staff and low investment in the ongoing building of staff capability to ensure critical assets remain functional, resilient and levels of service remain</div> <div>3. Poor or incomplete asset data</div> <div>4. Assets being operated outside of design scope or change in demand or that the operation of the asset exceeds design assumptions.</div> <div>5. Stakeholder specifications and expectation of asset increase making the asset no-longer fit for purpose</div> <div>6. Critical manufacture service agents unavailable to resolve major failure of critical assets</div> <div>7. Critical resources unavailable due to supply chain shortages</div> <div>8. Utility service and third-party critical impacts (stakeholder relationships)</div> <div>9. Limited anomaly detection capability and poor identification of vulnerabilities</div> <div>10. Failure to identify threat actors who wish to exploit technology vulnerabilities</div> <div>11. Failure to identify all critical assets</div> <div>12. Failure to accurately forecast capacity limits or inaccurate demand forecasting on critical assets</div> <div>13. Failure to accurately forecast useful life on critical assets</div> <div>14. Failure to future proof asset to allow for pending changes in requirements</div> <div>15. Failure to procure/renew the asset with an appropriate replacement</div> <div>16. Failure to install asset correctly (including poor procurement processes to begin with)</div> <div>17. Failure to carry out and prioritise planned maintenance and renewal of critical asset</div> <div>18. Failure to deliver renewal of the asset within scheduled timeframe</div> <div>19. Inadequate budget allocated for maintenance and renewal of critical assets</div> <div>20. Incorrect analysis in development of maintenance and renewal requirements</div> <div>21. Insufficient resources to deliver renewal of assets on time and within allocated budgets</div> <div>22. Failure to adequately consider climate change in critical asset investment</div> | | | | | |
| Inherent Risk Rating | | | Very High – Likely x Major | | |
| Existing Controls | | | | | |
| Asset Management Controls | | | | | |

| | | | |
|--|--|-------------------------------------|--|
| <ol style="list-style-type: none"> 3 yearly Independent asset management maturity Regular monitoring and submission on industry change Resourcing for Activity Management Plan (AMP) funded 2021-2051 Infrastructure Strategy is in place. Modelling and master planning of strategic assets Asset Management Plan policy in place to set standards 2021-31 Activity Management Plans int. ext. reviewed Asset Strategy Team in place to drive org consistency Manage, monitor, operate and maintain critical assets <p>Operational Controls:</p> <ol style="list-style-type: none"> Processes in place Re: supervision design and test Quarterly Threat and Risk assessments Training and development plans in place for staff Business Continuity and Essential Maintenance Plans <p>Planning Controls:</p> <ol style="list-style-type: none"> Annual review of build/Facilities capital programme Anomaly detection and vulnerability scanning capability Solutions for redundancy (physical and process) in place Project management and procurement processes are in place Staff have project management skills and experience <p>Procurement Controls:</p> <ol style="list-style-type: none"> Robust procurement process followed to identify/scope Maintenance and service agreements in place with the supplier Speciality contracts in place to maintain critical assets Stakeholder engaged before procure/replacement of asset | | | |
| Residual Risk Rating | | Very High – Possible x Major | |
| Responsible Manager(s) | Jo Keall Anita Oliver Claire Toko, Paul Gower, Maire Porter, Gordon Naidoo, Tania Hermann | Risk Treatment Option | Mitigate |
| Treatment Plans | | | |
| Treatment Plan | Previous Update | | Update – March 2024 |
| Implement the Organisational Asset Management Improvement Plan by June 2024 | <p>September 2023 Little change to the above. The Organisational Asset Management Improvement was adopted by ELT in October 2021 and contains 32 organisational improvements to be undertaken. This Plan has a horizon out to June 2024. The improvements have been organised into 4 streams of work with one of the streams relating to Resilience and Criticality. Of the 6 tasks relating to Resilience and Criticality, 3 are complete and one is in progress.</p> <p>December 2023 No change to the above</p> | | <p>March 2024 The community and facility asset management improvement programme has begun. This programme comprises 10 related projects - improving asset registers, practices and capabilities across key community infrastructure and assets and Council buildings. The Future Fit programme is also reviewing how asset management improvements are resourced. Changes to teams are being proposed to increase</p> |

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| | | capabilities for the management and reporting of asset information. |
| Implement Asset Criticality Framework by June 2024 | <p>September 2023 Baseline AMPs have been completed including the section on 'managing critical assets' which contains mitigation measures</p> <p>December 2023 Baseline AMPs have been completed including the section on 'managing critical assets' which contains mitigation measures</p> | <p>March 2024 How critical assets are identified, and this information used will be reviewed as part of reviewing AMP process and considering improvements for next planning cycle</p> |
| Critical assets are considered as part of the 2024-54 Infrastructure Strategy | <p>September 2023 Baseline AMPs have been completed including the section on 'managing critical assets' which contains mitigation measures</p> <p>December 2023 Baseline AMPs have been completed including the section on 'managing critical assets' which contains mitigation measures</p> | <p>March 2024 Renewals and Compliance budget in the Draft 2024-34 LTP have been increased from the initial Base budget to reduce risk profile to medium for the first 3 years. Waters budgets have been included with a medium risk profile.</p> |

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| First adopted: | 22 February 2012 |
| Revision dates/version: | June 2020 |
| Approved: | August 2020 (Council) |
| Next review date: | June 2023 |
| Engagement required: | Not required |
| Document number: | D-1680375 |
| Associated documents: | Risk Management Standards and Guidelines |
| Sponsor/Group: | General Manager - Corporate |

Risk Management Policy

Purpose

The Policy outlines Council's risk management philosophy, risk threshold and approach to managing risk. It also sets out the principles which guide Council's risk philosophy and the structures and processes necessary to implement, support and sustain effective risk management across Hamilton City Council.

1. To enable the achievement of HCC's operational, organisational, and strategic objectives through the appropriate management of risk.
2. To reduce potential impacts on the community and ratepayers by defining and supporting an organisational approach to managing risk across HCC activities.
3. To clearly articulate the roles and responsibilities of HCC in relation to risk management.

~~1.4.~~ The Policy provides a framework to effectively manage risks inherent to the ~~Council's~~ HCC operations which can affect the achievement of its goals and objectives by:

- Ensuring risk-based information is available to support good decision-making
- Providing assurance that risks are being appropriately identified, addressed and managed
- Ensuring compliance with legislation and regulations

Scope

~~The scope of this policy applies to all Hamilton City Council employees.~~

~~5. This Policy:~~

- ~~a. Applies to all HCC elected members, employees, and activities.~~
 - ~~b. Applies to all risk across HCC.~~
- ~~Risk disciplines such as Health and Safety, or, Programme and Project risk have specific detailed frameworks, however this policy outlines Council's risk philosophy across all risk types.~~

Definitions

| Definition | Detail |
|-----------------------------|---|
| Council | The Hamilton City Council E lected m Members. |
| Hamilton City Council (HCC) | The Hamilton City Council as an organisation. |
| Level of risk | The magnitude of a risk or combination of risks expressed in terms of the combination of consequences and their likelihood. |

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| Project | A series of interrelated activities undertaken to accomplish a specific goal or end result with specific start and end points (not ongoing). |
| Public annoyance | The result of something that disturbs or aggrieves the public; something the public finds irritating or troublesome. |
| Risk attitude | Council's approach to assess and eventually pursue, retain, take or turn away from risk. |
| Risk management | Coordinated activities to direct and control Council with regard to risk. |
| Risk management framework | A set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout Council. |
| Risk threshold <u>appetite</u> | The amount and type of risk that Council is willing to accept in pursuit of its objectives. |
| Risk tolerance | The maximum risk that Council is willing to take regarding each relevant risk. |
| Extreme risk | A risk which is almost certain or likely to occur which will result in major or catastrophic consequences. |

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Principles

1. Effective risk management is an essential tool for good business practice
2. Risk management is the responsibility and duty of all elected members, staff, contractors, and volunteers as part of business-as-usual processes everyone at Hamilton City Council.
3. HCC continues to promote a risk-aware culture where staff can “speak up” and raise concerns early to ensure risks are managed efficiently. Risks are inherent to all functions of Council and therefore proactive identification is encouraged. All staff are ~~Everyone at Council should be~~ empowered to identify operational risks and have the tools available to be able to bring these to the attention of Management and Council. Further details on “how” can be found in the Risk Management Framework.
4. HCC take a holistic view to risks by analysing a wide range of causes and consequences to ensure that the full picture is well understood. Identifying the diverse nature of risks ensures that the right controls are in place to actively manage and mitigate the specific causes and consequences.
5. Well-articulated risk appetite guides decision-making and ensures that risks are managed effectively while pursuing opportunities. At Council level, risk threshold appetite is a driver of strategic risk decisions. At an executive level, risk threshold appetite translates into a set of procedures to ensure that risk receives adequate attention when making tactical decisions. At an operational level, risk appetite dictates operational constraints for routine activities. At an operational level, risk threshold appetite dictates operational constraints for routine activities.
6. Risk management requirements and practices will be regularly communicated throughout HCC through the adoption, delivery, and implementation of this policy.
- 1-7. The risk management policy and framework are Risk management will be governed by a common set of principles, aligned to the joint AS/NZS ISO 31000:2018 Risk Management Standard. These principles of which should be considered for all underpin all risk management activities undertaken within Hamilton City Council HCC:
 - a. ~~Integrated~~ — risk management is an integral part of all the Council’s activities.
 - b. ~~Structured and comprehensive~~ — the Council’s approach to risk management contributes to consistent and comparable results.
 - c. ~~Customised~~ — the Council’s risk management framework and processes are customised and proportionate to the external and internal context related to the Council’s objectives.
 - d. ~~Inclusive~~ — appropriate and timely involvement of the Council’s stakeholders enables their knowledge, views and perceptions to be considered. This results in improved awareness and informed risk management to inform decision-making, prioritise actions and distinguish alternative courses of actions.
 - e. ~~Dynamic~~ — risk management anticipates, detects, acknowledges and responds to those changes and events in an appropriate and timely manner.
 - f. ~~Best available information~~ — the inputs to risk management are based on historical and current information, as well as on future expectations. Risk management explicitly considers any limitations and uncertainties associated with such information and expectations. Information should be timely, clear and available to relevant stakeholders.
 - g. ~~Human and cultural factors~~ — significantly influence all aspects of risk management at each level and stage.
 - h. ~~Continual Improvement~~ — risk management is continually improved through learning and experience.

Risk management statement

~~2.8. Risk management is the responsibility and duty of everyone at Hamilton City Council. The process of identifying and managing risks remains at the core of all processes to ensure that Council is able to meet its long-term goals and strategy.~~

~~Everyone at Council should be empowered to identify risks and have the tools available to be able to bring these to the attention of Management and Council. This Policy will ensure that events that might create, enhance, prevent, degrade, accelerate or delay the achievement of objectives, are identified, reported early and managed appropriately.~~

Risk management overview

- ~~1. Council will determine and oversee the risk management structure and ensure it is functioning effectively and efficiently.~~
- ~~2. Council's requirements and priorities in respect of risk management will be communicated throughout Hamilton City Council.~~
- ~~3. Potentially significant risks identified by personnel can be communicated upwards to Council through the Chief Executive.~~
- ~~4. Council will determine the level of significance that they would like to review, e.g. extreme, very high, and high risk. Risks will be rated on a five-point rating scale at Hamilton City Council (extreme, very high, high, medium, and low).~~
- ~~5. Council should identify and address risks at a governance level which would affect its ability to meet the governance and stewardship role for Hamilton City Council.~~
- ~~6. Hamilton City Council's risk management guidelines are consistent with the ISO 31000:2018 Risk~~

Management Standard.

Risk threshold and tolerance

~~7. Setting risk threshold and tolerance is the responsibility of Council.~~

~~8.1. At Council level, risk threshold is a driver of strategic risk decisions. At an executive level, risk threshold translates into a set of procedures to ensure that risk receives adequate attention when making tactical decisions. At an operational level, risk threshold dictates operational constraints for routine activities.~~

~~9. Setting risk threshold starts with the outcome targets Council wishes to achieve, taking into account:~~

- ~~a. Current and future potential risk exposures.~~
- ~~b. An analysis of risk/ opportunities~~
- ~~c. Current and future potential resources.~~
- ~~d. Council's desired risk position in the public sector, given the reputation it wants to achieve/maintain, likely sector developments and the positioning and expected strategies of other sector participants/stakeholders.~~

~~10. Council sets a risk threshold at an overarching level for all activities undertaken. All risks undertaken should be done so in line with the risk management framework. All risks identified must be assessed against key Council consequence areas to ensure the impact on Council can be clearly understood. This will include consequence areas such as financial, political, reputational, compliance, and safety and wellbeing.~~

~~11. In executing its chosen strategies Council encourages intelligent risk taking, grasping of new opportunities and the use of innovative approaches to further the interests of its business and help achieve its stated outcomes provided the resultant risk exposure is within Council's risk tolerance limits.~~

~~12. Additional care is needed in taking any action which could:~~

- ~~a. impact on the reputation of Council, and HCC~~
- ~~b. impact on service delivery to ratepayers~~
- ~~c. impact the safety and wellbeing of HCC people and the public~~
- ~~d. undermine the achievement of HCC's objectives~~
- ~~e. result in financial loss~~
- ~~f. result in the disclosure of sensitive information when dealing with Official Information requests.~~

~~13. The following risk evaluation guidelines must be considered when considering opportunities or making decisions.~~

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| Class | Tolerance | Threshold All risks with an overall rating of Very High or Extreme should be reported to Council |
|--|--|--|
| Financial | Operational and capital expenditure budgets should be closely monitored to ensure these are kept within reasonable limits. | Significant financial loss in operational budget in excess of: Opex increase or reduction in revenue: the lesser of 10%–15% (or \$10k–\$100k) of Opex budget |
| Strategic/Political | The risk is aligned to political changes and confidence at a local or national level. | Activity will be detrimental to the organisation if it progresses as it will not be aligned with local or central political strategic imperatives. Loss of political confidence. |
| Regulatory/Compliance | All risks can stand up to legal challenges | The activity is unable to comply with regulations, compliance or adverse audit findings. Extensive fines/penalties likely. |
| People, Health, Safety and wellbeing | No circumstances are expected to adversely impact the safety and wellbeing of staff, contractors and the public. The risk does not anticipate | Significant health and safety concerns requiring additional measures and resources. Injuries could be significant. |
| Community and Wellbeing | The impact of an activity on the community is localised, short-term, reversible and involves no public safety issues | Widespread dissatisfaction from the community with a risk of damage to HCC's reputation caused by poor communication or stakeholder engagement. |
| Technology | Risks with technology issues and data are easily retrievable | Significant loss of data and impact. Data is at risk of not being retrievable. |
| Operational | Operational activities will be affected in one area of service delivery. No material loss. | Widespread reduction in service delivery / disruption or outage has a detrimental effect on stakeholders |
| Reputation | All risks identified should be considered for reputational impact on HCC and Council. | Persistent negative national media coverage which could continue to escalate. |
| Disaster event, including hazards, exposure and vulnerability | The organisation has risk mitigations in place for preparedness and risk transfer (insurance) which can respond to and recover from the impacts of a likely disaster | Emerging or impending threat of disaster, with the likelihood of loss of life, injury or destruction and damage in a given period of time |
| Environmental | Any minor environmental damage caused by the activity can be managed through consent and planning process | The activity will cause widespread or major environmental damage with significant cost and reputation. |

| | | |
|-----------------|--|---|
| Projects | All projects can be adequately managed to ensure they are completed within budget and do not incur overruns. These projects should also be completed within the agreed scope and timelines while delivering on the agreed objectives and assessed for reputational consequence on Council. | Project budget severely impacted or requires significant additional funding, key milestones cannot be met, scope change impacts achieving desired results |
|-----------------|--|---|

The resultant risk ratings after the assessment of consequences and likelihood, as well as the actions required for these risks are outlined in Schedule 1.

Ko ngaa Tikanga Policy

Risk Management within Local Government

1. Risk management enables the delivery of services through proactively identifying, managing, and mitigating potentially disruptive events.
2. Effective risk management ensures activities can continue to deliver key services despite disruption and reduce the risk of service outages, financial loss, and public harm. As a local territorial authority HCC has a responsibility to prudently manage operational and organisational risks. Within the context of this policy this translates to risk management being a core responsibility for all services and activities so ratepayers, customers, and community are less likely to be impacted by preventable issues and significant risk events.
3. Risks must be considered in all strategies, policies, plans, reports, and as part of business-as-usual activity. The risk management policy and framework provide a consistent approach to risk to enable appropriate comparison so that decisions can be made that consider all potential impacts.

Reporting extreme risks.

- 14.2. ~~In the case that a risk assessment results in an~~ All risks that have a residual rating of 'extreme' inherent or residual risk score, the risk is ~~are~~ to be reported to the relevant General Manager Chief Executive and Council immediately and subsequently reviewed and reported as outlined in Schedule 1.

Strategic and Organisational Review of risk management

- ~~15. Risk management performance will be reviewed regularly to ensure that the desired outcomes or benefits are being achieved.~~
- 16.3. Council will receive reports quarterly highlighting the strategic, organisational, and any emerging risks at the relevant Committee. Council will receive a copy of the report 6 monthly to ensure all elected members are informed and understand the key risks for HCC. Council (or the relevant Committee) from the Chief Executive of significant risks at Council on a regular basis. Council will review the risks as well as any mitigations/controls in place or treatment plans
- 17.4. Feedback regarding the effectiveness of these controls will be independently provided by Internal Audit on a periodic basis as determined by Internal Audit, or as requested by Council.
- 18.5. Audit New Zealand or other external parties may be requested to provide independent assurance
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on the effectiveness of controls in place at Council, as well as any other risk mitigation processes as required by Council, or as mandated by New Zealand legislation.

Implementation

Risk management responsibilities

19.6. Council ~~are~~ is responsible for:

- a. Setting the risk appetite and leading a risk-aware culture across HCC.
- ~~a.b.~~ Evaluating risks to the delivery of the Long-Term Plan (LTP) and other key strategies and plans.
- c. Understanding the most significant risks to HCC including strategic and organisational risks and reviewing these annually.
- ~~Setting Council risk policies including:~~ determining the strategic approach to risk management
- ~~b.~~ Determining the strategic approach to risk.
- ~~c.~~ Setting the risk threshold.
- ~~d.~~ Setting risk tolerance levels commensurate with the risk threshold.
- ~~e.~~ Establishing the structure and practices for risk management.
- ~~f.a.~~ Understanding the most significant risks.
- ~~g.a.~~ Setting Council risk policies.
- ~~h.d.~~ Triennially considering the need for an independent review of Council's risk management maturity, the risk management policy, and the risk management framework.
- i. Forming its own view on the strategic risks for Hamilton City Council.
- ~~j.e.~~ Reviewing the quality of risk information, reports and effectiveness of risk assurance practices.

4. The Executive Leadership Team (ELT) is responsible for:

- a. Communicating significant risks to Council and where appropriate other key stakeholders.
- b. Implementing the risk policies, standards, and guidelines.
- c. Supporting the Council to set the risk appetite and tolerance levels and communicating these throughout the organisation.
- d. Maintaining and monitoring the organisation's policies and practices for risk management.
- e. Promoting a risk-aware culture across HCC.
- f. Identifying managing, reviewing, and monitoring risks within their functional areas.
- g. Regularly updating their business unit/activity risk profiles against their business plans and reporting these as part of ongoing management reporting.
- h. Ad hoc Council and/or Strategic Risk and Assurance Committee (SRAC) reports as required.

5. The risk management team is responsible for:

- a. Maintaining and regularly reviewing the strategic and organisational risk registers.
- b. Providing risk related mentoring, support and guidance to risk and control owners.
- c. Regularly reviewing operational risk registers with relevant leadership teams.
- d. Enabling all staff and leadership teams to manage relevant strategic, organisational, operational, and emerging risks.
- e. Advising Council on risk management practices to ensure they are adequate and appropriate.

- f. Regular review and update of the risk management policy and associated documentation.
- g. Preparing the quarterly reporting to the SRAC and any other risk management related reports as required.
- 6. People Leaders are responsible for:**
 - i. Managing risks in their area of control in accordance with the Risk Management Policy and the Risk Management Framework.
 - j. Ensuring staff understand and implement risk management processes.
 - k. Reporting on a regular basis to their General Manager on the status of processes in place for identifying and managing risks and controls as well as any material changes in relevant risks.
- 7. All staff are responsible for:**
 - a. Understanding and implementing HCC risk management processes.
 - b. Managing risks in their area of control in accordance with the Risk Management Policy and the Risk Management Framework.
 - c. Addressing inefficient controls and mitigations.
 - d. Ensuring Council and Committee reports have considered all relevant risks and their associated controls.

Ko te Aroturukitanga me te Whakatinanatanga Monitoring and Implementation

- 1. Implementation of the policy will be monitored by the General Manager Business Services.
- 2. The policy will be reviewed in response to any issues that may arise, every three years, at the request of Council or in response to changed legislative and statutory requirements (whichever occurs first).

Attachment 2

References

- [2. AS/NZS ISO 31000:2018 Risk Management – Principles and guidelines](#)
 - [3. Risk Management Framework - D-3877566](#)
 - [4. HCC Safety Management System Framework - D-4252904](#)
 - [5. Project Risk Management Framework - D-2729329](#)
-

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Schedule 1 - 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 and can also be used for mapping key risks across Hamilton City Council.

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'Action required' table

The following table details the required actions for each risk. By using this matrix, a decision can be made as to the level of escalation required for management to 'accept a risk':

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| ACTION REQUIRED FOR RISK | |
|--------------------------|--|
| E | <p>Extreme Risk – Immediate action required: risk escalated as appropriate. <u>Action-Treatment</u> Plans and management responsibility specified with close scrutiny required. <u>Further investment is required to reduce the level of risk</u></p> <p>Only the Chief Executive and/or Council can accept this level of risk.</p> |
| VH | <p>Very High Risk – <u>Senior-Executive</u> Leadership Team attention advised. <u>Action-Treatment</u> Plans and management responsibility specified with periodic scrutiny required. <u>Further investment is required to reduce the level of risk</u></p> <p>The relevant GM, sponsor, risk manager and programme manager can accept this level of risk.</p> |
| H | <p>High Risk – <u>Senior-Executive</u> Leadership Team attention advised. <u>Action-Treatment</u> Plans and management responsibility specified with periodic scrutiny required. <u>Further investment into this risk may be required.</u></p> <p>The relevant General Manager (GM), Risk Owner, <u>or</u> Unit Manager or Action Owner can accept this level of risk.</p> |
| M | <p>Medium Risk – Management responsibility specified. Managed by specific monitoring and procedures. <u>It may not require further investment.</u></p> <p>The relevant Risk Owner or <u>or</u> Unit Mmanager or Action Owner can accept this level of risk.</p> |
| L | <p>Low Risk – Manage by routine procedures. Unlikely to require <u>further investment and</u> specific application of resources.</p> <p>The relevant activity manager Risk Owner, <u>or</u> Unit Manager can accept this level of risk.</p> |

Risk Review and Reporting Table

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

| RISK LEVEL | STRATEGIC AND 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 | Monthly / as Required |
| Low | Wider Leadership Group* | Six-monthly | Monthly / as required |

| <u>Residual Risk Level</u> | <u>Audience</u> | <u>Operational and Emerging Risks</u> | <u>Strategic and Organisational Risks</u> |
|----------------------------|----------------------------------|---|--|
| Extreme | <u>Council</u> | <u>Reported to the relevant committee or exec update as required.</u> | <u>Reported Quarterly through the Strategic Risk and Assurance Committee</u> |
| | <u>Executive Leadership Team</u> | <u>Monthly review required with monthly reporting to ELT</u> | <u>Monthly review</u> |
| Very High | <u>Council</u> | <u>Reported to the relevant committee or exec update as required.</u> | <u>Quarterly through the Strategic Risk and Assurance Committee</u> |
| | <u>Executive Leadership Team</u> | <u>Quarterly review required with monthly reporting to ELT</u> | <u>Quarterly review</u> |

Attachment 2

| | | | |
|--------|----------------------------------|--|---|
| High | <u>Council</u> | <u>N/A</u> | <u>Quarterly through the Strategic Risk and Assurance Committee</u> |
| | <u>Executive Leadership Team</u> | <u>Quarterly review required with quarterly reporting to ELT</u> | <u>Quarterly review</u> |
| Medium | <u>Council</u> | <u>N/A</u> | <u>Quarterly through the Strategic Risk and Assurance Committee</u> |
| | <u>Wider Leadership Group</u> | <u>Six-monthly through leadership team reviews</u> | <u>Six-monthly</u> |
| Low | <u>Council</u> | <u>N/A</u> | <u>Quarterly through the Strategic Risk and Assurance Committee</u> |
| | <u>Wider Leadership Group</u> | <u>Six-monthly through leadership team reviews</u> | <u>Six-monthly</u> |

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**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.~~

| | |
|-------------------------|-------------------------------------|
| First adopted: | 22 February 2012 |
| Revision dates/version: | December 2024 Revision |
| Next review date: | June 2026 |
| Engagement required: | Not required |
| Document Number | D-3322433 |
| Associated documents: | Risk Management Framework |
| Sponsor/Group: | General Manager – Business Services |

Risk Management Policy

Ko te Puutaketanga

Purpose

1. To enable the achievement of HCC's operational, organisational, and strategic objectives through the appropriate management of risk.
2. To reduce potential impacts on the community and ratepayers by defining and supporting an organisational approach to managing risk across HCC activities.
3. To clearly articulate the roles and responsibilities of HCC in relation to risk management.
4. The Policy provides a framework for Council to effectively manage risks inherent to HCC services which can affect the achievement of its goals and objectives by:
 - a. Ensuring risk-based information is available to support good decision-making;
 - b. Providing assurance that risks are being appropriately identified, addressed, and managed.
 - c. Ensuring compliance with legislation and regulations.

Ko te Whaanuitanga

Scope

5. This Policy:
 - a. Applies to all HCC elected members, employees, and activities.
 - b. Applies to all risk across HCC.
 - Risk disciplines such as Health and Safety, or, Programme and Project risk have specific detailed frameworks, however this policy outlines Council's risk philosophy across all risk types.

Ko ngaa Whakamaaramatanga

Definitions

| Term | Definition in this Policy |
|-----------------------------|---|
| Council | Hamilton City Council Elected Members. |
| Hamilton City Council (HCC) | Hamilton City Council as an organisation. |
| Risk | The effect of uncertainty on objectives. It can be understood as an event that could occur which would impact on an activities or organisation's strategy, purpose, or goals. |
| Level of risk | The magnitude of a risk or combination of risks expressed in terms of the combination of consequences and their likelihood. |

| | |
|---------------------------|---|
| Risk management | Coordinated activities to direct and control Council with regard to risk. |
| Risk management framework | A set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout Council. |
| Risk appetite | The amount and type of risk that Council is willing to accept in pursuit of its objectives. |
| Extreme risk | A risk which is almost certain or likely to occur which will result in major or catastrophic consequences. |

Ko ngaa Tikanga Whakahaere Kaupapahere Principles of Policy

6. Effective risk management is an essential tool for good business practice.
7. Risk management is the responsibility of all elected members, staff, contractors, and volunteers as part of business-as-usual processes.
8. HCC continues to promote a risk-aware culture where staff can “speak up” and raise concerns early to ensure risks are managed efficiently. Risks are inherent to all business activities and therefore proactive identification is encouraged. All staff are empowered to identify risks and have tools and processes available to bring these to attention of Management and Council as required. Further details on “how” can be found in the Risk Management Framework.
9. HCC take a holistic view to risks by analysing a wide range of causes and consequences to ensure that the full picture is well understood. Identifying the diverse nature of risks ensures that the right controls are in place to actively manage and mitigate the specific causes and consequences.
10. Well-articulated risk appetite guides decision-making and ensures that risks are managed effectively while pursuing opportunities. At Council level, risk appetite is a driver of strategic risk decisions. At an executive level, risk appetite translates into a set of procedures to ensure that risk receives adequate attention when making decisions. At an operational level, risk appetite dictates operational constraints for routine activities.
11. Risk management requirements and practices will be regularly communicated throughout HCC through the adoption, delivery, and implementation of this policy.
12. The risk management policy and framework are aligned to the joint AS/NZS ISO 31000:2018 Risk Management Standard. The principles of which underpin all risk management activities undertaken within HCC.

Ko ngaa Tikanga Policy

Risk Management within Local Government

13. Risk management enables the delivery of services through proactively identifying, managing, and mitigating potentially disruptive events.
14. Effective risk management ensures activities can continue to deliver key services despite disruption and reduce the risk of service outages, financial loss, and public harm. As a local territorial authority HCC has a responsibility to prudently manage operational and organisational risks. Within the context of this policy this translates to risk management being a core responsibility for all services

and activities so ratepayers, customers, and community are less likely to be impacted by preventable issues and significant risk events.

15. Risks must be considered in all strategies, policies, plans, reports, and as part of business-as-usual activity. The risk management policy and framework provide a consistent approach to risk to enable appropriate comparison so that decisions can be made that consider all potential impacts.

Reporting extreme risks

16. All risks that have a residual rating of 'extreme' are to be reported and communicated to the relevant General Manager immediately and subsequently reviewed and reported as outlined in Schedule 1.

Strategic and Organisational Risk Management

17. Council will receive reports quarterly highlighting the strategic, organisational, and any emerging risks at the relevant Committee. Council will receive a copy of the report 6 monthly to ensure all elected members are informed and understand the key risks for HCC. Council (or the relevant Committee) will review the risks as well as any controls or treatment plans.
18. Feedback regarding the effectiveness of these controls will be independently provided by Internal Audit on a periodic basis as determined by Internal Audit, or as requested by Council.
19. Audit New Zealand or other external parties may be requested to provide independent assurance on the effectiveness of controls in place at Council, as well as any other risk mitigation processes as required by Council, or as mandated by legislation.

Roles and Responsibilities

20. **Council is responsible for:**
 - a. Setting the risk appetite and leading a risk-aware culture across HCC.
 - b. Evaluating risks to the delivery of the Long-Term Plan and other key strategies and plans
 - c. Understanding the most significant risks to HCC including strategic and organisational risks and reviewing these annually.
 - d. Setting Council risk policies including determining the strategic approach to risk management.
 - e. Triennially, considering the need for an independent review of Council's risk management maturity, the risk management policy, and the risk management framework.
 - f. Reviewing the quality of risk information, reports and effectiveness of risk assurance practices.
21. **The Executive Leadership Team (ELT) is responsible for:**
 - a. Communicating significant risks to Council and where appropriate other key stakeholders.
 - b. Implementing the risk policies, standards, and guidelines.
 - c. Supporting the Council to set the risk appetite and tolerance levels and communicating these throughout the organisation.
 - d. Maintaining and monitoring the organisation's policies and practices for risk management.
 - e. Promoting a risk-aware culture across HCC.
 - f. Identifying managing, reviewing, and monitoring risks within their functional areas.
 - g. Regularly updating their business unit/activity risk profiles against their business plans and reporting these as part of ongoing management reporting.

- h. Ad hoc Council and/or Strategic Risk and Assurance Committee (SRAC) reports as required.

22. The risk management team is responsible for:

- a. Maintaining and regularly reviewing the strategic and organisational risk register.
- b. Providing risk related mentoring, support and guidance to risk and control owners.
- c. Regularly reviewing operational risk registers with relevant leadership teams.
- d. Enabling all staff and leadership teams to manage relevant strategic, organisational, operational, and emerging risks.
- e. Advising Council on risk management practices to ensure they are adequate and appropriate.
- f. Regular review and update of the risk management policy and associated documentation.
- g. Preparing the quarterly reporting to the SRAC and any other risk management related reports as required.

23. People Leaders are responsible for:

- i. Managing risks in their area of control in accordance with the Risk Management Policy and the Risk Management Framework.
- j. Ensuring staff understand and implement risk management processes.
- k. Ensuring Council and Committee reports have considered all relevant risks and their associated controls.
- l. Reporting on a regular basis to their General Manager on the status of processes in place for identifying and managing risks and controls as well as any material changes in relevant risks.

24. All staff are responsible for:

- a. Understanding and implementing HCC risk management processes.
- b. Managing risks in their area of control in accordance with the Risk Management Policy and the Risk Management Framework.

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

- 25. Implementation of the policy will be monitored by the General Manager Business Services.
- 26. The policy will be reviewed in response to any issues that may arise, every three years, at the request of Council or in response to changed legislative and statutory requirements (whichever occurs first).

***Ko ngaa Tohutoro* References**

- 27. [ISO 31000:2018 - Risk Management Standard](#)
- 28. Risk Management Framework - [D-3877566](#)
- 29. HCC Safety Management System Framework - [D-4252904](#)
- 30. Project Risk Management Framework - [D-2729329](#)

SCHEDULE ONE – Risk Matrix Risk Rating and Reporting

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 and can also be used for mapping key risks across HCC.

| | | 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 |

'Action and acceptance' table

The following table details the required actions for each risk. By using this matrix, a decision can be made as to the level of escalation required for management to 'accept a risk':

| ACTION AND ACCEPTANCE MATRIX FOR RESIDUAL RISK LEVELS | |
|---|---|
| E | <p>Extreme Risk – Immediate action required: risk escalated as appropriate. Treatment Plans and management responsibility specified with close scrutiny required. Further investment is required to reduce the level of risk.</p> <p>Only the Chief Executive and/or Council can accept this level of risk.</p> |
| VH | <p>Very High Risk – Executive Leadership Team attention advised. Treatment Plans and management responsibility specified with periodic scrutiny required. Further investment is required to reduce the level of risk.</p> <p>The relevant GM can accept this level of risk.</p> |
| H | <p>High Risk – Executive Leadership Team attention advised. Treatment Plans and management responsibility specified with periodic scrutiny required. Further investment into this risk may be required.</p> <p>The relevant General Manager (GM), Risk Owner, or Unit Manager can accept this level of risk.</p> |
| M | <p>Medium Risk – Management responsibility specified. Managed by specific monitoring and procedures. It may not require further investment</p> <p>The relevant Risk Owner, or Unit Manager or can accept this level of risk.</p> |
| L | <p>Low Risk – Manage by routine procedures. Unlikely to require further investment and specific application of resources.</p> <p>The relevant Risk Owner, or Unit Manager or can accept this level of risk</p> |

Risk Review and Reporting Table

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

| Residual Risk Level | Audience | Operational and Emerging Risks | Strategic and Organisational Risks |
|---------------------|---------------------------|--|---|
| Extreme | Council | Reported to the relevant committee or exec update as required. | Reported Quarterly through the Strategic Risk and Assurance Committee |
| | Executive Leadership Team | Monthly review required with monthly reporting to ELT | Monthly review |
| Very High | Council | Reported to the relevant committee or exec update as required. | Quarterly through the Strategic Risk and Assurance Committee |
| | Executive Leadership Team | Quarterly review required with monthly reporting to ELT | Quarterly review |
| High | Council | N/A | Quarterly through the Strategic Risk and Assurance Committee |
| | Executive Leadership Team | Quarterly review required with quarterly reporting to ELT | Quarterly review |
| Medium | Council | N/A | Quarterly through the Strategic Risk and Assurance Committee |
| | Wider Leadership Group | Six-monthly through leadership team reviews | Six-monthly |
| Low | Council | N/A | Quarterly through the Strategic Risk and Assurance Committee |
| | Wider Leadership Group | Six-monthly through leadership team reviews | Six-monthly |

**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.*

Council Report

Item 10

Committee: Strategic Risk and Assurance Committee **Date:** 28 March 2024

Author: Michelle Hawthorne **Authoriser:** David Bryant

Position: Governance and Assurance Manager **Position:** General Manager Business Services

Report Name: Compliance Reporting Update

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

Purpose - *Take*

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

Staff Recommendation - *Tuutohu-aa-kaimahi*

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

Executive Summary - *Whakaraapopototanga matua*

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

Background - *Koorero whaimaarama*

Protected Disclosures

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

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

Fraud and Corruption

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

Discussion - *Matapaki*

Protected Disclosures

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

Fraud and Corruption

16. No incidents of internal fraud or corruption have been established since the Strategic Risk and Assurance Committee last met.
17. The Committee was updated at its last meeting of fraud being perpetrated by a third party in relation to Building Consents. This was subsequently report to Council and a further update is provided in the Legal Risk Public Excluded Report in this agenda.

Privacy Act 2020

18. There are no notifiable breaches of the Privacy Act 2020 to report to the Committee. A privacy breach involving citizenship ceremonies has been reported to the Committee, a further update is provided in the Legal Risk Public Excluded Report in this agenda.

Council and Management Policy Schedule

19. The Strategic Risk and Assurance Committee chair has requested a list of current Council and Management Policies for review. These are attached to the report as **Attachment 1** and is current as of 12 March 2024. The details of the list can be discussed at the Committee meeting.

Financial Considerations - *Whaiwhakaaro Puutea*

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

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

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

Climate Change Impact Statement

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

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

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

Risks - *Tuuraru*

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

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

Significance

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

Engagement

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

Attachments - *Ngaa taapirihanga*

Attachment 1 - Strategic Risk and Assurance Committee Compliance Report - March 2024 .

Strategic Risk and Assurance Committee – Policies Update as at 11 March 2024

| KEY |
|---|
| In progress |
| Paused/awaiting prioritisation or resourcing/ under consideration |
| Current |

| COUNCIL POLICIES | | | | | | |
|------------------------------------|---|--|--------------------|------------------|-------------|---|
| Committee | Policy | Sponsor/ Group | Last reviewed date | Next review date | Status | Related Legislation |
| Council | Corporate Hospitality and Entertainment Policy | GM Business Services | Jul-15 | Jul-18 | In progress | n/a |
| Infrastructure and Transport | Hamilton Gateways Policy | GM Infrastructure and Assets | Dec-15 | Oct-18 | In progress | n/a |
| Infrastructure and Transport | Streetscape Beautification and Verge Maintenance Policy | GM Infrastructure and Assets & GM Customer and Community | Nov-12 | Nov-18 | In progress | n/a |
| Community & Natural Environment | Citizens Initiated Referenda Policy | GM Business Services | Jul-16 | Jul-19 | In progress | Local Electoral Act 2001 |
| Community & Natural Environment | Community Occupancy Policy | GM Customer and Community | Nov-18 | Apr-21 | In progress | n/a |
| Community & Natural Environment | Open Space Provision Policy | GM Customer and Community | Jun-18 | Jun-21 | In progress | n/a |
| Economic Development | Appointment and Remuneration of Board Members of COs, CCOs and CCTOs Policy | GM Business Services | Jun-21 | Nov-22 | In progress | Local Government Act 2002 |
| Community & Natural Environment | Dog Control Policy | GM Customer and Community | May-15 | Feb-23 | In progress | Dog Control Act 1996 |
| Strategic Growth and District Plan | Growth Funding Policy | GM Strategy, Growth and Planning | Jun-21 | Jun-23 | In progress | n/a |
| Strategic Risk & Assurance | Risk Management Policy | GM Business Services | Aug-20 | Jun-23 | In progress | n/a |
| Community & Natural Environment | Smokefree and Vapefree Outdoor Areas Policy | GM Customer and Community | Sep-20 | Sep-23 | In progress | n/a |
| Infrastructure and Transport | Three Waters Connections Policy | GM Infrastructure and Assets | Sep-20 | Sep-23 | In progress | n/a |
| Community & Natural Environment | City Honours Policy | GM Partnerships, Communication and Maori | Oct-20 | Oct-23 | In progress | n/a |
| Community & Natural Environment | Psychoactive Substances (Local Approved Products) Policy | GM Strategy, Growth and Planning | Oct-18 | Oct-23 | In progress | Psychoactive Substances Act 2013 |
| Community & Natural Environment | Domain Endowment Fund Policy | GM Customer and Community | Nov-20 | Nov-23 | In progress | n/a |
| Community & Natural Environment | Trading in Public Places Policy | GM Customer and Community | Dec-20 | Dec-23 | In progress | n/a |
| Economic Development | International Relations Policy | GM Business Services | Mar-21 | Mar-24 | Current | n/a |
| Strategic Growth and District Plan | Development Contributions Policy | GM Strategy, Growth and Planning | Jun-22 | Jun-24 | In progress | Local Government Act 2002 |
| Finance and Monitoring | Funding Needs Analysis Policy | GM Business Services | Jun-21 | Jun-24 | In progress | Local Government Act 2002 |
| Finance and Monitoring | Investment and Liability Management Policy | GM Business Services | Jun-21 | Jun-24 | In progress | Local Government Act 2002 |
| Finance and Monitoring | Rates Remissions and Postponements Policy | GM Business Services | Jun-22 | Jun-24 | In progress | Local Government Act 2002 |
| Finance and Monitoring | Rating Policy | GM Business Services | Jun-21 | Jun-24 | In progress | Local Government Act 2002; Local Government Rating Act 2002 |
| Finance and Monitoring | Revenue and Financing Policy | GM Business Services | Jun-21 | Jun-24 | In progress | Local Government Act 2002 |
| Economic Development | Freeholding of Council Endowment Land Policy | GM Strategy, Growth and Planning | Aug-21 | Aug-24 | Current | Hamilton Domain Endowment Act 1979 |
| Council | Delegations to officers specific to the Resource Management Act 1991 | GM Strategy, Growth and Planning | Oct-21 | Oct-24 | Current | Resource Management Act 1991 |
| Community & Natural Environment | Monuments and Memorial Art Policy | GM Customer and Community | Nov-21 | Nov-24 | Current | n/a |
| Community & Natural Environment | Permanent Public Art Policy | GM Customer and Community | Nov-21 | Nov-24 | Current | n/a |
| Economic Development | Event Sponsorship Policy | GM Venues, Tourism and Events | Mar-22 | Mar-25 | Current | n/a |
| Community & Natural Environment | Naming of Roads, Open Spaces and Council Facilities Policy | GM Infrastructure and Assets | Jun-22 | Jun-25 | Current | n/a |
| Infrastructure and Transport | Hamilton Parking Policy | GM Infrastructure and Assets | Aug-22 | Aug-25 | Current | n/a |
| Community & Natural Environment | Disability Policy | GM Customer and Community | Sep-22 | Sep-25 | Current | n/a |
| Council | Elected Members Support Policy | GM Business Services | Nov-22 | Nov-25 | Current | Local Government Act 2002 |
| Strategic Growth and District Plan | Sale and Disposal of Council Land Policy | GM Strategy, Growth and Planning | May-23 | May-26 | Current | n/a |

Update as at 11 March 2024

| | | | | | | | |
|------------------------------------|---|---|--------|--------|-----------------|-------------------------------------|---|
| Economic Development | Business Improvement District (BID) Policy 2019 | GM Strategy, Growth and Planning | Jun-23 | Jun-26 | In progress | n/a | |
| Council | Delegations to Positions Policy | GM Business Services | Jun-23 | Jun-26 | Current | n/a | |
| Infrastructure and Transport | Dangerous and Insanitary Buildings Policy | GM Customer and Community | Aug-23 | Aug-26 | Current | Building Act 2004 | |
| Community & Natural Environment | TAB Board Venue Policy | GM Strategy, Growth and Planning | Oct-23 | Oct-26 | Current | Racing Industry Act 2020 | |
| Community & Natural Environment | Class 4 Gambling Venue Policy | GM Strategy, Growth and Planning | Oct-23 | Oct-26 | Current | Gambling Act 2003 | |
| Community & Natural Environment | Community Grants Policy | GM Partnerships, Communication and Maaori | Oct-23 | Oct-26 | Current | n/a | |
| Economic Development | Municipal Endowment Fund Policy | GM Strategy, Growth and Planning | Oct-23 | Oct-26 | Current | n/a | |
| Community & Natural Environment | External Funding Applications Policy | GM Partnerships, Communication and Maaori | Oct-23 | Oct-26 | Current | n/a | |
| Council | Significance and Engagement Policy | GM Partnerships, Communication and Maaori | Dec-23 | Dec-26 | Current | Local Government Act 2002 | |
| Council | Climate Change Policy | GM Strategy, Growth and Planning | Jun-22 | Jun-27 | In progress | n/a | |
| Finance and Monitoring | Procurement Policy | GM Business Services | n/a | n/a | proposed | | 0 |
| | | GM Partnerships, Communication and Maaori | n/a | n/a | | Local Government Act 2002 | |
| NEW - Council | Te Tiriti o Waitangi Statement | Maaori | n/a | n/a | proposed | | |
| Community & Natural Environment | Tree Policy | GM Customer and Community | n/a | n/a | In progress | n/a | |
| Community & Natural Environment | Provisional Local Alcohol Policy (LAP) | GM Customer and Community | n/a | n/a | Proposed/paused | Sale and Supply of Alcohol Act 2012 | |
| Strategic Growth and District Plan | Acquisition of Land | GM Strategy, Growth and Planning | n/a | n/a | proposed | Local Government Act 2002 | |

Item 10

Attachment 1

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

| MANAGEMENT POLICIES | | | | | | |
|-------------------------|---|----------------------------|------------------|----------------------------|---------------------------|-------------------------------|
| Management Policy Title | Purpose | Last reviewed and approved | Next Review Date | Status | Sponsor | Policy Owner Name |
| Records Management | Defines the role and functions of Records Management and establishes the principles and responsibilities of Hamilton City Council and its officers to ensure appropriate management of records. | Dec-14 | Dec-17 | In progress | Information Systems | Susan Souren/Chris Mardon |
| Herbicide Use | To provide high level guidelines around the use of herbicides in the management of unwanted vegetation. | Mar-15 | Mar-18 | In progress | Customer and Community | Maria Barrie |
| Smoke Free Workplace | To provide a healthy work environment for workers and visitors to our facilities and open spaces. It is an additional requirement that sets our minimum standard above current legislation to prevent the detrimental effects of smoking on the health of people who do not smoke, or who do not wish to smoke. | Oct-16 | Mar-20 | In progress | People, Safety & Wellness | Marie Snowball |
| Treasury | To outline approved policies and procedures in respect of all treasury activity to be undertaken by Hamilton City Council ("HCC"). The formalisation of such policies and procedures will enable treasury risks within HCC to be prudently managed. | Jun-18 | Jun-21 | In progress In progress | Finance | Tracey Musty |
| Museum Collection | To guide the growth, development and management of the Museum's collection. | Jun-18 | Jun-21 | In progress | Museum | Jennie Lavis |
| Surveillance Camera | To outline the guidelines for Councils collection, storage and use of images collected. | Oct-18 | Oct-21 | | City Safe | Kelvin Powell Paul Blewman |

Update as at 11 March 2024

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|---|--|--------|--------|----------------|---|---------------------------------------|
| Execution of Documents | To provide procedure for execution and signing of documents having legal significance. To ensure that all computer systems and networks owned or managed by HCC are operated in an effective, safe, ethical and lawful manner and it is the responsibility of every computer user to know these requirements and to comply with them. | Nov-19 | Nov-21 | In progress | Governance and Assurance | Michelle Hawthorne |
| Acceptable Use | | Jan-18 | Nov-21 | In progress | Information Systems | Susan Souren |
| Intellectual Property and Ownership Rights | To ensure Council retains ownership and rights of use of its assets, information, and intellectual property. To provide guidance for how Council will apply their obligations under the Fencing Act 1978 in regard to contributions towards fences that share a boundary | Dec-18 | Dec-21 | Paused | People, Safety & Wellness | Dan Finn |
| Fencing | | Feb-19 | Feb-22 | In progress | City Infrastructure | Robyn Denton |
| Capitalisation | To provide guidance to council officers around the recognition and treatment of capital costs, revaluation, depreciation, impairment, disposal and accounting for assets. | Mar-19 | Mar-22 | In progress | Finance | Tracey Musty |
| H3 Venue Conditions of Entry | To provide guidelines and support for the implementation of Conditions of Entry at Hamilton City Council event venues managed by H3. This policy provides the principles and sets the expectations for how Hamilton City Council will provide business continuity management with respect to its critical functions. It should be read alongside the Business Continuity Management Standards and Guidelines, which provide guidance for staff on how to meet those expectations in practice. | Aug-19 | Jun-22 | In progress | H3 | Claire Toko |
| Business Continuity | To enable Council to reasonably control encroachments into Road Reserves and Reserves To set out Council's commitment in protecting the wellbeing of all staff who may be subject to or perpetrators of Domestic Violence. | Aug-19 | Aug-22 | In progress | Governance and Assurance City Transportation | Michelle Hawthorne/ Nick Whittaker |
| Encroachment Policy | To minimise energy consumption and greenhouse gas emissions across the organisation in accordance with our sustainability principles. | Aug-19 | Aug-22 | In progress | People, Safety & Wellness | Tania Hermann |
| Domestic Violence Leave | Our remuneration supports our strategy to attract and retain talented people to achieve key community outcomes that help to improve the wellbeing of Hamiltonians. | Sep-19 | Sep-22 | In progress | Facilities | Dan Finn |
| Energy and Carbon | To support the achievement of organisational goals and objectives by supporting staff to balance their work and personal lives. In turn, this is expected to enhance the attraction, retention and productivity of our people. | Nov-19 | Nov-22 | In progress | People, Safety & Wellness | Anita Oliver |
| Remuneration | To provide guidance on how HCC manages Leave. This policy should be read in conjunction with the relevant employment agreement. | Jun-20 | Jun-23 | In progress | People, Safety & Wellness | Dan Finn |
| Flexible Working | To provide a framework for the development and management of Hamilton City Libraries' collections. This Policy is to provide Council staff with clear guidelines relating to procurement and ensure any Hamilton City Council procurement is made appropriately and in line with good public sector practice. | Oct-20 | Oct-23 | In progress | Hamilton Libraries | Dan Finn |
| Leave | To take all practicable measures to protect young people under the age of 18 years by providing a safe environment for children attending council-owned and operated facilities. Hamilton City Council will work in partnership with government and social development agencies to ensure the safety and wellbeing of children whilst meeting the requirements of the Vulnerable Children's Act (2014). | Oct-20 | Oct-23 | In progress | People, Safety & Wellness | Dan Finn |
| Hamilton City Libraries Collection | To contribute to all aspects of Hamilton City Council's organisational health and safety performance as part of a demonstrable commitment to continuous improvement in health and safety. | Nov-20 | Nov-23 | Due for review | Procurement | Paula Murdoch |
| Procurement Policy and Procedures Manual | To ensure that the recruitment and selection of HCC staff is undertaken in a fair, consistent, transparent and cost effective way. | Dec-21 | Dec-24 | Current | People, Safety & Wellness | Igor Magud / Sarah Quinn |
| Child Protection | To provide guidance to Council officers on issuing infringement notices under the Litter Act 1979. To ensure that Hamilton City Council (HCC) meets the requirements of the Civil Defence Act 2002 and is able to effectively and efficiently respond to and recover from an emergency event. | Jan-22 | Jan-25 | Current | People, Safety & Wellness | Dan Finn |
| Health and Safety | To help employees understand and balance their role in a politically neutral public organisation, with their | Jan-22 | Jan-25 | Current | People, Safety & Wellness | Dan Finn |
| Recruitment and Selection | | Jan-22 | Jan-25 | Current | People, Safety & Wellness | Dan Finn |
| Litter Enforcement | | Jan-22 | Jan-25 | Current | Sustainable Resource Recovery Team (Infrastructure) | Tania Hermann |
| Civil Defence and Emergency Management | | Mar-22 | Mar-25 | Current | Risk & Emergency Management | Kelvin Powell |
| Election Protocols for Staff | | Mar-22 | Mar-25 | Current | Governance and Assurance | Michelle Hawthorne |

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|--|--|--------|--------|---------|------------------------------------|--------------------|
| Media and Social Media | right to participate in the local democratic process and local elections. to ensure Council staff understand our process to take a coordinated and consistent approach to communicating with the public and media. To outline the organisations approach to revaluations to ensure that the value and depreciation held for the City assets is accurate. | Jun-22 | Jun-25 | Current | Communications | Nicole Nooyen |
| Revaluation | | Jun-22 | Jun-25 | Current | Finance | Tracey Musty |
| Local Government Official Information Act 1987: Charging for Services | To provide guidance on when and how HCC will charge for LGOIMAs and the considerations in doing so. To ensure all Council employees work in an environment where diversity and inclusion (D&I) is encouraged, respected and embraced in day-to-day operations; individuals are supported. Recognised as valuable. Treated with respect, positively included and feel safe; and Council's commitment to D&I in the workplace helps us to be inclusive in our engagement with the community and delivery of services. Note this includes the Rainbow Policy and, in future, Religion Policy, ethnicity Policy etc. | Feb-24 | Feb-27 | Current | Governance and Assurance | Michelle Hawthorne |
| Workplace Diversity and Inclusion Policy | | Aug-22 | Aug-25 | Current | People, Safety & Wellness | Dan Finn |
| Cash Handling | To ensure that there is consistent cash management practices which minimise risk and hazards, and enable cash handling processing to be carried out in a safe and secure manner. | Oct-22 | Oct-25 | Current | Finance | Matt Bell |
| Fleet Management | To ensure that Council fleet is operated and managed in a manner that is fit for purpose, cost efficient, safe, lawful, and reduces carbon emissions. To specify the circumstances when Council will pay for/reimburse | Oct-22 | Oct-25 | Current | Facilities | Anita Oliver |
| Membership of Professional Organisations | the cost of professional membership fees for Council employees. To: show our responsibility and commitment to ensure a safe and healthy workplace for our staff; ensure that our staff can work in an environment free of alcohol and drug use or abuse; outline Council's expectations and requirements for creating and maintaining an alcohol and drug-free work environment and for dealing with substance abuse in the workplace; and provide an opportunity to staff members with a substance use problem to get well. | Oct-22 | Oct-25 | Current | Finance | Tracey Musty |
| Drug and Alcohol | | Nov-22 | Nov-25 | Current | People, Safety & Wellness | Dan Finn |
| Study Assistance Policy | To support staff who wish to continue to develop their personal and/or professional skills through further study, in support of their career development whilst working at Council. The purpose of this Policy is to outline relevant information in support of staff pursuing further study through approval, which is relevant and beneficial to both the staff member and Council. | Nov-22 | Nov-25 | Current | People, Safety & Wellness | Dan Finn |
| Bullying, Harassment and Discrimination | To provide a safe and supportive working environment for all its employees and customers. To promote awareness of the issues and define workplace harassment, bullying, discrimination and conflict. | Dec-22 | Dec-25 | Current | People, Safety & Wellness | Dan Finn |
| Code of Conduct | To set out the rules and expectations of staff while they are employees at Hamilton City Council. | Dec-22 | Dec-25 | Current | People, Safety & Wellness | Dan Finn |
| Performance Management and Disciplinary | To ensure that HCC has a performance management and disciplinary process that is fair, transparent and applied consistently. | Dec-22 | Dec-25 | Current | People, Safety & Wellness | Dan Finn |
| Asset Management | To outline the organisation's approach to asset management to ensure the City's physical infrastructure is managed in a way that delivers the desired level of service in a sustainable, well planned and cost effective manner. | Jun-18 | Jun-26 | Current | Programme Manager, Assets Strategy | Paul Gower |
| Gifts and Hospitality | To explain the principles and procedures for Council Staff to follow when considering whether to accept or decline offers of Gifts or Hospitality. This customer feedback policy sets out how Council will adhere to good governance obligations in relation to complaints, compliments, and customer insights about our services as the territorial authority for the people of Hamilton. | Jun-23 | Jun-26 | Current | Finance | Igor Magud |
| Customer Feedback | To set out Council's commitment to fair, transparent and appropriate dealings with customers and the principles that guide this commitment and provide a management framework for dealing with unreasonable customer conduct | Aug-23 | Aug-26 | Current | Customer | Michelle Kerbers |
| Unreasonable Complaint Conduct | | Aug-23 | Aug-26 | Current | Customer Services | Michelle Kerbers |

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| Visitor Control | To control visitors exposure to work place hazards and to control visitor access for all council buildings. | Oct-23 | Oct-26 | Current | Facilities | Anita Oliver |
| Compliance | To provide the principles and set the expectations for how the Council will manage and achieve compliance in all areas of its operations. | Dec-23 | Dec-26 | Current | Governance and Assurance | Michelle Hawthorne |
| Disinformation Management | To reduce the impacts of misinformation (scope includes disinformation and malinformation) in relation to the activities of Hamilton City Council (the Council) on our community by defining and supporting an organisational approach to managing this in relation to the activities of Council. | Dec-23 | Dec-26 | Current | Communications and Engagement | Nicole Nooyen |
| Artificial Intelligence (AI) Use | To provide guidance and direction for the use of artificial intelligence (AI) tools by Hamilton City Council (the Council) staff. | n/a | n/a | In development | IS | Allan Lightbourne |
| Information security | To protect the confidentiality, integrity and availability of data; and ensure that staff and contractors understand their role and responsibilities, have adequate knowledge of security policy, procedures and practices and know how to protect information. | n/a | n/a | In development | IS | Allan Lightbourne |
| Third party data management (or equivalent - policy name tbd) | TBD | n/a | n/a | Under consideration | IS | Allan Lightbourne |
| Website | TBD | n/a | n/a | In development | Transformation | Allan Lightbourne |

| MANAGEMENT POLICY WITH STRATEGIC RISK AND ASSURANCE COMMITTEE OVERSIGHT | | | | | | |
|---|---|----------------------------|------------------|---------|---------------------------|--------------------|
| Management Policy Title | Purpose | Last reviewed and approved | Next Review Date | Status | People, Safety & Wellness | Policy Owner Name |
| Conflicts of Interest | To ensure staff are aware of and declare actual and potential conflicts of interest between their employment and their activities outside of work. | Nov-22 | Nov-25 | Current | People, Safety & Wellness | Dan Finn |
| Sensitive Expenditure | To provide Council staff with clear guidelines relating to Sensitive Expenditure and ensure any HCC expenditure is made appropriately and in line with good public sector practice. | Sep-22 | Sep-25 | | Finance | Igor Magud |
| Protected Disclosure | If an employee discovers information which they believe shows serious wrong doing within the organisation, there should be established procedures which enable the employee to disclose such information without fear of reprisal | Sep-22 | Sep-25 | Current | Governance and Assurance | Michelle Hawthorne |
| Fraud and Corruption | To prevent fraud and/or corruption and ensure the overall integrity and performance of Council. This policy provides a consistent and transparent approach to all allegations of fraud and/or corruption. | June-23 | June- 26 | Current | Governance and Assurance | Michelle Hawthorne |
| | | | | Current | | Michelle Hawthorne |

| DELEGATIONS MANAGEMENT POLICIES | | | | | | |
|--|--|----------------------------|------------------|---------|-------------------------------|-------------------|
| Delegations Management Policy Title | Purpose | Last reviewed and approved | Next Review Date | Status | Sponsor | Policy Owner Name |
| Delegations to Officers under the Public Works Act 1981 | To set out the delegations from the Chief Executive to Council Officers under the Public Works Act 1981. | Oct-23 | Oct-26 | Current | Strategy, Growth and Planning | Nicolas Wells |

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| | | | | | | |
|---|--|--------|--------|-------------|-------------------------------|---------------|
| Financial Delegations to Officers | To ensure consistency in carrying out activities and to ensure that the authority to commit (or bind) Council to arrangements with third parties (suppliers, vendors, contractors, tenants, event promoters, sales agencies, CCO's, government departments and statutory organisations, etc.) is properly delegated and correctly monitored. | Dec-23 | Dec-24 | | | |
| Delegations to Officers under the Trespass Act 1980 | To set out the delegations from the Chief Executive to Council Officers under the Trespass Act 1980. | Dec-20 | Dec-23 | Current | Finance | Tracey Musty |
| Delegations to Growth Officers and City Safe Unit Officers (excluding delegations under the RMA) | To set out the delegations from the Chief Executive to Council officers in Growth and the City Safe Unit. | Jul-21 | Jul-24 | Current | Customer and Community | Kelvin Powell |
| Delegations to City Infrastructure Officers | To set out the delegations from the Chief Executive to Council Officers in City Infrastructure. | new | new | Current | Strategy, Growth and Planning | Blair Bowcott |
| | | | | In progress | Infrastructure and Assets | Tania Hermann |

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Item 11

Council Report

Committee: Strategic Risk and Assurance Committee **Date:** 28 March 2024

Author: Tracey Musty **Authoriser:** David Bryant

Position: Finance Director **Position:** General Manager Business Services

Report Name: Organisational Improvement Report

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

Purpose - *Take*

1. To inform the Strategic Risk and Assurance Committee on the status of Council's Organisational Improvement Register as of 29 February 2024.

Staff Recommendation - *Tuutohu-aa-kaimahi*

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

Executive Summary - *Whakaraapopototanga matua*

3. Council's risk management programme includes the completion of external audits by Audit New Zealand, Office of the Auditor General (OAG), Waka Kotahi (NZ Transport Agency), Ministry of Business, Innovation and Employment (MBIE) and others, and internal audits by PricewaterhouseCoopers (PwC) and Council staff.
4. **Attachment 1** to this report is the Organisational Improvement Register, listing all high-risk items.
5. The Organisational Improvement Register contains a detailed breakdown of all external audit recommendations and recent (2020 onwards) PwC internal audit recommendations. They are categorised by risk (low, moderate, high) and by their current status (complete and ready for reauditing, in progress, delayed or not yet started). For the items that are complete, the next audit round needs to occur before they can be cleared from the register.
6. Recommendations arising from internal audits performed by Council staff, and older PwC internal audits (2020 and prior) have been assessed for completion of the items and items added to the Organisational Improvement Register if uncleared.
7. All 'in progress' or 'delayed or not yet started' items are actively monitored on a quarterly basis.
8. Staff consider the matters have low significance and that the recommendations comply with Council's legal requirements.

Discussion – Matapaki**Organisational Improvement Register**

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

| Auditors | Complete | In progress | Delayed or not yet started | Not due yet | Total |
|---------------------|----------|-------------|----------------------------|-------------|-----------|
| PwC Internal Audits | 3 | 3 | 1 | 5 | 12 |
| Total | 3 | 3 | 1 | 5 | 12 |

| Risk | Complete | In progress | Delayed or not yet started | Not due yet | Total |
|--------------|----------|-------------|----------------------------|-------------|-----------|
| High | 3 | 3 | 1 | 5 | 12 |
| Total | 3 | 3 | 1 | 5 | 12 |

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

| Who | What | Last Done | Next Due |
|--|---|-----------|------------|
| Waka Kotahi | Transportation Procedural Audit | June 2023 | April 2024 |
| International Accreditation New Zealand (IANZ) | Building Consent Authority accreditation assessment | May 2022 | May 2024 |
| KPMG | Internal Audit Procurement Review | N/A | March 2024 |

Financial Considerations - Whaiwhakaaro Puutea

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

Legal and Policy Considerations - Whaiwhakaaro-aa-ture

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

Wellbeing Considerations - Whaiwhakaaro-aa-oranga tonutanga

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

Item 11

15. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report.

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

Risks - *Tuuraru*

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

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

Significance

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

Engagement

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

Attachments - *Ngaa taapirihanga*

Attachment 1 - HCC Organisational Improvement Register HIGH RISK March 2024 Public .

Hamilton City Council
Organisational Improvement Register

29 February 2024

| ID Number | Description | Audit Recommendation | Risk | Date raised | Owner | Reporting user | CM Document | Action taken | Status | Status Update |
|---|---|---|------|-------------|--------------------|--------------------|-------------|---|-------------------------------|--|
| Item 11: RIS Brexco System D-3845480 | | | | | | | | | | |
| Ent E 3024 | Refresh alerts to indicate batch status | Brexco to be further developed to either force a refresh on change of assumptions, or display an alert to the user clearly and prominently within the system, indicating that a refresh is required before outputs can be relied upon. Alternatively, a status bar that tracks at what stage the batch set is at be included, so that the user knows what stage the batch set is at (e.g. inputs loaded/assumptions set/refresh run). | High | Jun-21 | Sarah Vaz | Candice Swanepoel | D-3845480 | BIS has yet to implement this functionality. | In progress | BIS have confirmed a display alert is a more suitable solution for this. Brexco to be further developed to either force a refresh on change of assumptions, or display an alert to the user clearly and prominently within the system, indicating that a refresh is required before outputs can be relied upon. Alternatively, a status bar that tracks at what stage the batch set is at be included, so that the user knows what stage the batch set is at (e.g. inputs loaded/assumptions set/refresh run). A ticket with BIS has been logged as a medium priority and was expected to be completed by the end of the year. However BIS is yet to implement this functionality. |
| Item 11: Business Continuity Management D-4469401 | | | | | | | | | | |
| Ent E 3061 | Development of a Resilience Management Policy | Develop a Resilience Management Policy incorporating business continuity, crisis emergency and incident, and protective security management. | High | Oct-22 | Nicholas Whittaker | Nicholas Whittaker | D-4469401 | Due date 31 March 2023 | Delayed, not started | The Risk Management Policy (deferred from December) has now been completed. Work has begun on the Resilience Management Policy which will be brought to the June Committee. |
| Ent E 3062 | Establish resilience working and governance groups | Establish resilience working and governance groups | High | Oct-22 | Nicholas Whittaker | Nicholas Whittaker | D-4469401 | Due date 30 June 2023 | Not yet due | This action is not due until 2024, as yet no work has been completed on this action. |
| Ent E 3063 | Development and implement a resilience training and testing programme | Development and implement a resilience training and testing programme | High | Oct-22 | Nicholas Whittaker | Nicholas Whittaker | D-4469401 | Due date 30 June 2024 | Not yet due | This action is not due until 2024, no work has been completed on this action. |
| Ent E 3065 | Align operational level BIA with enterprise-level BIA as part of routine BCM reviews and updates. | Align operational-level BIA with enterprise-level BIA as part of routine BCM reviews and updates. | High | Oct-22 | Nicholas Whittaker | Nicholas Whittaker | D-4469401 | Critical functions due by 30 April 2023/Enabling functions due by 31 July 2023. | In progress | All Tiered 1, 2, 3 and Critical Support Units have BIAs booked and/or completed. All BIAs will be completed by end of May 2024. |
| Ent E 3066 | Refresh the BCP template | Refresh the BCP template | High | Oct-22 | Nicholas Whittaker | Nicholas Whittaker | D-4469401 | Due date 30 March 2023. | Not yet due | A revised BCP template has been drafted. This will be amended and then implemented following the BIA workshops which are scheduled for May. |
| Ent E 3067 | Establish resilience working and governance groups | Establish resilience working and governance groups | High | Oct-22 | Nicholas Whittaker | Nicholas Whittaker | D-4469401 | Due date 30 June 2023 | Not yet due | This action is not due until 2024, as yet no work has been completed on this action. |
| Ent E 3068 | Development and implement a resilience training and testing programme | Development and implement a resilience training and testing programme | High | Oct-22 | Nicholas Whittaker | Nicholas Whittaker | D-4469401 | Due date 30 June 2024 | Not yet due | This action is not due until 2024, as yet no work has been completed on this action. |
| Item 11: GST & FBT Compliance Evaluation | | | | | | | | | | |
| Ent E 3114 | Adoption of pooled alternate rate method for FBT returns | Adopt pooled alternate rate method for Q4 2024 FBT calculations | High | Feb-23 | Sarah Vaz | Nikita Harrington | D-469388 | | Complete - ready for re-audit | The pooled alternate rate method will be adopted for the Q4 2024 FBT calculations. |
| Item 11: Vendor Analytics Internal Audit D-4634623 | | | | | | | | | | |
| Ent E 3124 | Segregation of duties in PO process | Investigate how the PO's were raised and approved by the same person. | High | Mar-23 | Igor Magud | | D-4634623 | | Complete - ready for re-audit | Standing report has been created to monitor any issues. |
| Ent E 3125 | Segregation of duties and Authority access | Ensure delegated authority workflows are in place and in line with access to Authority | High | Mar-23 | Igor Magud | | D-4634623 | | Complete - ready for re-audit | Standing reports have been created, and will be monitored regularly for any anomalies in system permissions. |
| Ent E 3126 | Duplicate Invoices Controls | Investigate the duplicate invoices identified and request refunds from vendors where needed | High | Mar-23 | Matt Bell | | D-4634623 | | In progress | Confirmed Authority 7.1 has controls in place to stop duplicate invoices being entered against the same creditor. Procurement team developing the use of Abbey workflow, to assist in monitoring and review of AP transactional data. Ad-hoc reporting has been produced in the interim and assessed for possible duplicate invoices. |

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Item 12

Council Report

Committee: Strategic Risk and Assurance Committee **Date:** 28 March 2024
Author: Amy Viggers **Authoriser:** David Bryant
Position: Governance Lead **Position:** General Manager Business Services
Report Name: 2024 Council and Committees Schedule of Reports

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

Purpose - Take

- 1. To inform the Strategic Risk and Assurance Committee of the 2024 Council and Committee schedule of reports.

Staff Recommendation - Tuutohu-aa-kaimahi

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

Executive Summary - Whakaraapopototanga matua

- 3. The Schedule of Reports for the Council and Committee meetings provides a view of Council and Committee activities throughout the year.
- 4. The schedule is regularly updated when new items arise or when timing or circumstances change.
- 5. Staff consider the decision in this report is of low significance and that the recommendations comply with the Council’s legal requirements.

Discussion - Matapaki

- 6. The schedule was developed by the Governance team and other key staff. The schedule covers:
 - i. standing agenda items and regular reports;
 - ii. the development, review, and status reporting of strategic plans and policies;
 - iii. anticipated submissions and legislative reports;
 - iv. items relating to the Annual Plan and 10 Year Plan;
 - v. reporting of joint organisations, stakeholder groups, and established taskforces; and
 - vi. business as usual matters identified by staff as requiring governance decisions or oversight.

7. Chairs and Deputy Chairs will continue to have close oversight of items for upcoming committee meetings via the agenda planning meetings. As per the normal process, the relevant Chairs approval will be sought where an upcoming agenda item needs to be added or removed post the agenda planning meeting having taken place.
8. The Governance Team and the Executive Leadership Team Executive Assistants will take responsibility for maintaining an up-to-date document.
9. For Members to have a current view of Council and Committee activities throughout the year, the schedule will be regularly updated when new items arise or when timing or circumstances change. Members will have access to the updated schedules on Diligent and will be able to use the search function to find relevant information in the schedule easily.
10. At the time of writing this report several meetings have already taken place and have been removed from the schedule.

Financial Considerations - *Whaiwhakaaro Puutea*

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

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

12. Staff confirm that the recommendations in the report comply with Council's legal and policy requirements.

Climate Change Impact Statement

13. Staff have assessed this option against the Climate Change Policy for both emissions and climate change adaptation. Staff have determined no adaptation or emissions assessment is required.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

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

Risks - *Tuuraru*

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

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

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

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Attachments - *Ngaa taapirihanga*

Attachment 1 - Schedule of Reports for Council and Committee Meeting 2024 - Attachment to SRAC Committee .

| Council/Committee | Meeting Date | Report Title |
|------------------------------------|--------------|---|
| Council | 4/04/2024 | HCC Submission to the Government Policy Statement (GPS) |
| Council | 4/04/2024 | DLC Appointments |
| Council | 4/04/2024 | Three Waters Update |
| Community and Natural Environment | 9/04/2024 | Psychoactive Substances Policy - Approval to consult |
| Community and Natural Environment | 9/04/2024 | 30 Victoria Street - Celebrating Age Centre |
| Community and Natural Environment | 9/04/2024 | Sport Waikato Update |
| Community and Natural Environment | 9/04/2024 | Waikato Regional Theatre Update |
| Strategic Growth and District Plan | 11/04/2024 | General Manager's Report |
| Strategic Growth and District Plan | 11/04/2024 | Strategic Issues |
| Strategic Growth and District Plan | 11/04/2024 | General Updates |
| Strategic Growth and District Plan | 11/04/2024 | District Plan Update |
| Strategic Growth and District Plan | 11/04/2024 | Strategic Issues (PX) |
| Strategic Growth and District Plan | 11/04/2024 | Rotokauri Arterial Designation Land Update |
| Infrastructure and Transport | 2/05/2024 | Refuse Transfer Station & Hamilton Organic Centre - Proposed Gates Fees 2023/24 |
| Infrastructure and Transport | 2/05/2024 | Infrastructure and Transport Strategic Matters Report |
| Infrastructure and Transport | 2/05/2024 | Infrastructure and Transport Operational Activity Report |
| Infrastructure and Transport | 2/05/2024 | Approval of the 2024-34 Waste Management and Minimisation Plan |
| Infrastructure and Transport | 2/05/2024 | Project Watershed Service Level Agreement Approval |
| Infrastructure and Transport | 2/05/2024 | Contract Award - Water and Wastewater Pump Supply and Servicing Contract |
| Infrastructure and Transport | 2/05/2024 | Water Supply Bylaw Deliberations Report |
| Infrastructure and Transport | 2/05/2024 | Contract Award - Supply of Automation Software |
| Infrastructure and Transport | 5/03/2024 | Legal Dispute - Waste |
| Infrastructure and Transport | 2/05/2023 | Kerbside Collection Changes |
| Finance and Monitoring | 7/05/2024 | Financial Performance & Strategy Report |
| Finance and Monitoring | 7/05/2024 | Overdue Debtors Report |

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| Finance and Monitoring | 7/05/2024 | NZLG Funding Agency - Annual Report 2023 Half Year Report and Statement of Intent |
| Economic Development | 9/05/2024 | General Manager's Report |
| Economic Development | 9/05/2024 | External Agencies and CCO Reporting |
| Economic Development | 9/05/2024 | Event Sponsorship Fund - recommendations for approval 2024/25 |
| Economic Development | 9/05/2024 | Strategic and General Update |
| Economic Development | 9/05/2024 | Strategic Property Update |
| Economic Development | 9/05/2024 | Strategic Property Update (PX) |
| Economic Development | 9/05/2024 | Investment Promotion Projects (PX) |
| Council - Long Term Plan | 15/05/2024 | Long term Plan Hearing Report (including DC and Growth Funding) |
| Traffic, Speed Limit and Road Closure Hearings Panel | 21/05/2024 | Hamilton City Speed Limit Changes |
| Traffic, Speed Limit and Road Closure Hearings Panel | 21/05/2024 | Parking Restrictions and Traffic Bylaw Changes |
| Waikato-Tainui HCC Co Governance Forum | 23/05/2024 | Pukete WW Resourcing Consenting Project |
| Waikato-Tainui HCC Co Governance Forum | 23/05/2024 | Waikato Tainui 5 Year Plan |
| Waikato-Tainui HCC Co Governance Forum | 23/05/2024 | General Manager Partnerships, Communication & Maaori |
| Council | 30/05/2024 | Appointment of External Member for Strategic Risk and Assurance Committee |
| Council | 30/05/2024 | Legal Claim/Massey Street |
| Council | 30/05/2024 | Three Waters Update |
| Council - Long Term Plan | 4/06/2024 | Long term Plan Deliberations Report |
| Council - Long Term Plan | 4/06/2024 | Draft Development Contributions Policy Deliberations report |
| Council - Long Term Plan | 4/06/2024 | Draft Growth Funding Policy Deliberations report |
| CE Review | 6/06/2024 | Approval of the CE's 2024-2025 KPI's |
| Community and Natural Environment | 11/06/2024 | CDEM 6 Monthly Update |
| Community and Natural Environment | 11/06/2024 | Boon Artwork |
| Community and Natural Environment | 11/06/2024 | Domain Endowment Fund Policy review (TBC) |
| Community and Natural Environment | 11/06/2024 | Age Friendly Plan Review (TBC) |
| Community and Natural Environment | 11/06/2024 | He Rautaki Whakawhanake Hapori (Community and Social Development Strategy) Annual Update/Disability Action Plan and Welcoming Plan Update |

| | | |
|------------------------------------|------------|---|
| Community and Natural Environment | 11/06/2024 | Hamilton Open Spaces Strategy - Papa Ahureka o Kirikiriroa 2023-2053 Update |
| Community and Natural Environment | 11/06/2024 | Community Occupancy Policy Review (TBC if wider engagement required) |
| Community and Natural Environment | 11/06/2024 | Animal and Dog Control Review Programme - approval to consult |
| Community and Natural Environment | 11/06/2024 | Public Places Bylaw & Trading in public Places Policy Review (Approval to consult) |
| Community and Natural Environment | 11/06/2024 | Youth Action Plan |
| Community and Natural Environment | 11/06/2024 | aquatics strategy and river safety update |
| Strategic Risk and Assurance | 18/06/2024 | Safety and Wellbeing Report |
| Strategic Risk and Assurance | 18/06/2024 | Risk Management Report |
| Strategic Risk and Assurance | 18/06/2024 | Internal Audit Update - KPMG |
| Strategic Risk and Assurance | 18/06/2024 | Chief Executive Report |
| Strategic Risk and Assurance | 18/06/2024 | Organisational Improvement Report |
| Strategic Risk and Assurance | 18/06/2024 | Legal Risks - Committee Update |
| Strategic Risk and Assurance | 18/06/2024 | Compliance, Fraud and Protected Disclosures |
| Strategic Risk and Assurance | 18/06/2024 | Cyber Risks - Committee Update |
| Strategic Risk and Assurance | 18/06/2024 | Annual pre-renewal Insurance Report |
| Strategic Risk and Assurance | 18/06/2024 | Crisis, Emergency, Incident, and Business Continuity Update report |
| Strategic Risk and Assurance | 18/06/2024 | Annual report – Interim Management Report |
| Regulatory and Hearings | 6/08/2024 | Tree Policy |
| Regulatory and Hearings | 6/08/2024 | Public Places Bylaw & Trading in public Places Policy Review |
| Strategic Growth and District Plan | 25/06/2024 | General Manager's Report |
| Strategic Growth and District Plan | 25/06/2024 | Strategic Issues |
| Strategic Growth and District Plan | 25/06/2024 | General Updates |
| Strategic Growth and District Plan | 25/06/2024 | District Plan Update - includes recommendation for Council to approve PC14 notification |
| Strategic Growth and District Plan | 11/04/2024 | Strategic Issues Public Excluded |
| Strategic Growth and District Plan | 25/06/2024 | Ruakura East Private Development Agreement |
| Strategic Growth and District Plan | 25/06/2024 | Council delegations to award Professional Services Contract |
| Council | 4/07/2024 | Long term Plan and Infrastructure Strategy Adoption Report |

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Attachment 1

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| | | |
|--|------------|--|
| Council | 4/07/2024 | Draft Development Contributions Policy Adoption Report |
| Council | 4/07/2024 | Draft Growth Funding Policy Adoption Report |
| Council | 1/08/2024 | 2024 LGNZ remits |
| Council | 1/08/2024 | Corporate Hospitality and Entertainment Policy review |
| Council | 1/08/2024 | Independent Commissioners Panel - Council approval |
| Regulatory and Hearings | 6/08/2024 | Three Waters Connections Policy - Hearings |
| Regulatory and Hearings | 6/08/2024 | Psychoactive Substances policy |
| Infrastructure and Transport | 8/08/2024 | Pukete Inlet Facility Contract Award |
| Infrastructure and Transport | 8/08/2024 | Infrastructure and Transport Strategic Matters Report |
| Infrastructure and Transport | 8/08/2024 | Kirikiroa -Catchment Erosion control contract award |
| Infrastructure and Transport | 8/08/2024 | Infrastructure and Transport operational Activity Report |
| Infrastructure and Transport | 8/08/2024 | Bulk Wastewater Storage Designation |
| Infrastructure and Transport | 8/08/2024 | Horotiu Landfill Site - Property |
| Infrastructure and Transport | 8/08/2024 | Three Waters Connections Policy - SOP for consultation |
| Economic Development | 13/08/2024 | External Agencies and CCO Reporting |
| Economic Development | 13/08/2024 | External Agencies and CCO Reporting |
| Economic Development | 13/08/2024 | Strategic and General Update |
| Economic Development | 13/08/2024 | Strategic Property Update |
| Economic Development | 13/08/2024 | Strategic Property Update (PX) |
| Economic Development | 13/08/2024 | Freeholding of Council Endowment Land Policy Review |
| Economic Development | 13/08/2024 | Investment Promotion Projects (PX) |
| Community Grants Allocation Sub-Committee | 14/08/2024 | Community Services Grants |
| Traffic, Speed Limit and Road Closure Hearings Panel | 15/08/2024 | Hamilton City Speed Limit Changes |
| Traffic, Speed Limit and Road Closure Hearings Panel | 15/08/2024 | Parking Restrictions and Traffic Bylaw Changes |
| Strategic Growth and District Plan | 27/08/2024 | General Manager's Report |
| Strategic Growth and District Plan | 27/08/2024 | Strategic Issues |

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| Strategic Growth and District Plan | 27/08/2024 | General Updates |
| Strategic Growth and District Plan | 27/08/2024 | District Plan Update |
| Strategic Growth and District Plan | 27/08/2024 | Ruakura Rd Eastern transport Corridor Detailed Business Case |
| Finance and Monitoring | 29/08/2024 | Capital Portfolio Monitoring report |
| Finance and Monitoring | 29/08/2024 | Financial Performance & Strategy Report |
| Strategic Risk and Assurance | 3/09/2024 | Safety and Wellbeing Report |
| Strategic Risk and Assurance | 3/09/2024 | Risk Management Report |
| Strategic Risk and Assurance | 3/09/2024 | Internal Audit Update - KPMG |
| Strategic Risk and Assurance | 3/09/2024 | Chief Executive Report |
| Strategic Risk and Assurance | 3/09/2024 | Organisational Improvement Report |
| Strategic Risk and Assurance | 3/09/2024 | Legal Risks - Committee Update |
| Strategic Risk and Assurance | 3/09/2024 | Compliance, Fraud and Protected Disclosures |
| Strategic Risk and Assurance | 3/09/2024 | Cyber Risks - Committee Update |
| Strategic Risk and Assurance | 3/09/2024 | LTP Audit Report Climate Change disclosure report |
| Community and Natural Environment | 10/09/2024 | Parks Naming Report Jesmond Park and others |
| Community and Natural Environment | 10/09/2024 | Sports and Community Parks Management Plan |
| Community and Natural Environment | 10/09/2024 | Psychoactive Substances Policy - Deliberations and Approval |
| Community and Natural Environment | 10/09/2024 | Tree Policy (Approval to consult) |
| Community and Natural Environment | 10/09/2024 | Kia oho te mauri o Kirikiriroa Hamilton City Libraries Strategy 2023-2033 Update |
| Council | 12/09/2024 | Confirmation of 2025 Meeting Dates |
| Regulatory and Hearings | 17/09/2024 | Community Occupancy Policy |
| Regulatory and Hearings | 17/09/2024 | Animal and Dog Control Review Programme |
| Waikato-Tainui HCC Co Governance Forum | 18/09/2024 | Pukete WW Resourcing Consenting Project |
| Waikato-Tainui HCC Co Governance Forum | 18/09/2024 | General Manager Partnerships, Communication & Maaori |
| CE Review | 19/09/2024 | Approval of the CE's 2023-2024 Performance Review |
| Infrastructure and Transport | 26/09/2024 | Contract Awards - LCLR |
| Infrastructure and Transport | 26/09/2024 | Eastern Pathways Update |
| Infrastructure and Transport | 26/09/2024 | Streetscape and Gateways Policy - Adoption |
| Infrastructure and Transport | 26/09/2024 | Infrastructure and Transport Strategic Matters Report |

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|--|------------|--|
| Infrastructure and Transport | 26/09/2024 | Infrastructure and Transport operational Activity Report |
| Infrastructure and Transport | 26/09/2024 | Three Waters Connections Policy Deliberations Report |
| Infrastructure and Transport | 26/09/2024 | Streetscape and Gateways Policy - SOP approval prior to consultation |
| Finance and Monitoring | 15/10/2024 | Capital Portfolio Monitoring report |
| Finance and Monitoring | 15/10/2024 | Financial Performance & Strategy Report |
| Finance and Monitoring | 15/10/2024 | NZLG Funding Agency - 2024 Annual Report (may be in Dec) |
| Traffic, Speed Limit and Road Closure Hearings Panel | 17/10/2024 | Hamilton City Speed Limit Changes |
| Traffic, Speed Limit and Road Closure Hearings Panel | 17/10/2024 | Parking Restrictions and Traffic Bylaw Changes |
| Strategic Risk and Assurance | 22/10/2024 | Final Approval of the 2023/24 Annual Report |
| Economic Development | 24/10/2024 | General Manager's Report |
| Economic Development | 24/10/2024 | External Agencies and CCO Reporting |
| Economic Development | 24/10/2024 | Strategic and General Update |
| Economic Development | 24/10/2024 | Strategic Property Update |
| Economic Development | 24/10/2024 | Strategic Property Update (PX) |
| Economic Development | 24/10/2024 | Investment Promotion Projects (PX) |
| Council | 31/10/2024 | Recommendation from the SRA committee to adopt the Annual report |
| Council | 31/10/2024 | 2025 Schedule of Meetings |
| Council | 31/10/2024 | Three waters Connections Policy Adoption |
| Council | 31/10/2024 | Our Climate Future Annual Monitoring Report 2023/24 |
| Strategic Growth and District Plan | 7/11/2024 | General Manager's Report |
| Strategic Growth and District Plan | 7/11/2024 | Strategic Issues |
| Strategic Growth and District Plan | 7/11/2024 | General Updates |
| Strategic Growth and District Plan | 7/11/2024 | District Plan Update |
| Community and Natural Environment | 12/11/2024 | Animal and Dog Control Review Programme - Delibs/Approval |
| Community and Natural Environment | 12/11/2024 | Public Places Bylaw & Trading in public Places Policy Review Deliberations |
| Community and Natural Environment | 12/11/2024 | Community Occupancy Policy Adoption |
| Community and Natural Environment | 12/11/2024 | CDEM Quarterly Update |

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| Regulatory and Hearings | 21/11/2024 | |
| Waikato-Tainui HCC Co Governance Forum | 27/11/2024 | Pukete WW Resourcing Consenting Project |
| Waikato-Tainui HCC Co Governance Forum | 27/11/2024 | General Manager Partnerships, Communication & Maaori |
| Infrastructure and Transport | 28/11/2024 | Infrastructure and Transport Strategic Matters Report |
| Infrastructure and Transport | 28/11/2024 | Infrastructure and Transport operational Activity Report |
| Infrastructure and Transport | 28/11/2024 | Bulk Wastewater Storage Designation |
| Infrastructure and Transport | 28/11/2024 | Access Hamilton Strategy - Action Plan Approval |
| Economic Development | 3/12/2024 | General Manager's Report |
| Economic Development | 3/12/2024 | External Agencies and CCO Reporting |
| Economic Development | 3/12/2024 | Strategic and General Update |
| Economic Development | 3/12/2024 | Strategic Properties Update |
| Economic Development | 3/12/2024 | Strategic Property Update (PX) |
| Economic Development | 3/12/2024 | Investment Promotion Projects (PX) |
| Traffic, Speed Limit and Road Closure Hearings Panel | 4/12/2024 | Hamilton City Speed Limit Changes |
| Traffic, Speed Limit and Road Closure Hearings Panel | 4/12/2024 | Parking Restrictions and Traffic Bylaw Changes |
| Finance and Monitoring | 5/12/2024 | Capital Portfolio Monitoring report |
| Finance and Monitoring | 5/12/2024 | Financial Performance & Strategy Report |
| Strategic Risk and Assurance | 10/12/2024 | Safety and Wellbeing Report |
| Strategic Risk and Assurance | 10/12/2024 | Risk Management Report |
| Strategic Risk and Assurance | 10/12/2024 | Internal Audit Update - KPMG |
| Strategic Risk and Assurance | 10/12/2024 | Chief Executive Report |
| Strategic Risk and Assurance | 10/12/2024 | Organisational Improvement Report |
| Strategic Risk and Assurance | 10/12/2024 | Legal Risks - Committee Update |
| Strategic Risk and Assurance | 10/12/2024 | Compliance, Fraud and Protected Disclosures |
| Strategic Risk and Assurance | 10/12/2024 | Cyber Risks - Committee Update |
| Strategic Risk and Assurance | 10/12/2024 | Annual Credit Rating Update |
| Strategic Risk and Assurance | 10/12/2024 | Annual Post-renewal Insurance Update |

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Attachment 1

Attachment 1

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|------------------------------|------------|--|
| Strategic Risk and Assurance | 10/12/2024 | Draft work Programme 2025 |
| Strategic Risk and Assurance | 10/12/2024 | Civil Defence and Emergency Management Capacity review |
| Strategic Risk and Assurance | 10/12/2024 | Annual SRA Committee Self Review |
| Strategic Risk and Assurance | 10/12/2024 | Internal Audit Plan 2025 |
| Council | 12/12/2024 | 2025 Schedule of reports |

Item 12

Council Report

Item 13

Committee: Strategic Risk and Assurance Committee
Date: 28 March 2024
Author: Michelle Hawthorne
Authoriser: Lance Vervoort
Position: Governance and Assurance Manager
Position: Chief Executive
Report Name: Chief Executive Report

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

Purpose - *Take*

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

Staff Recommendation - *Tuutohu-aa-kaimahi*

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

Executive Summary - *Whakaraapopototanga matua*

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

Discussion - *Matapaki*

Central Government Policy Direction

7. The general election held on 14 October 2023 has resulted in a change of government. The new coalition Government has been formed, and the 100-day plan is underway, with this period ending in mid-March.
8. The 100-day action plan includes several legislative changes including repeals of Three Waters and RMA 2.0 legislation. Further clarity is required to understand the specific changes and how these will impact HCC. Staff continue to keep a watching brief on any changes to provide certainty for Council as we progress through the Long-Term Plan process.

Item 13

9. The Local Water Done Well policy (the government's response to the previous Three Waters legislation) is now in action. The first step was to repeal the previous legislation and two further bills will be introduced later this year.
10. A verbal update will be provided to the Committee if there are any significant changes.

Long Term Plan

11. The economic outlook, financial pressures, and legislative compliance create challenges for Council's long-term planning. Since the previous update the Waters activity has now been included into the LTP.
12. Between March and April we will be consulting the community on the draft LTP document. We are anticipating significant feedback and high engagement through this process.

Future Fit – Phase 2

13. Tranche One of Future Fit is now complete, with the changes taking effect on 4 December 2023.
14. Tranche Two of Future Fit began on 12 March with consultation on the group reviews open between the 12th and 27th March. The final structure will be confirmed by 12 April with the implementation of the new Tranche Two structure from 13 May.
15. Staff wellbeing through these significant changes continues to be a priority and additional resources are available for all staff throughout this process.

Financial Considerations - *Whaiwhakaaro Puutea*

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

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

17. Staff consider the matter of this report to be of low significance and that the recommendations comply with Council's legal requirements.
18. Staff have also considered the key considerations under the Climate Change Policy and have determined that an adaptation assessment and emissions assessment is not required for the matter(s) in this report.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

19. 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').
20. The subject matter of this report has been evaluated in terms of the ('the 4 wellbeings') during the process of developing this report.
21. The recommendations set out in this report are consistent with that purpose.
22. No known social, economic, environmental, or cultural considerations were identified in the development of this report.

Risks - *Tuuraru*

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

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

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

Attachments - *Ngaa taapirihanga*

There are no attachments for this report. .

Item 13

Item 14

Council Report

| | | | |
|----------------------|--|--------------------|---|
| Committee: | Strategic Risk and Assurance Committee | Date: | 28 March 2024 |
| Author: | Dan Finn | Authoriser: | Sean Hickey |
| Position: | People, Safety & Wellness Manager | Position: | General Manager People, Performance and Culture |
| Report Name: | Safety and Wellbeing Report - 1 November 2023 to 31 January 2024 | | |
| Report Status | | Open | |

Purpose - Take

- 1. To inform the Strategic Risk and Assurance Committee on safety and wellbeing strategic progress, performance, and activities for the period covering 1 August to 31 October 2023.

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

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

Executive Summary - *Whakaraapopototanga matua*

- 3. This report is focussed on our continued progress of key strategic activities that are aligned to risks, relationships, and resources. To provide the Committee with a more comprehensive overview of our progress, we have included supplementary updates on wider activities, assurance, and successes.
- 4. The Safety & Wellbeing Team have commenced during this period the auditing of a number of business units against Council’s Safety Management System (SMS) aligned to ISO45001. With a well-structured and planned approach in place, an ambitious target of auditing a total of 55 business units is expected by the end of 2024. Communicating and working with individual business unit stakeholders is key to its success.
- 5. There were a number of safety events during this reporting period that included 6 lost time injuries (LTIs), 22 medical treatment events, and 1 notifiable event to WorkSafe by Council.
- 6. With a large number of staff on annual leave during the Christmas and New Year period it was expected that there would be a decrease in reporting. However, our frontline services continued to serve the community and support was on hand for them, with the same expectation that they report events when they occur.

- 7. During this reporting period we have continued to promote and provide wellbeing support for our people. This has been via resilience workshops, Vitae onsite support, EAP, and direction to self-help avenues.
- 8. Council has submitted feedback on WorkSafe’s new Health and Safety Guide for PCBU’s for managing psychosocial risks at work. We have highlighted our current preventative approaches and our staff engagement survey which taps directly into the organisational psychosocial risks that PCBU’s need to measure and control. The draft proposal combines the holistic model of ‘Te Whare Tapa Wha’ which aligns with the GoodYarn Mental Health workshops that have been delivered across Council within the last 18 months.
- 9. Staff consider the matters in this report to have low significance and that the recommendations comply with Council’s legal obligations.

Discussion - Matapaki

Strategic Progress – Te ahunga whakamua rautaki

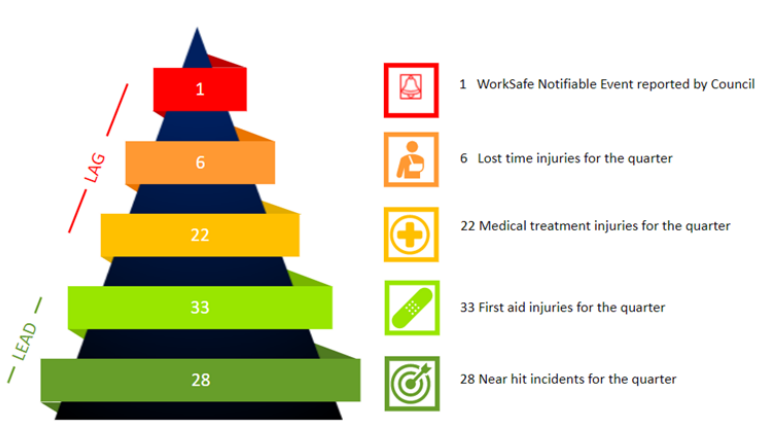
- 10. The following workstreams continue to be presented to this Committee and are meant to outline the progress that has been achieved on our ‘safety reset’ activities, which represent significant programs of work. These programs were designed to strengthen and support our wider safety and wellbeing strategy.

| Workstream | Status | Next milestone | Comment |
|------------------------------------|--------|---|--|
| SafePlus review recommendations | 100% | Completed | Completed |
| SMS development and implementation | 100% | Completed | Completed |
| Technology and communication (Ora) | 100% | Completed | Completed |
| Critical risk management | 90% | All 13 critical risk assessments have been completed and the results inputted into the Bowtie Risk Assessment software. | The results are to be shared with the relevant Project Teams involved before sharing with the organisation. |
| Contractor management | 100% | To support business units and operational teams in the management of contractors, training continues to be provided | The rollout of the ‘Who’s on Location’ contractor induction software continues with the additional sites of the Hamilton Gardens, Zoo and the Museum well underway to have this implemented. |
| Resourcing and structure review | 100% | Completed | Completed |
| Table 1 Key workstreams | | | |

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Risks and Incidents – *Ngaa Tuuraru me nga Paanga*

- 11. Councils Incident Management System (Ora) continues to be reviewed, developed, and refined to provide credible data and information to all relevant stakeholders. During this reporting period we have created a reporting dashboard to provide the Fleet Team with a monthly report that gives oversight into ‘driving for work’ events so that a more co-ordinated approach can be taken to improve driver behaviour.
- 12. A review has been completed in this quarter to identify those roles across Council that require health monitoring given the level of exposure to hazards within the work environment including dust, biological, and hazardous chemicals. Council have worked closely with their health monitoring provider and there is a well planned approach in place that supports the relative business units that require health monitoring to meet legislative requirements.
- 13. The incidents profiled during this reporting period are summarised below:
 - i. There was a total of **226** events reported in Ora, which resulted in **55** injuries during this reporting period, compared to **76** during the previous period. Of those injured, **6** resulted in lost time and **22** required medical treatment.



- ii. Near hit reporting has continued to decrease from the previous period with 28 near hits recorded, which would indicate to us that we need to promote the benefits of ‘near hit’ reporting and the preventative measures that can be taken from it.

Council WorkSafe Notifiable Events

- 14. There was 1 event that was notified to WorkSafe by Council.
- 15. This event was a service strike whereby a power cable was struck. The worker was tending to a reactive water repair which pipe was situated underneath the black pipe containing the power cable.
- 16. Further details of this notifiable event can be found in **Attachment 1**. WorkSafe have notified Council that they will not be requiring any further investigation.

Contractor WorkSafe Notifiable Events

- 17. There were no events that were notified to WorkSafe by external contractors, who were performing work on our behalf.

Relationships – Whanaungatanga

18. During this reporting period we have continued to promote and provide regular onsite Vitae support for various business units, particularly in light of the organisational changes that have been proposed through 'Future Fit'. This has been well received and a good number of staff have utilised and appreciated this service.
19. The Safety Governance Committee (SGC) met on the 4th December 2023 and the meeting minutes are provided as **Attachment 2**. The Committee continues to provide important guidance and strategic oversight across all areas of Council. Of importance, is listening too and learning from the experiences of our frontline workers who are exposed to critical risk(s) through the course of their work. Committee members gain valuable insights from visiting different facilities each quarter, where a critical risk(s) relevant to that facility is profiled. The next meeting is scheduled for the 19th of March 2024.

Resources – Rauemi

20. The Safety & Wellbeing Team met with the Health & Safety Representatives from across Council at Waterworld in December 2023 to collaborate around what was being focussed on in regards to safety and wellbeing across the organisation. The Reps were then put into groups and asked to highlight what risks their roles and business units were exposed to on a daily basis. This gave great insight to everyone and reiterated how diverse the work we do at Council is and the number of critical risks our workers are exposed to. The exercise reinforced that managing risk is crucial. An outcome of the meeting was to make sure that our Health & Safety Representatives are aware of how to assess and mitigate risk and training will be given in this regard.

Assurance – Kii Taurangi

21. With the commencement of the internal audit process against ISO45001 in this quarter, a robust template has been created and is being utilised to complete each site audit. This enables clear oversight to all parties involved as to whether requirements are being met, or further improvements need to be made. Feedback is then given to the relevant business unit GM and Leadership team, along with those staff involved in the actual audit itself. The business unit/s then have an opportunity to focus on implementing improvements to be in the best position they can be from a safety and wellbeing perspective.
22. Work Injury management remains at the forefront of our obligations as an employer to support those workers who have sustained an injury on the job. Face-to-face training has been delivered to a number of our People Leaders and an online module has been developed in this quarter and will be available in Cornerstone to enable all People Leaders the opportunity to gain knowledge in this area.

Successes – Angituutanga

23. The Maintenance Delivery Team, work across the community delivering infrastructure maintenance for the city. This is a crucial service and during these hot summer days management were seen to be out and about dropping off supplies to help keep the team well hydrated. Cold bottled water and electrolyte sachets which hydrate and replenish the body with minerals, carbohydrates, and other nutrients lost during physical activity were supplied.
24. The teams know that it's also important to wear the right gear, and talking sun safety is a regular conversation at toolbox talks. Sunscreen is always available, but wearing breathable long sleeve tops, long pants, closed shoes, and hats is imperative to protect them from those harsh rays.

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Options

25. No options are available for Council to consider.

Financial Considerations - *Whaiwhakaaro Puutea*

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

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

- 27. Staff confirm that there are no recommendations in this report.
- 28. Staff have also considered the key considerations under the Climate Change Policy and have determined that an adaptation assessment and emissions assessment is not required for the matter(s) in this report.

Climate Change Impact Statement

- 29. Staff have assessed this option against the Climate Change Policy for both emissions and climate change adaptation.
- 30. Staff have determined no adaptation assessment is required.
- 31. Staff have determined no emissions assessment is required.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

- 32. 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').
- 33. 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.
- 34. The recommendations set out in this report are consistent with that purpose.

Social

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

Economic

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

Environmental

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

Cultural

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

Risks - *Tuuraru*

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

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

Significance

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

Engagement

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

Attachments - *Ngaa taapirihanga*

Attachment 1 - Worksafe Notifiable Event

Attachment 2 - Safety Governance Committee Meeting Minutes 4 December 2023

WorkSafe Notifiable Event

Attachment 1

| | |
|--|--|
| DATE OF EVENT: | Approx 10:00am on 26/01/24 |
| LOCATION: | Outside 97 Mansel Road, Hamilton |
| BUSINESS GROUP INVOLVED: | Infrastructure Operations – City Delivery |
| WHAT HAPPENED? | <p>The worker was tending to a reactive water repair job outside 97 Mansel Road. To fix the leak a hole approximately 75 cm was required to be dug to expose the pipes.</p> <p>The worker found a black pipe where they believe the water was leaking from. The black pipe was actually a power cable. Water was leaking out of a pipe and fitting which was sitting just underneath the power cable.</p> <p>The worker used a pair of handheld pipe cutters to cut the power cable and that is when a spark occurred and made a hole in the pipe cutters.</p> <p>The worker did not receive any injuries as a result.</p> |
| WHAT IMMEDIATE ACTION HAS BEEN TAKEN: | <ul style="list-style-type: none"> • Work was immediately ceased. • WEL Energy was called and power isolated. • Repairs made. |
| NEXT STEPS: | <ul style="list-style-type: none"> • There has been a stop work meeting arranged on Wednesday next week • WorkSafe have been notified. |

Item 15

Meeting Minutes

Safety Governance Committee

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| Time and date: | 2:00pm, Monday 4 December 2023 |
| Venue: | Agenda Room, WaterWorld Te Rapa |
| In Attendance: | Greg Dearsly (Independent Chair), Dan Finn (People, Safety & Wellbeing Manager), Sean Hickey (GM People Performance and Culture), Claire Toko (Venues Tourism and Events), Ewan Wilson (Elected Member) Marie Snowball (Safety & Wellbeing Lead), Kathryn Tucker (PSA), Helen Paki (GM Customer & Community), Olly Te Ua (Māori Rep), Amanda Barlow (Minutes). |
| Guests: | Shayla Whaiapu (Operations Manager), Liz Cann, (Aquatics Director), Rishabh Sharma (Duty Manager and Plant Operator) Colin Deane (Lifeguard), Gemma Clark (Team Leader learn to swim) and Michelle Becker (Safety and Wellbeing Business Analyst) |
| Apologies: | Lance Vervoort (Chief Executive) Andrew Parsons (GM – Infrastructure and Assets) |

1. Welcome

Handouts provided for meeting:

1. Agenda
2. Terms of Reference
3. Ora dashboard reporting information

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

The minutes of the Safety Governance Committee Meeting held Tuesday 19 September 2023 have been confirmed.

Moved by: Dan Finn

Seconded by: Sean Hickey

- Assume that the review of plant and structures and working at height action can be put on hold.
- Marie provided an update on the progress of the Bowtie risk assessment work being conducted.
- Look to update the dates on the current Teams of Reference next year

3. Insights from our staff at Waterworld with the critical risks faced by them working in and around water and abusive customers

An explanation of what the process is when a staff alarm is messaged throughout the facility and the response required by the team at Waterworld.

Some of the critical risks from the perspective of the staff include drowning, risk of spinal injuries, being around water and unknown of the people coming into the facility and the behaviours they display were discussed.

Meeting Minutes

Discussion around the importance to maintain the plant and facility. Have worked to reduce the risks on site by reducing the levels of chlorine by introducing salt. Removed the need for compliance certificate by removing some of the chemicals held on site to reduce the risk also.

Importance of industry networking and learnings from others in the industry.

Discussion around career pathways at the pools. The training that is provided to the lifeguards and moving into a professional lifeguard position where they are trained in de-escalation training, hazardous substances and plant operation. Can take three months for a lifeguard to progress up to a professional lifeguard. A maximum of 10 professional lifeguards are employed to prevent too many lifeguards handling chemicals and attending to the plant. The site cannot run without a Duty Manager on site as they have the required training.

During a lifeguard's shift, they spend 30 minutes poolside and then rotate through other tasks.

Waterworld is leading the industry within NZ in regards to the rostering pattern implemented recently.

External training is conducted every two years and bi-monthly for de-fib practice in scenarios. Consistently practicing scenarios to help keep the team in sync for when critical events take place.

After every critical event, the team have what they refer to as a "Pause and reset" session to ensure that everyone is OK and will provide the support they need to help such as EAP, or bring Vitae services on site, or what they need at the time.

4. A tour around the complex by staff

There have been a number of health and safety improvements made at Waterworld over the past few years alongside a change in culture.

5. Ora dashboard reporting

Michelle Becker, Business Analyst from the Safety & Wellbeing Team provided an overview of Ora, the safety software system provided at HCC and improvements that have been made previously and what improvements can be made going forward. Examples of dashboards available in Ora discussed and review of some employee data for the previous 12-month period.

Measures at the ELT level are LTI, MTI, reporting levels and provide ELT with a monthly report with the insights into what has occurred within the previous month. There is also data reported in the strategic risk assurance committee report provided every three months.

6. General Discussion – around the table

Ewan – Really pleased with the work being conducted in this space by the staff at Council. Really helpful coming out on site.

Helen – It would be great to have other ELT members come to site.

Claire – Believes the zoo would be a good place to visit. The team do some great work in their response processes. Great to get the insights into the operations and hearing from the people on the ground.

Kathryn – Learnt a lot about our Council systems.

Dan – There is value in being out on site and hearing from the frontline staff. It is great to engage and talk to them. I believe ELT would benefit from participating in this group and would look to the new year on how they can be incorporated in the meeting.

Meeting Minutes

Ollly – How do we get onsite to have a conversation with the frontline staff in a position where they feel safe to be able to voice their concerns?

Sean – We want to integrate ELT into the conversations in this meeting and the value they will have from attending. For the agenda next year, perhaps look to other business leaders to hear about what is happening across other businesses. Getting out onto the sites where the work happens and not the depots to understand the challenges out on site would be valuable.

Marie – The Business Partners in the Safety and Wellbeing team are based out on site to understand what is happening on the frontline. The team have begun completing the internal audits for ISO45001 with the intent to applying for external accreditation at the end of 2024.

Greg – The purpose of this group being set up was from an assurance perspective and enables at a governance level to understand what is happening.

7. Actions assigned from meeting

No actions were assigned.

Meeting closed: 4:35 pm

Meeting Minutes

8. Completed Actions Register

| Action | Assigned To | Due Date | Comments | Status |
|---|----------------|--------------|--|--|
| Review regulations for Plant, Structures and Working at heights and consider how these will apply to HCC. | Marie | Ongoing | Considered approach using the hierarchy of control MBIE is quiet, Q1 should have a draft, main difference is written requirements. Toward end of 2023 introduction of the law. | Ongoing – due to the pending election later this year |
| Need to follow up the need to have an independent person to review the critical risks in relation to plant and machinery to have a specialist in the field to review. No outcome was recorded from previous meeting. | Marie Snowball | Next meeting | Complete an independent review. Have someone be more involved. Include specialist advice. <i>Decision to be made – do we understand everything associated with this risk and if we need to source independent advice?</i> | Ongoing |
| Plant, Structures and Working at heights – New regulations | S&W Team | Next meeting | Amanda Barlow presented on this item during this meeting | Completed |
| Changes to be made to TOR Safety Governance Committee <ul style="list-style-type: none"> Part of ELT's role is being informed through this committee. Adapt the wording of the roles and responsibilities to align with this Under the section: amend wording to "advice, provide assurance and recommendations to the strategic leadership team" Amend job titles of the members to correct them Need for the learnings and outcomes of this meeting. Lance to discuss with Dan. | Marie Snowball | Next meeting | Terms of Reference document updated. | Closed |

Meeting Minutes

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| Share with HSR's | | | | |
| Question the need for plant (table saws) to be put on assets register. Look at Ungerbok and review if plant and other similar plant is on the register for H3 as unsure this is currently happening. | Claire Toko | Next meeting | Assets over \$5000 are captured in UngerBok. If there are specific items we wish to capture, then it is possible. | Closed |
| Looking at make-up of committee. | Dan | Next meeting | Eeva-Liisa should be here from Infrastructure Operations. Their group has a lot of critical risks areas. Let's review annually, we might swap areas around, so all the exec team gets some exposure. | Completed |
| It was agreed more time was required to digest the Monitoring What Matters survey results and discuss at next meeting. | Dan Finn | Next meeting | | Completed |
| Further follow up from Governance to confirm Safety and Wellness updates to be included at full Council Meetings. | Dan Finn | | Dan to discuss with Becca, more discussion on that. Minutes and reports will go to full council and SRA - quarterly | Completed |
| Ensure presentations and documents relating to the next meeting are sent out in advance | Marie/Dan | Next meeting | To provide members with time to review and consider questions as part of the discussion | Completed |
| Investigate if the Chaplain/Counsellor service could be rolled out across the whole Organisation. | Marie Snowball | Next meeting | Service can be scaled up if require, based on interest and operational need | Completed |

Meeting Minutes

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| Speak to Lee-Ann Jordan and Kelvin Powell on setting up interdepartmental learning with Mark's team/leadership. | Helen Paki | Next meeting | A new role has been created which will pick this up | Completed |
| Lance to confirm with Ewan and Olly if they would like to stay on the Committee | Marie | Next Meeting | Confirmed that Ewan and Ollie will continue on the committee | Closed |

The meeting was declared closed at 4:11pm

Next Meeting: August/September

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 |
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| C1. Confirmation of the Strategic Risk and Assurance Committee Public Excluded Minutes - 7 December 2023 |) Good reason to withhold information exists under Section 7 Local Government Official Information and Meetings Act 1987 | Section 48(1)(a) |
| C2. Organisational Improvement Register - Public Excluded | | |
| C3. Legal Risks - Committee Update | | |
| C4. SR4 Loss of Information or Access to Systems and Services | | |

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

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| Item C1. | to prevent the disclosure or use of official information for improper gain or improper advantage | Section 7 (2) (j) |
| Item C2. | to prevent the disclosure or use of official information for improper gain or improper advantage | Section 7 (2) (j) |
| Item C3. | to maintain legal professional privilege | Section 7 (2) (g) |
| | to enable Council to carry out commercial activities without disadvantage | Section 7 (2) (h) |
| | to enable Council to carry out negotiations | Section 7 (2) (i) |
| Item C4. | to protect information which is subject to an obligation of confidence where disclosure would likely damage the public interest | Section 7 (2) (c) (ii) |
| | to prevent the disclosure or use of official information for improper gain or improper advantage | Section 7 (2) (j) |