

**Notice of Meeting:**

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

**Date:** Tuesday 14 September 2021  
**Time:** 9.30am  
**Meeting Room:** Committee Room One and Audio Visual Link  
**Venue:** Municipal Building, Garden Place, Hamilton

Richard Briggs  
Chief Executive

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## **Strategic Risk and Assurance Committee**

### ***Komiti Whakamauru Tuuraru***

### **OPEN AGENDA**

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**Membership**

**Chairperson** Ms K Horne  
*Heamana*

**Deputy Chairperson** Mr B Robertson  
*Heamana Tuarua*

**Membership:** Mayor P Southgate  
Cr R Pascoe  
Cr D Macpherson  
Cr A O’Leary  
Cr M Bunting

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

**Quorum:** Four members (including one external appointee)

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Becca Brooke  
Governance Manager  
*Menetia Mana Whakahaere*

**7 September 2021**

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**Purpose:**

The Strategic Risk and Assurance Committee is responsible for providing objective advice and recommendations to the governing body on the adequacy and functioning of the Council's risk management and assurance framework and external reporting.

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

**Terms of Reference:***Risk*

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

*Internal Audit*

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

*External Audit*

13. Engage with Council's external auditors regarding the external audit work programme and agree the proposed terms and arrangements of the external audit.
14. Recommend to Council the terms and arrangements for the external audit programme.
15. Review the effectiveness of the Annual Plan audit and 10 Year Plan audit.
16. Assess management response to audit reports and the extent to which external audit recommendations concerning internal accounting controls and other matters are implemented.

### *Statutory Reporting*

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

### *Other Matters*

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

### **The Committee is delegated the following recommendatory powers:**

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

### **Special Notes:**

- In fulfilling their role on the committee, members shall be impartial and independent at all times.
- Members are appointed for an initial term of no more than three years that aligns with the triennial elections, after which they may be eligible for extension or reappointment.

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

**Recommendatory Oversight of Policies and Bylaws:**

- *Risk Management Policy*

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**1 Apologies – *Tono aroha***

**2 Confirmation of Agenda – *Whakatau raarangi take***

The Committee to confirm the agenda.

**3 Declaration of Interest – *Tauaakii whaipaaanga***

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

**4 Public Forum – *Aatea koorero***

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

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

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

If you have any questions regarding Public Forum please contact Governance by telephoning 07 838 6727.

# Council Report

Item 5

**Committee:** Strategic Risk and Assurance Committee  
**Date:** 14 September 2021  
**Author:** Narelle Waite  
**Authoriser:** Becca Brooke  
**Position:** Governance Advisor  
**Position:** Governance Manager  
**Report Name:** Confirmation of the Strategic Risk and Assurance Committee Open Minutes - 17 June 2021

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

That the Strategic Risk and Assurance Committee confirm the Open Minutes of the Strategic Risk and Assurance Committee Meeting held on 17 June 2021 as a true and correct record.

## Attachments - *Ngaa taapirihanga*

Attachment 1 - Strategic Risk and Assurance Committee Open Unconfirmed Minutes - 17 June 2021

## Strategic Risk and Assurance Committee

### *Komiti Whakamauru Tuuraru*

### OPEN MINUTES

Minutes of a meeting of the Strategic Risk and Assurance Committee held in Council Chamber, Municipal Building, Garden Place, Hamilton and Audio-visual Link on Thursday 17 June 2021 at 12.47pm.

#### PRESENT

**Chairperson** K Horne  
*Heamana*

**Deputy Chairperson** B Robertson  
*Heamana Tuarua*

**Membership:** Mayor P Southgate  
Cr R Pascoe  
Cr D Macpherson  
Cr A O'Leary

**In Attendance:** Cr M van Oosten  
David Bryant – General Manager People and Organisational Performance  
Lance Vervoort – General Manager Community  
Eeva-Liisa Wright – General Manager Infrastructure Operations  
Blair Bowcott – General Manager Growth  
Chris Allen – General Manager Development  
Murray Heke – Chief Transformation Officer  
Tracey Musty – Financial Controller  
Dan Finn – People, Safety and Wellness Manager  
Kelvin Powell – City Safe Unity Manager  
Nicholas Whittaker – Risk Advisor  
Morva Kaye – Internal Auditor  
Heather Burden – Risk Manager  
Maire Porter – City Waters Manager  
Andrew Parsons – Strategic Development Manager  
Greg Dearsly – Chair of the Safety Governance Committee  
Matt White – PricewaterhouseCoopers  
Aaron Steele – PricewaterhouseCoopers  
Naude Kotze – Audit NZ  
Clarence Susan – Audit NZ

**Governance Staff:** Narelle Waite – Governance Advisor

#### 1. Apologies – *Tono aroha*

**Resolved:** (Ms Horne/Mr Robertson)

That the apologies for absence from Cr Bunting are accepted.



2. **Confirmation of Agenda – *Whakatau raarangi take***

**Resolved:** (Ms Horne/Mr Robertson)

That the agenda is confirmed.

3. **Declarations of Interest – *Tauaakii whaipaaanga***

Mr Robertson declared an interest concerning his reinstated membership on the Tauranga City Council's Finance, Audit and Risk Committee but noted he was not conflicted.

4. **Public Forum – *Aatea koorero***

No members of the public wished to speak.

5. **Confirmation of the Strategic Risk and Assurance Committee Open Minutes - 11 March 2021**

**Resolved:** (Ms Horne/Cr Pascoe)

That the Strategic Risk and Assurance Committee confirm the Open Minutes of the Strategic Risk and Assurance Committee Meeting held on 11 March 2021 as a true and correct record.

6. **Chief Executive Report - Verbal Update**

The General Manager People and Organisational Performance spoke on behalf of the Chief Executive noting safety is Council's high priority and the monitoring of changing local government requirements.

**Resolved:** (Ms Horne/Mr Robertson)

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

*Cr Macpherson joined the meeting (12.52pm) at the conclusion of the above item. He was not present when the matter was voted on.*

7. **Safety and Wellness Report - 1 February 2021 to 30 April 2021**

The People, Safety and Wellness Manager and the Safety Engagement Lead spoke to the report noting ongoing recruitment activity. They responded to questions from Members concerning mental health metrics, near misses, efficacy of contractor health and safety policies, the recordable injury frequency rate, and noted the improved clarity of report graphs.

They introduced Greg Dearsly (Chair of the Safety Governance Committee), who outlined the structure and membership of the Safety Governance Committee, that the Committee's purpose is structured around the due diligence obligation of Council, and provided an update on the recent meetings. He responded to questions from Members concerning the terms of reference, consistency in membership of staff health and safety representatives, and reporting through to Council.

**Staff Action:** *Staff undertook to provide lessons learnt from near hits and misses, and the views of risk owners within future Safety and Wellness Reports.*

**Resolved:** (Ms Horne/Mr Robertson)

That the Strategic Risk and Assurance Committee receives the report.

## 8. Risk Management Report

The Risk Manager spoke to the report noting that Three Waters Reform is a new emerging risk, the escalating risk of the supply chain shortage, the recent bomb threat to Council's Municipal Building, the Privacy Act compliance review and monitoring of water quality, and the Legal Services Manager gave a verbal update on the Privacy Act compliance work stream. They responded to questions from Members concerning the Privacy Act compliance requirements, the Major Economic or Financial Shock Strategic Risk concerning the Long Term Plan 2021-31, the Conflict of Interest and Preventing Fraud staff training, and the procurement strategies in place to mitigate emergency supply chain risk.

**Staff Action:** Staff undertook to report Council's compliance with the Privacy Act updates to a future meeting of the Strategic Risk and Assurance Committee.

**Staff Action:** Staff undertook to amend future report discussion content to only include the key quarterly updates to Council's Strategic Risks.

**Resolved:** (Ms Horne/Cr Pascoe)

That the Strategic Risk and Assurance Committee receives the report

*Mayor Southgate joined the meeting (1.42pm) during discussion of the above item. She was present when the matter was voted on.*

## 9. 2020/21 Internal Audit Update

The Internal Auditor introduced her report, the sensitive expenditure audit, feedback referenced the need for an update to the policy for readability, and comment on payment card use and authorisation. She responded to questions from Member concerning the update of Council's sensitive expenditure policy, payment cards and Covid-19's effect on use.

**Resolved:** (Ms Horne/Mr Robertson)

That the Strategic Risk and Assurance Committee:

- a) receives the report; and
- b) notes progress against the Hamilton City Council Internal Audit Plan for Council staff.

## 10. 2020/21 PwC Internal Audit Update

Matt White and Aaron Steele (PricewaterhouseCoopers) spoke to their report noting the IBIS Breeze internal audit included that recommendations regarding imbedding controls within in the system were being implemented.

**Resolved:** (Ms Horne/Cr Pascoe)

That the Strategic Risk and Assurance Committee:

- a) receives the report; and
- b) notes progress against the Internal Audit Plan.

## 11. Organisational Improvement Report

The Internal Auditor introduced the report noting there had been little change in this quarter while awaiting a final report from Audit NZ and noted a pending report from Waka Kotahi. She responded to questions from Members concerning the ten high risk observations in progress, and

progress on high risk observations.

**Staff Action:** *Staff undertook to ensure future Organisational Improvement reports clearly highlight risk observations of concern.*

**Resolved:** (Ms Horne/Mayor Southgate)

That the Strategic Risk and Assurance Committee receives the report.

## 12. Fraud and Protected Disclosures Update

The Legal Services Manager spoke to the report noting there were no new protected disclosures or incidents of fraud to report, the timing for review of policies under the Strategic Risk and Assurance terms of reference, and that an update on Conflict of Interest training is to come. She responded to questions from Members concerning advising of notifiable material privacy breaches, staff awareness of their requirements under the privacy act, privacy act obligations and monitoring processes for Elected Members.

**Staff Action:** *Staff undertook to include notifiable Material Privacy Breaches within future Fraud and Protected Disclosure Update reports.*

**Staff Action:** *Staff undertook to provide a spreadsheet identifying all Council policies concerning Strategic Risk and Assurance including review dates.*

**Staff Action:** *Staff undertook consider opportunities to increase Elected Member knowledge of Code of Conduct responsibilities.*

**Resolved:** (Ms Horne/Mayor Southgate)

That the Strategic Risk and Assurance Committee:

- a) receives the report;
- b) notes the review dates of the Policies as recorded in this report; and
- c) notes that the decision and information in relation to this matter be released at the appropriate time, to be determined by the Chief Executive.

## 13. 2021 Annual Report Accounting Treatment Review

The Financial Controller introduced the report noting the upcoming 2020-21 Annual Report, landfill provision, weathertightness provision and two judicial reviews. Staff responded to questions from Members concerning reporting on Climate Change disclosure requirements, issues concerning the alignment of the disclosure statement and the annual report and the weathertightness provision.

**Resolved:** (Ms Horne/Mr Robertson)

That the Strategic Risk and Assurance Committee receives the report.

## 14. Audit NZ 2020-21 Audit Plan and Proposed Fees (*Recommendation to the Council*)

The Financial Controller, Clarence Susan and Naude Kotze (Audit NZ) introduced the report noting the content of the Engagement Letter. They responded to questions from Members concerning the proposed audit fees, executing timelines for the 2020-21 Audit including mitigating this risk, the non-compliance of Department of Internal Affairs standards concerning the non-financial performance measure for waters urgent and nonurgent response times.

**Resolved:** (Cr Pascoe/Mayor Southgate)

That the Strategic Risk and Assurance Committee receives the report.

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

- a) approves the Proposed Audit NZ Engagement letter and Fee Proposal letter; and
- b) delegates authority to the Mayor to sign the Proposed Audit Fees letter on the Council's behalf.

**15. Audit NZ Report on the 2021-31 Long Term Plan Consultation Document**

The Unit Manager Strategy and Corporate Planning introduced the report noting the consultation document's audit and that the recommendations from Audit NZ were actioned by staff. Staff responded to questions from Members concerning the adoption of the Long Term Plan and audit emphasis on the Three Waters Review.

**Resolved:** (Mrs Horne/Mr Robertson)

That the Strategic Risk and Assurance Committee receives the report.

**16. Resolution to Exclude the Public**

**Resolved:** (Mrs Horne/Mr Robertson)

**Section 48, Local Government Official Information and Meetings Act 1987**

The following motion is submitted for consideration:

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

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows.

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1. Confirmation of the Strategic Risk and Assurance Committee Public Excluded Minutes - 11 March 2021	) Good reason to withhold information exists under Section 7 Local Government Official Information and Meetings Act 1987	Section 48(1)(a)
C2. Legal Risks - Committee Update	)	
C3. Cyber Risks / Issues Update - Verbal Report		
C4. Organisational Improvement Register - Public Excluded		

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

Item C1.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C2.	to maintain legal professional privilege	Section 7 (2) (g)
Item C3.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C4.	to enable Council to carry out commercial activities without disadvantage	Section 7 (2) (h)

**The meeting went into public excluded session at declared closed at 2.25pm.**

**The meeting was declared closed at 2.57pm.**

# Council Report

**Committee:** Strategic Risk and Assurance Committee  
**Date:** 14 September 2021  
**Author:** Richard Briggs  
**Authoriser:** Richard Briggs  
**Position:** Chief Executive  
**Position:** Chief Executive  
**Report Name:** Chief Executive Report - Verbal Update

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

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

## Staff Recommendation - *Tuutohu-aa-kaimahi*

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

## Attachments - *Ngaa taapirihanga*

There are no attachments for this report.

# Council Report

Item 7

**Committee:** Strategic Risk and Assurance Committee

**Date:** 14 September 2021

**Author:** Dan Finn

**Authoriser:** David Bryant

**Position:** People, Safety & Wellness Manager

**Position:** General Manager People and Organisational Performance

**Report Name:** Safety and Wellness Report - 1 May 2021 to 31 July 2021

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

1. To inform the Strategic Risk and Assurance Committee on safety and wellness strategic progress, performance, and activities for the period covering 1 May 2021 to 31 July 2021.

## Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Strategic Risk and Assurance Committee 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 Members with a more comprehensive overview of our progress we have included supplementary updates on wider activities, assurance, and successes.
4. Project Ora and the Safety Management System (SMS) are being redesigned to provide simplified foundational platforms and frameworks to support our progress towards safety excellence. Both remain significant programmes of work that continue to be progressed, balanced by 'business and usual' activities and the organisations ability to manage and respond to change effectively.
5. The 'State of Safety' review that was designed to measure the level of safety maturity across the organisation has now been completed across all business units. An updated heat map has been produced showing the number of recommendations and corrective actions assigned to each business unit. The Safety and Wellness Team continue to provide support and guidance as well as monitor progress to track continuous improvement.
6. Another key activity to note following the previous quarter is the work that has now been commissioned on the Contractor Management workstream. The focus of this work is building a more inclusive culture, ensuring appropriate processes and systems are clearly established and understood. Meetings have taken place with key stakeholders across Council to better understand the processes, tools, and systems currently in use. A draft framework has been developed in collaboration and alignment with the procurement framework. The next step is to share this for consultation with key stakeholders.

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

## Discussion - *Matapaki*

### Strategic Progress - *Te ahunga whakamua rautaki*

8. The following workstreams outline Council's progress on our 'safety reset' activities previously communicated. They are designed to strengthen and support our wider safety and wellness strategy and will continue to formulate part of this report until full completion.

Workstream	Status	Next milestone	Comment
SafePlus review recommendations	40%	Consolidate actions & recommendations	Several recommendations will be completed via Ora/SMS streams
SMS development and implementation	75%	Safety Governance Committee review	Documents are being simplified and will assist and improve the Ora build and redesign
Technology and communication (Ora)	35%	BA resource to map progress to date	Project resource allocated to SHEILD go-live in September. Ora work to be accelerated
Critical risk management	20%	Critical risks to be confirmed for each business unit. Risk owners to be identified.	Learning teams approach applied to critical risk reviews.
Contractor management	15%	Consultation on draft framework	Team confirmed and first meeting held. Draft framework being developed
Resourcing and structure review	90%	Team Lead, Business Partner and Business Analyst to commence mid-August.	Team Lead, Business Partner and Business Analyst appointed. Additional support provided by fixed term contractor.

### Risks and Incidents - *Nga Raru me nga Raru*

9. Incidents profiled for the quarter are summarised in figure 1 below.
10. There was a total of 11 injuries this quarter, compared to 14 in the previous period. Of those injured, 3 resulted in lost time and 8 required medical treatment. Near hit reporting was significantly lower (200 near hits approx.) than the previous period. Project Ora and our SMS are being redesigned to improve the end user experience and promote an improved culture of reporting.





Figure 1 Incident statistics May - July 2021

11. There were 2 notifiable events to the regulator during the quarter for Council, although there was a further 4 reported by external parties in relation to contractors undertaking work on Council's behalf. For transparency, the notifiable events were:
- underground service strike (employee); and
  - object fell from height (employee).

The notifiable events involving Council employees related to the critical risks 'working at height' and 'hazardous substances'. Further details on the notifiable event can be found in **Attachment 1**.

12. Contractor management processes are currently being reviewed by the Safety and Wellness team as part of the 'safety reset' activities. A team involving various business units has been set up and an initial meeting held to discuss the scope and project deliverables. Wider consultation with key stakeholders will commence forthwith, using a draft framework that has been developed.
13. The Infrastructure Operations Group have now completed all of the service strike report recommendations. The previously reported 'in progress' actions are now completed which has included ensuring service plans are available for all planned work and where possible that these are available for reactive work or urgent reactive work, noting that this cannot always be achieved. Findings of investigations are also shared where appropriate through toolbox debriefs and emails to staff.

Infrastructure Operations Progress Chart:

	Not Started	In Progress	Completed
Service Location Procedures	0	0	6
Reporting and Investigation	0	0	5
Review	0	0	1
<b>Total</b>	0	0	12

### Relationships – Whanaungatanga

14. The Safety and Wellness Team have developed a Safety and Wellness Strategy 2021 -2023 to align with Councils high performance way of working. The refreshed strategy outlines key safety and wellness outcomes and activities, providing strategic direction and focus for important programmes of work.

15. In support of the above strategy, new and refreshed performance indicators (lead and lag) have also been considered. Using some of the insights gained through the 'What Matters Most' survey completed by SLT, on recommendation from the Safety Governance Committee (SGC), the proposed performance indicators have also been aligned to risks, relationships and resources. Future dashboards will be developed to assist in presenting this information. Please refer to our current dashboard – **Attachment 2**.
16. The Safety and Wellness Strategy, alongside the proposed performance indicators will be presented at the next SGC meeting, scheduled for 30 August 2021, for endorsement.
17. As previously mentioned in the last report the following provides an executive summary of the last SGC meeting, held on the 2 June 2021 at our Animal Education and Control Centre Control Centre. *'The SGC undertook a critical risk deep dive on the exposure to aggressive and violent people. The Animal Control Team provided an overview of the types of situations the team face on a regular basis in the course of their duties and the risk control measures they have in place. Findings from the 'State of Safety' assurance programme were presented to the committee along with the 'Monitoring What Matters Survey' completed by SLT. The next meeting is scheduled for 30 August 2021.* Please refer to **Attachment 3** for the full meeting minutes.
18. We are currently seeking ideas and insights from our people into how we can best prevent and respond to bullying and harassment at Council. We are planning to update our policy as part of our continuous improvement focus. A series of 'Workplace Behaviour – Preventing Bullying and Harassment' workshops have been held with staff and managers to capture feedback. We are also seeking advice from external experts including WorkSafe, Diversity Works and Top-Drawer Consulting.

#### **Resources – Rauemi**

19. Following the confirmation of the new Safety and Wellness Team structure recruitment activities have been completed with several appointments now being finalised. We are pleased to confirm 3 new team members will be commencing with us on 16 August 2021, including the Team Lead, a Business Partner and a Business Analyst. Two further successful candidates will also be joining the team in September 2021.
20. In the interim and to provide sufficient technical support for the current team an external Health and Safety contractor has been brought for a fixed term period.
21. The Safety and Wellness Team continue to be well supported by other decentralised resources domiciled in our high-risk operational areas, together with our Health and Safety representatives who make up our engagement committee structures.

#### **Assurance - Whakatau**

22. The 'State of Safety' review previously reported forms part of the audit and assessment element of our Safety Management System (SMS). Designed to measure the level of safety maturity across the organisation this review has now been completed, providing a detailed picture of the areas of focus to progress towards best practice.
23. An updated heatmap (**Attachment 4**) provides visibility on the progress of corrective actions assigned to each Business Unit across Council. Except for City Delivery and City Transportation who have recently been assessed, Business Units are progressing well.
24. The Safety and Wellness Team continue to support and partner with Business Units to monitor and close out recommendations.

## Success and Recognition

25. Flexible working arrangements formulate part of our approach for supporting our peoples Wellbeing as well as recognising the interdependencies on our Diversity and Inclusion programme of work.
26. The impact and effect that flexible ways of working are having on teams and individuals was recognised through our employee engagement survey last year and is attributed in part to the significant increase in engagement that was achieved.
27. Accelerated through our response as an organisation to Covid-19 last year, the impact these changes continue to have on our people can be evidenced on a daily basis. See below one such story and the impact that these changes can have on the wellbeing of our people, their families and Hamiltonians.

*"Our story" by Donna Ferguson - Business Support Coordinator, Community Programme Office.*

*My daughter has sensory modulation issues and suffers from anxiety. This made going to school a horrendous experience for both of us and her attendance rate was abysmal. Her anxiety manifested itself into physical pain, so she always had a stomach-ache and a headache, and her joints were painful. We spent many years in the health system seeing paediatric specialists, nutritionists, mental health professionals and osteopaths.*

*During lockdown, without the pressure of school, miraculously most of her symptoms disappeared. I hadn't realised the extent of her pain and how it was linked to her anxiety. I went back to work but kept my daughter home during Level 2 as it seemed to be working for her, but school expected her to return and did not offer on-line lessons during Level 1. My anxiety started as I did not want her to return to the days of suffering.*

*HCC then released Flexible working guidelines and our team embraced the idea. After talking it through with my daughter we decided to give Te Kura Correspondence School a go, something she had been angling for over many years and I never knew how I would make it work. Now I had an opportunity.*

*Now I work in the office in the morning and home in the afternoons. This timetable allows my daughter to wake up in her own time, normally about 9.00am, do some exercise in privacy and start her schoolwork. I come home and we have lunch and dedicate an hour for any questions or help she may need and then I login and do more work.*

*We have now started Exposure Therapy on Thursday afternoons so that she leaves the house at least once a week, and I was able to adjust my timetable to cover this time.*

*Being able to work flexibly has allowed my daughter to continue her education or she would probably have been a 16 year drop out with no qualifications. I appreciate HCC and my Managers giving me this opportunity to do what is best for my family."*



### **Financial Considerations - *Whaiwhakaaro Puutea***

28. This is a regular operating activity funded through the Long Term Plan. Commitment and support for Safety and Wellness initiatives requiring budget and expenditure continues to be forthcoming.

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

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

### **Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga***

30. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the 4 well-beings').
31. The subject matter of this report has been evaluated in terms of the 4 well-beings during the process of developing this report. This report addresses matters of safety and wellbeing. No known social, economic, environmental or cultural considerations have been identified relevant to the matters in this report.

### **Risks - *Tuuraru***

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

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

#### **Significance**

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

#### **Engagement**

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

### **Attachments - *Ngaa taapirihanga***

Attachment 1 - Notifiable events May - July 2021

Attachment 2 - Safety and Wellness Dashboard - May to July 2021

Attachment 3 - Safety Governance Committee Meeting - Minutes 2 June 2021

Attachment 4 - State of safety heatmap

## Attachment 1 – Notifiable Events

During this reporting period (**1 May to 31 July 2021**) there was two notifiable events involving Council employees. There were a further four events reported to WorkSafe by contractors engaged to undertake work on behalf of Council. A brief summary is below:

Vault #	Date	Incident summary	Status
21655	31 May 2021	<b>Underground service strike</b> (employee)  A digger became unstable while excavating and damaged a gas pipe while trying to stabilise.	Meeting held with contractor.  Additional training and competency requirements introduced.  Corrective actions complete.
21938	01 July 2021	<b>Underground service strike</b> (external parties)  Contractor was lowering in a trench shield and the side walls of trench collapsed, exposing a gas pipe. The material of the side walls of the trench pit were loose and unstable and there was water in the pit. Gas pipe was severed.	A meeting has been held with the contractor to understand the cause of the incident and to discuss corrective actions.  Incident still under investigation
21943	13 July 2021	<b>Object fell from height</b> (employee)  While hauling rigging equipment, a staff member dropped a carabiner and grab hook. They fell to the ground, narrowly missing a worker.	Process introduced to eliminate risk.  All workers have completed additional training.  Corrective actions complete.
22010	20 July 2021	<b>Underground service strike</b> (external parties)  A Contractor was digging to expose the gas line crossing (10mm) using 1.5Ton excavator and hand digging together. As the ground had been stabilized which made it very hard to dig alone. The gas line was struck and broken while using the excavator.	A meeting has been held with the contractor to understand the cause of the incident and to discuss corrective actions.  Incident still under investigation.  Same contractor involved as 1 July 2021 event
22028	23 July 2021	<b>Customer Slipped and fell</b> (external parties)  A domestic customer at Hamilton Organic Centre reversed their trailer to the open side of the flipping bay and fell into the pit from the tip face while unloading green waste.	Ambulance called. Enviro Waste have notified to WorkSafe.

21957	12 July 2021	<p><b>A pry bar fell from a scaffold platform</b> (external parties)</p> <p>Pry bar fell 3m to the ground. A BBO Engineer had moments earlier climbed down from the ladder on the scaffold and was approximately 1-1.5m from the falling bar. (The pry bar is used to assist the splicing of the pile cages and was lying on the scaffold platform floor and was able to fall between the toe board and the floor.)</p>	<p>Awaiting final IF03 report, including the statement from BBO and March's WorkSafe notification.</p> <p>The toolbox slides and attendance register.</p> <p>The IF04A - 5 Why's investigation report.</p> <p>March Construction's updated JSEA for the piling operation.</p>
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## Attachment 2: Health and Safety Dashboard May – July 2021

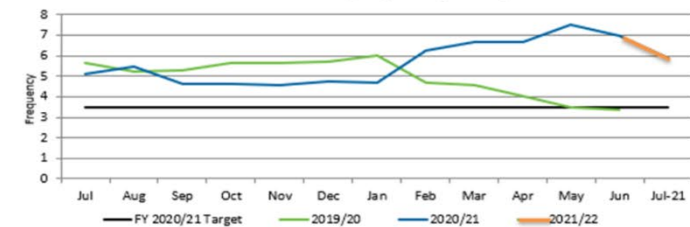
### Incident statistics for the quarter



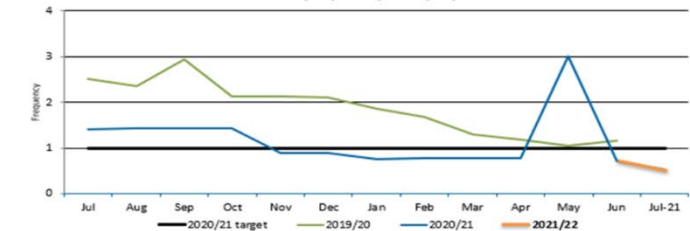
### Key performance indicators

45 Audits / inspections  
2.42 Average days to report in Vault  
0 Peer support reports

### Total Recordable Injury Frequency Rate



### Lost Time Injury Frequency By Month



### Lost Time Injuries By Month

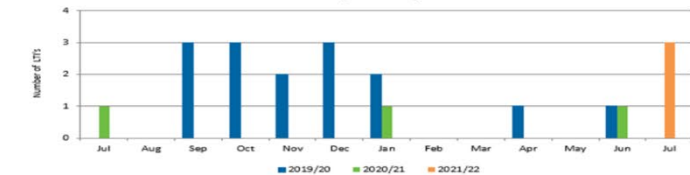
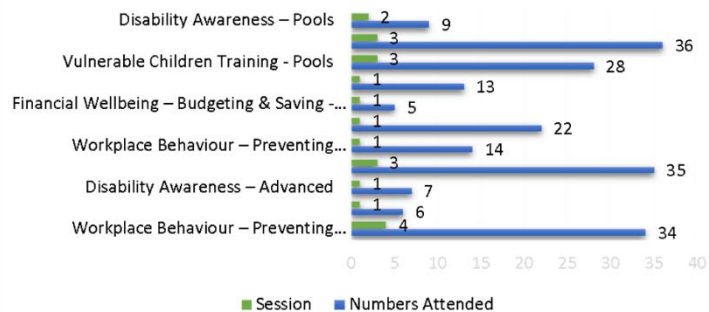
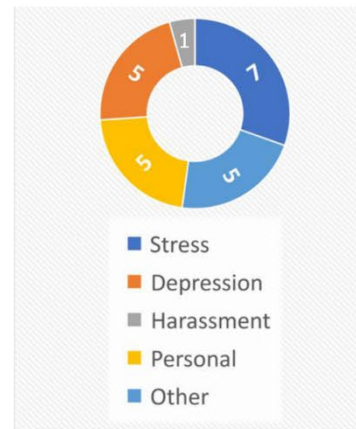


Figure 2: Lost time injuries by month for previous and current performance years, 1 May – 31 July

### Training sessions and attendance



### Employee Assistance Programme



## Attachment 3 – SGC Meeting Minutes

### Safety Governance Committee

Time and date:	2:00pm, Wednesday 2 <sup>nd</sup> June
Venue:	Animal Education & Control, 217 Ellis Street, Frankton and Zoom
In Attendance:	Greg Dearsly (Independent Chair), Richard Briggs (Chief Executive), Dan Finn (People, Safety and Wellness Manager), David Bryant (GM P&OP), Lance Vervoort (GM Community), Karin Barclay (Safety Engagement Lead), Simon Young (City Delivery), Claire Toko (H3), Tracey Wood (Communications), Cr Ewan Wilson (Elected Member), Olly Te Ua (Maangai Maaori), Jessica Perry (Minutes), Peter Crocker (Health and Safety Representative, Animal Control - Revolving) Geraint Rowlands (Guest presenter – AGR Consultancy)
Apologies:	Maire Porter (City Waters), Dion Liddel (AWUNZ),

#### 1. Welcome

Meeting opened by the Chair, followed by the introduction of Olly Te Ua to the Committee by Richard Briggs.

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

The minutes of the Safety Governance Committee Meeting held on Thursday 4<sup>th</sup> of March 2021, have been confirmed.

Moved by: Cr Ewan Wilson

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

Action	Assigned To	Due Date	Comments	Status
Create a Mission Statement	Chair and Dan Finn	With next agenda	Included within below action	Complete
Update the Terms of Reference	Dan Finn	With next agenda	Information contained within the minutes	Complete
Extend invitation to Maangai Maaori member Mr Olly Te Ua	David		Brief conversation, invitation sent with further context to be provided	In Progress Completed
Send SMS document to Committee members	Mark Wagstaffe	As soon as possible	Provided to Committee members on the 6 <sup>th</sup> of May 2021	Complete



Action	Assigned To	Due Date	Comments	Status
Prepare Governance Committee Stand up comms piece	Tracey Wood			Unknown In Progress
Send Business Leaders Forum Survey to SLT	Chair/Dan Finn	26 June 2021	Risk, Resources, Relationship based survey.	In Progress
Aspirations vs ability to deliver Report	Dan Finn	3 June 2021	Outlined in Organisational Game and aligned to H&S Structure, Resources and Strategy	In Progress Completed

### 3. Monitoring What Matters – Survey Assessment Insights

The results from the survey were presented to the committee, with discussions held and explanations provided around the results in each section of the survey.

The survey was provided to all SLT members, with only 50% completing the survey. Some members of SLT expressed their lack of confidence in completing the questionnaire.

Some comments on the results are listed below:

- The wellness factor feels like it is missing from the survey questions.
- The results confirm that we do put people first.
- The relationships section of the survey includes internal and external relationships.
- A request was made to provide SLT with some education around completing the survey and to recalculate the results to include the responses from those who had not completed it in time for this meeting.
- Worker feedback and input remains an important component as part of the employee engagement feedback.

Action points from this section:

- Send reminder to those SLT members who are yet to complete the survey to do so, including further instructions and context to aide in the ease of completion.
- Upon full SLT completion, send out the survey results to members of this Committee for their feedback.
- Ensure that Health and Safety Committees and representatives have an opportunity to comment and input.

### 4. Critical Risk Deep Dive – Dealing with Aggressive People

Context was provided by the Chair, as to the purpose of this item on the agenda and to the nature of dealing with aggressive people.

The Chair introduced Peter Crocker, Animal Control Team Lead. Peter provided an overview on the types of situations the Animal Control team face on a regular basis. It is noted that Animal Control are one of many Business Units with front line staff who are exposed to aggressive and violent people in the course of their duties.

Some key points from Peter included:

- The Animal Control team are great at de-escalating a situation. They are provided with training; however, their intuition is invaluable.
- Staff are equipped with the appropriate safety equipment, including the Guardian Angel and Stab proof vests.
- EAP service offered by Council is not as helpful as it could be. The first appointment is often spent explaining what they do. Instead, they use the Psych Alliance New Zealand, who do a yearly warrant of fitness with each of the team.

- It was recognised that a staff breakdown is not due to one event, but rather the accumulation of multiple stressful events, eventually resulting in the staff member requiring extra support.
- There are certain properties where the team will take extra support with them before approaching.

The following questions were asked by the committee:

Q. Is there a collaboration with the NZ Police, particularly around known conflict areas and properties?

A. There is a team policing relationship, although it is not part of any formal policy or agreement.

Q. How do you prepare for the unknown aggressive situation?

A. There is a safety alert added to the database and a policy to never cease a dog on your own. Staff also spend time building relationships with dog owners, particularly around registration issues, which helps to reduce the aggression if a dog does need to be uplifted.

Q. How are we formalising and capturing the information and insights, you hold, in a “future proof” way.

A. At this point in time, there is nothing formal. However, it was agreed that more work needs to be done around information sharing, particularly between the departments, e.g. Animal Control, Building Control and GIS; and externally between Council services and the local Police.

#### 5. Assurance & Verification

Geraint Rowlands from AGR Consultancy presented the findings from the State of Safety assurance programme to the committee. This included a breakdown of each section and how to interrupt the results, while noting that the areas marked in red also include the incomplete assessments of work.

The intention is to work with each business unit on their recommendations, to achieve the best outcomes. It is important to note that whilst there were a high number of recommendations, only three were identified as Critical Issues.

Further discussion was held on each of the 3 critical issues with further follow-up with those teams and areas.

It was requested that future reports include what we are doing well and avoid the “traffic light” colour gradings with the suggestion to change the descriptors to “High/Med /Low level of work required”.

\*Cr Ewan Wilson and Olley Te Ua left the meeting at this time (3:15pm)

#### 6. Round Table

- Q. Can we have a comms plan prepared around the SMS circulation to 3LT and will this committee get the opportunity to go over the SMS in detail?  
A. The SMS is still in draft form and the health and safety team are working with Comms on this.
- Q. Will the Critical Risk information be circulated through the business?  
A. Yes, there is a plan to do this, however with the current Health and Safety team of two this is lower on the priority list.
- Request for future meetings to be extended to 2 and a ½ hours, to allow for more discussion.
- Could we offer Safety Reps, further specialised training and offer incentives?
- Profile the H&S Reps in a comms feature so there is more visibility through out the business. Consider including it in Moorena Mail.
- Be aware of staff fatigue. There are over 200 recruitments currently, rather than picking up the extra work, stop doing everything and only do what is needed.
- We will aim for the timing of the next meeting to align with the Strategic Risk and Assurance Committee meeting schedule.

## 7. Actions Register

Action	Assigned To	Due Date	Comments	Status
Prepare Governance Committee Stand up comms piece	Tracey Wood			In Progress
Send Business Leaders Forum Survey back out to those SLT members yet to complete	Chair/Dan Finn	26 June 2021	Risk, Resources, Relationship based survey. Survey to be completed by all SLT with the full results sent to this committee for review and comment	In Progress

The meeting was declared closed at 3:42pm.

Next Meeting: Monday 30 August 2021

## Attachment 4: State of Safety Heatmap

### Hamilton City Council Safety assurance programme - Overview of internal review



Group	Unit	Critical Issues	Recommendations	SMS - Pillar 1 Safety leadership and policy	SMS - Pillar 2 Risk management	SMS - Pillar 3 Safety assurance	SMS - Pillar 4 Training, promotion and engagement	Behaviours and conditions	Unit Specific items	General
Community	Museum		34	4	16	3	6	2	1	2
Community	Central Library		15	2	4	0	2	5	0	2
Community	Parks - Planning and Projects		21	3	9	2	3	1	3	0
Community	Zoo		13	1	8	2	1	1	0	0
Community	Cemetery		26	4	2	1	1	14	0	4
Community	Hamilton Gardens		26	2	8	0	3	7	4	2
Community	Parks and Recreation		13	2	7	1	2	1	0	0
Community	Gallagher Aquatic Centre		13	1	4	0	2	6	2	0
Community	Nursery		16	4	4	1	3	4	0	0
Community	Waterworld		18	1	12	2	1	2	0	0
Community	City Safe Operations		20	2	7	1	2	5	0	3
Community	Animal Education and Control	1	25	1	13	1	0	4	6	0
Development	Facilities		16	1	7	1	3	2	2	0
Development	Capital Projects		9	1	4	3	0	0	0	1
Venues, Tourism and Major Events	H3 - Claudelands Event Centre, FMG and Seddon Park		50	2	11	2	10	10	15	0
Infrastructure Operations	Waste Water Treatment Plant and Water Treatment Plant	2	42	2	10	1	5	21	1	2
Infrastructure Operations	City Delivery		36	3	14	1	2	13	1	2
Infrastructure Operations	Transportation		11	2	2	1	4	1	1	0
<b>Totals</b>		<b>3</b>	<b>404</b>	<b>9</b>	<b>37</b>	<b>5</b>	<b>21</b>	<b>45</b>	<b>18</b>	<b>4</b>

**Notes**

- 1 - Reviews were completed from the 04/02/2021 to the 01/06/2021.
- 2 - General items apply to more than one Unit
- 3 - Colour status is based on the review report. The current status is to be confirmed based on a Units action on a recommendation.
- 4 - Not having a Safety Policy on display is included as a recommendation.

**Key**

- SMS - Safety management System
- Pillar 1 - Safety leadership and policy (5 items included in the review)
- Pillar 2 - Risk management (10 items included in the review)
- Pillar 3 - Safety assurance (1 item included in the review)
- Pillar 4 - Training, promotion and engagement (4 items included in the review)

Not started

Underway

Completed



# Council Report

Item 8

**Committee:** Strategic Risk and Assurance Committee

**Date:** 14 September 2021

**Author:** Heather Burden

**Authoriser:** David Bryant

**Position:** Risk Manager

**Position:** General Manager People and Organisational Performance

**Report Name:** Risk Management Report

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

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

## Staff Recommendation - *Tuutohu-aa-kaimahi*

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

## Executive Summary - *Whakaraapopototanga matua*

3. Hamilton City Council's top Strategic and Organisational Risks have been reviewed over the last quarter and updated to reflect the changing risk environment.
4. Staff continue to provide a regular report on these matters at each meeting of the Strategic Risk and Assurance Committee. The focus areas for the Committee to note for enterprise risks are outlined in the following paragraphs:
5. **Covid-19 (Strategic Risk 1)** – Council's internal Incident Management Team was activated following the re-emergence of COVID-19 positive cases in the community on 17 August 2021 and is currently responding to the government's direction at Alert Level 4 and expected Alert Level 3 on 1 September 2021.
6. Business units have reviewed and updated their pandemic continuity plans in preparation for future alert level changes. All staff received reminders and up-to-date communications to encourage good hygiene practices, reinforce the expectations at Level 4 and 3, including increased awareness on new legislation on mask wearing and scanning QR codes.
7. A number of council staff have been deployed to Civil Defence's Incident Control Point (ICP) at Genesis.
8. **2021-31 Long-Term Plan (Strategic Risk 2)** – A number of significant forecasting assumptions have been outlined for some of the more uncertain activities. The impact of these were detailed at the Strategic Risk Workshop on 3 September 2021. Assumptions, and their impacts, will be reviewed as part of 2022/23 Annual Plan process.

9. **Shortage of External Resources (Strategic Risk 7)** – This risk is again highlighted due to continuing pressure on regional and national delivery capacity of the construction industry and supply chain, industry skills shortages and increased demand for certain materials.
10. The risk consequences are project delays and escalating cost. The Likelihood rating for this risk has been raised from Possible to Likely for both Inherent Risk and Residual Risk analysis. This has not altered the overall risk rating which remains Very High.
11. Staff consider the matters in this report have medium significance and that the recommendations comply with Council's legal requirements.

### **Background - *Koorero whaimaarama***

12. The Strategic Risk and Assurance Committee meeting of 16 May 2019 approved, for monitoring purposes, eight strategic risks and three key organisational risks (as set out below). At subsequent meetings, staff reported on the status of each risk and associated improvement plans.
13. The purpose of the report is to highlight significant activity over the last quarter for each risk. The appended register sets out more detail on all risks.

### **Discussion - *Matapaki***

14. **Strategic Risk Review** – As requested by the Committee, a review of all strategic risks was commenced by the risk owners and their teams during July and August 2021. However, further discussion with the Senior Leadership Team was deferred due to the emergence of Covid-19. The review will continue with the aim of bringing it to the next Strategic Risk Workshop in November 2021.
15. **Waiora Waikato Matariki Awards** – In July 2021, Hamilton Civil Defence was awarded a Waitā Matariki Star at the inaugural Waiora Waikato Matariki Awards, a partnership between the Waikato District Health Board and Waikato Tainui, for those who “have gone above and beyond” supporting the delivery of health care across the Waikato.
16. The award was recognition of the efforts of local Civil Defence staff in supporting the DHB during and after the Whakaari White Island eruption, our Covid-19 response efforts and for the ongoing CDEM support to the DHB Covid testing centre in Hamilton.
17. **Council Controlled Organisations (CCOs)** – Three out of four CCOs presented and detailed their top high-level risks to the Strategic Risk Workshop in June 2021 to assure the Committee that adequate processes at a governance level exist to identify and manage risks within a CCO.
18. Since June, staff have included CCO risks within their annual strategic risk programme of work, with a plan to report on CCO risks to the Committee on an annual basis and to undertake a six-monthly review and update to the Risk Team. Where an identified risk could impact on Hamilton City Council or the wider group, these will be brought to the Committee to ensure that all affected stakeholders are aware of and appropriately managing the risk.
19. **Three Waters Reform** – This was an emerging risk in June 2021 and is now integrated into Strategic Risk 6: Political Changes Impact Council's Strategic Direction, along with other government reform programmes.
20. Within Council, a Three Waters Reform programme with a dedicated team has been established as the central point of information and action for all legislative change processes. Council will also receive regular reports on the Three Waters Reform programme via the Strategic Growth Committee.

### **Strategic Risk 1 – A disaster event**

21. This risk relates to a natural or human-induced disaster event. Actions undertaken have had a very strong focus on Covid-19 resurgence preparation.
22. Planning and engagement continue with the Department of the Prime minister and Cabinet (DPMC) around the formulation of boundaries to be applied in the current Covid resurgence in August 2021. While the residual rating for this risk remains very high, the rating is due to the unknown impact any disaster event could have on the city and the community.

### **Strategic Risk 5 – Growth**

23. Strategic Risk 5 looks at significant changes in growth demand, and/or the consequences of growth not delivering positive outcomes for the community.
24. The residential sector continues to be stimulated through RBNZ policy. In the 12 months to July 2021 the number of residential sub-division lots granted was 2,115, about 2% down from the prior 12 months. The pattern around infill and greenfield consents has remained consistent with 51% of consents being for infill developments in 2020. In the 12 months to July 2021 consents for 1,572 new dwellings were lodged, about 6% up on the prior 12 months. 1,579 Code Compliance Certificates were issued the 12 months to April 2021, a new record for Hamilton City, up nearly 27% on the 12 months prior.

### **Strategic Risk 7 – Significant shortage of key external resources to deliver works programmes**

25. This risk focuses on the strain and upward cost pressures on construction resources and materials and the impact this will have on current or pending development across Hamilton City.
26. In the 2021/31 Long Term Plan Council applied inflation adjustments to the capital programme of 0% in Y1 (2021/22) and 3% p.a. in Years 2 to 5 (2022/23 to 2025/26).
27. Current construction cost indices are indicating costs escalating at over 4% p.a. over the past 12 months, with further upward pressure anticipated for the foreseeable future.
28. Recent construction tenders being advertised by Council have generally been receiving healthy and competitive industry responses. However, a number of tenders being received are also identifying and tagging risks around material supply cost escalation.
29. Staff are currently undertaking a further quantitative assessment to benchmark construction cost indices against our LTP and better identify our key areas of risk exposure.

### **Organisational Risks**

30. There is nothing significant to highlight within the three Organisational Risks this quarter.

### **Emerging Risks**

31. There are no new emerging risks this quarter.

### **Financial Considerations - *Whaiwhakaaro Puutea***

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

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

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

## Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

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

### Social

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

### Economic

38. The risks highlighted in this report have the capacity to affect economic wellbeing should they materialise. Threats and opportunities relating to external material and human resources could impact on economic wellbeing locally, regionally, nationally and globally with the continued active resurgence of COVID-19. Council's management of the risks and opportunities in this report continues to reflect the impact on economic wellbeing.

### Environmental

39. 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

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

### Risks - *Tuuraru*

41. The Risk Register (**Attachment 1**) identifies the risks relating to this report.

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

### Significance

42. Having considered the Significance and Engagement Policy, staff have assessed that the matters in this report have a low level of significance.

### Engagement

43. Community views and preferences are already known to Council. Given the low level of significance determined, no engagement is required.




## Attachments - *Ngaa taapirihanga*

Attachment 1 - Strategic Risk and Assurance Committee - Risk Register - September 2021



## Council Strategic Risk Register – September 2021

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

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

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





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

### Emerging Risks – verbal discussion topics

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

- *City Water Supply – quality and quantity of intake from the Waikato River. This risk will emerge at certain times of the year.*

Risk Type	Definition
Strategic	The risk of an event or impact that is <b>external</b> to Council and could impact the organisation's strategies, including Council's Financial Strategy, Long Term Plan and 30 Year Infrastructure Strategy.
Organisational	The risk of an event or impact that is <b>internal</b> or <b>external</b> to Council and could impact the whole organisation.
Operational	The risk of an event or impact that is <b>internal</b> or <b>external</b> to Council and could impact one or more Operational activity.
Emerging	Emerging risks are risks which may develop or which already exist and are difficult to quantify but may have a high consequence, high impact if they materialise.

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

Strategic Risk 1					
A Disaster Event					
A natural or human-induced disaster event (excluding an act of terrorism)					
Risk Owner – (GM Level)		Lance Vervoort	Category		Strategic Preparation and Disaster Recovery
Risk Triggers					
<ul style="list-style-type: none"><li>Natural disaster event without warning or build up</li><li>Severe weather events that increase in intensity, including those events that are a result of climate change</li><li>Critical asset failure that impacts the safety of Hamiltonians – water, energy, telecommunications, financial, transportation</li><li>Civil unrest – political or social unrest resulting in a security or safety threat to people or assets (excluding an act of terrorism)</li><li>Disaster caused by failure of human-made structures</li><li>Pandemic</li></ul>					
Inherent Likelihood	Possible	Inherent Consequence Driver Strategic Safety & Wellbeing,	Catastrophic	Inherent Risk Rating	Rating Very High
Existing Controls					
Emergency management					
<ul style="list-style-type: none"><li>Annual external (NEMA) capability assessments</li><li>Collaboration on emergency management response approach across agencies and the region.</li><li>Co-located EOC in a dedicated leading-edge centre (Group Emergency Management Office – GEMO) with built in redundancy (including water and power supplies)</li><li>Early warning processes are in place at a national and regional level</li><li>Emergency Management Framework – National Emergency Management Agency (NEMA), Group, Local Emergency Operations Centre (EOC) structure</li><li>Emergency management training program TAKATU implemented for Council staff</li><li>Robust emergency exercise schedule in place to test preparedness and response functionality</li></ul>					
Infrastructure resilience					
<ul style="list-style-type: none"><li>Asset and service monitoring capability</li><li>Criticality assessments and asset identification ratings</li><li>Engineering standards identified and managed</li><li>Activity Management Plan (AMP) renewals, maintenance plans and operational strategies are funded in the 2018-28 10-Year Plan Budget and critical assets are given a higher priority for renewal</li><li>Availability of technical expertise to manage, monitor, operate and maintain critical assets and identify situations when early intervention is required to maintain asset condition and level of service.</li><li>Infrastructure Strategy is in place to identify significant infrastructure challenges over the next 30 years, and to identify the principal options for managing those challenges and the implications of those options</li></ul>					
Further controls and mitigations relating to critical assets can be found in Organisational Risk #3.					

Residual Likelihood	Possible	Residual Consequence Driver Strategic Safety & Wellbeing,	Major	Residual Risk Rating	Rating Very High
Action Owner			Risk Treatment		
Kelvin Powell			Mitigate		
Treatment Plan	Previous updates			Update – September 2021	
<ul style="list-style-type: none"> <li>Implementation of CDEM workplan deliverables ahead of next external Capability Assessment November 2021</li> </ul>	<ul style="list-style-type: none"> <li>(March 21) - Workplan actions continue but at a reduced pace due to vacancy of Emergency Management Officer – replacement commences 1 March. Focus actions for this quarter:               <ul style="list-style-type: none"> <li>Covid-19 resurgence prep</li> <li>Training delivery</li> <li>Preparedness and resilience building in our vulnerable communities</li> </ul> </li> <li>(June 21) - Capability Assessment deferred due to assessor demand issue. Covid-19 resurgence planning learnings implemented and tested. New Emergency Management Officer in place. Planning ongoing for Tier 2 (Regional) exercise in November. Work programme update reported to Community Committee 18 May</li> </ul>			<ul style="list-style-type: none"> <li>Deferred to November 2021 Regional exercise. Capability Assessment rescheduled due assessor availability.</li> </ul>	
<ul style="list-style-type: none"> <li>Complete review of Covid-19 Post Action report to identify work programme and lessons learnt by March 2022</li> </ul>	<ul style="list-style-type: none"> <li>(March 21) - Critical lessons learnt from Covid-19 response incorporated into new plans for Regional based response for resurgence of Covid-19 in the community again. Changes incorporated into plans provide clarity and prevent duplication of effort. HCC Staff contributions have been identified and names assigned</li> <li>(June 21) - Covid-19 learnings implemented in the following: A regional 'Hub and spoke' approach adopted for future Covid related activations to maximise effectiveness. Local support plans for supporting DHB Covid testing site with excess demand issues developed and tested.</li> </ul>			<ul style="list-style-type: none"> <li>Planning and engagement continue around the formulation of boundaries to be applied in the event of a Covid outbreak. Central Government is overall responsible for COVID Alert Level boundary planning and boundary setting. Learnings from 'Auckland lockdowns'.</li> </ul>	

Strategic Risk 2					
Major Economic or Financial Shock					
An external financial event impacts Council's financial strategy, fiscal and monetary position.					
Risk Owner (GM Level)		David Bryant		Category Financial	
Risk Triggers					
<ul style="list-style-type: none"><li>Global financial crisis</li><li>Rapid increases in inflation, interest rates, oil prices, or a rapid decline in NZD – leading to significantly higher construction input costs, debt costs, and significant pressure on household rates affordability</li><li>Critical infrastructure failure</li><li>Major construction industry failure</li><li>Major government policy changes negatively impact Council's income streams or cost base</li><li>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)</li></ul>					
Inherent Likelihood		Likely		Inherent Consequence Drivers Safety & Wellbeing, Financial, Service Delivery, Compliance Social and Cultural	
		Major		Inherent Risk Rating	
				Rating High	
Existing Controls					
<ul style="list-style-type: none"><li>PwC, as Council's treasury partner, provides a report and meets with Council (both on a monthly basis) to discuss national and international economic and financial trends relevant to treasury matters</li><li>Six weekly financial forecasting and planning cycles through reporting to the Finance Committee,</li><li>Monitoring of macro trends (Finance, Treasury, Economic Growth team)</li><li>Additional \$60M bank facility</li><li>Financial scenario modelling</li><li>Council's ability to urgently reprioritise and reduce capital spending</li><li>Council's ability to urgently reprioritise and reduce community levels of service spending</li><li>Availability for options to respond to a shock, depending on the type of shock</li></ul>					
Residual Likelihood		Unlikely		Residual Consequence Drivers Safety & Wellbeing, Financial, Service Delivery, Compliance Social and Cultural	
		Serious		Residual Risk Rating	
				Rating Medium	
Action Owner			Risk Treatment		
Tracey Musty and Greg Carstens			Mitigate		
Treatment Plan		Previous updates		Update – September 2021	
<ul style="list-style-type: none"><li>Provide a 10-year plan (2021-2031) by June 2021 to update and assure Council on resilience of</li></ul>		<ul style="list-style-type: none"><li>(March 21) In February 2021 Council will be approving the draft LTP to go out for Consultation with the community.</li></ul>		<ul style="list-style-type: none"><li>The 2021-31 LTP has now been adopted by Council</li></ul>	

debt from the impacts of Covid-19 on Hamilton and the implementation of initiatives to support the wellbeing of Hamiltonians.	<ul style="list-style-type: none"><li>• <b>(June 21)</b> - The final 2021-2031 LTP will be adopted by Council in June. The resilience for any major shock in Years 4-6 has now lessened. The risks and associated mitigations will be reviewed at the next SR&amp;A workshop</li></ul>	<ul style="list-style-type: none"><li>• Staff are completing a review of the LTP assumptions and associated risks at the SR&amp;A Committee Risk Workshop in September 2021</li><li>• Staff are currently working on engaging an independent party to help determine the consequences of supply issues and prices escalation across the construction industry</li></ul>
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Strategic Risk 3					
Increasing Compliance Standards					
The risk of central government and regional council increasing compliance standards, or changes in community expectations resulting in increased compliance standards.					
Risk Owner – (GM Level)	David Bryant	Category	Environment Strategic		
Risk Triggers					
<ul style="list-style-type: none"><li>Central government changes the regulatory standards for compliance: including resource management, environmental (including climate change and pollutant management), corporate (including health and safety, human resources and financial), growth, consultation requirements, health and infrastructural (including traffic and transport) compliance. This might also include changes to the required frequency of Council actions (such as the 10 Year Plan). This also includes wide-ranging regulatory changes in response to an incident such as a pandemic or natural disaster</li><li>Continued or serious breaches leading to increased compliance requirements and regulation</li><li>Community service-level expectations in management of water quality, recycling, climate change and other services not being met</li><li>Failure to plan long term for consenting requirements (both as a regulator and a regulated entity)</li><li>Regional Council changes its policies to ensure legislative compliance (e.g. Healthy Rivers policy)</li><li>External audit identifying major non-compliance within HCC operations (e.g. by IANZ)</li><li>Legal challenge to HCC policy or practice resulting in findings of non-compliant practices</li><li>Change in stakeholder partner expectations for environmental performance</li><li>Changes to our own District Plan impacting other parts of the business (e.g. changes to resource consents affect consented Three Waters activities)</li></ul>					
Inherent Likelihood	Possible	Inherent Consequence Drivers Safety & Wellbeing, Financial, Service Delivery, Compliance	Major	Inherent Risk Rating	Rating Very High
Existing Controls					
<ul style="list-style-type: none"><li>Local and regional council relationships established</li><li>Internal resource allocated for specific compliance changes</li><li>Key stakeholders engaged for central government submissions</li><li>Bylaws and Policies overseen centrally in council</li><li>Competency assessments and training in place for staff – internally and externally</li><li>Notification protocols in place for unforeseen events</li><li>Council has established an Incident Management Team to respond to natural disasters or unforeseen events</li><li>Regular reporting, accreditation and auditing by independent providers</li><li>Internal programme for continuous improvement in place</li><li>Regular legal services advice and input from other specialist experts available by external providers</li><li>Internal legal advisor resource</li><li>External experts – for example advice on HR, taxation matters. Advice available from trusted external legal service providers on an ad hoc basis, as well as regular quarterly updates and training.</li><li>Council has access to Lexis Nexis database</li></ul>					

<b>Residual Likelihood</b>	Possible	<b>Residual Consequence Drivers</b> Safety & Wellbeing, Financial, Service Delivery, Compliance	Serious	<b>Residual Risk Rating</b>	<b>Rating</b>  High
<b>Action Owner</b>			<b>Risk Treatment</b>		
Michelle Hawthorne			Mitigate		

Treatment Plan	Previous updates	Update – September 2021
<ul style="list-style-type: none"> <li>Council to consider WLASS Joint Procurement Project to invest in the compliance programme for effective reporting on legislative compliance.</li> </ul>	<ul style="list-style-type: none"> <li>(Reset of Treatment Plan)</li> </ul>	<ul style="list-style-type: none"> <li>Sept 2021 - Plan reviewed and reset to: Scope and implement a reporting legislative compliance platform for council by June 2022.</li> <li>Staff are reviewing options for compliance as part of scoping this project, including an adaptation of existing platforms.</li> </ul>
<ul style="list-style-type: none"> <li>Review the impacts of The Privacy Act 2020 on council's businesses and develop an action plan by end of March 2021 (extended to June 2021)</li> </ul>	<ul style="list-style-type: none"> <li>(June 21) - We are reviewing the Privacy Policy we present for our customers/users with the plan to launch these changes along with the redeveloping the Hamilton.govt.nz website. Organisational training is being scheduled using the Privacy Commission suite of e-learning tools Amendments have been made to Council's Delegations to Positions Policy to reflect the PA 2020 structure (June2021)</li> </ul>	<ul style="list-style-type: none"> <li>On-line training modules in place.</li> <li>Rollout underway for existing staff.</li> <li>Module being included as part of induction for new staff.</li> </ul>



Strategic Risk 4					
<b>Cyber Attack</b> <i>Unauthorised access to Council's IT infrastructure results in loss of service continuity that may lead to safety risks to Hamiltonians and relatable consequences of reputational, legal, and financial losses.</i>					
<b>Risk Owner</b> (GM Level)	David Bryant	<b>Category</b>	Disaster Recovery/ Business Continuity		
<b>Risk Triggers</b>					
<ul style="list-style-type: none"><li>IT/OT technology advances – positive and negative</li><li>Inadequate identification of IT security trends, themes, detection and responses</li><li>Poor IT/OT Security awareness / culture / behaviours</li><li>Poor IT/OT security operational practices</li><li>Release and change management lacking a security focus – not “secure by design”</li><li>Privacy Breach</li><li>Outdated hardware and inadequate architecture</li><li>Inadequate competency at organisational level</li><li>Specific targeting and malicious exploitation of security vulnerabilities across Council IT asset infrastructure, or Operational Technology</li><li>International trends and attacks not being considered in NZ</li><li>Malicious activity targeting central and local government entities.</li><li>Underinvestment in Information Services (infrastructure, technology, resource)</li><li>Lack of maintenance in information technology</li><li>Inadequate access control to key systems</li></ul>					
<b>Inherent Likelihood</b>	Possible	<b>Inherent Consequence Driver</b> Service Delivery	Catastrophic	<b>Inherent Risk Rating</b>	<b>Rating</b> Very High
<b>Existing Controls</b>					
<b>Identify</b> <ul style="list-style-type: none"><li>Risk based approach - Three lines of defence (management control, risk management, independent assurance)</li><li>National Cyber Security Centre (NCSC) monitoring and trend analysis reporting of local and international IT security challenges – internal and external</li><li>National and international cyber-attack trends are monitored and assessed by the CIO and CTO to guide system capability investments.</li><li>Security Governance and Risk Management practices implemented</li><li>Policies, Standards and Enablers are documented and communicated regularly</li><li>Risk management frameworks, methods and tools are fit for purpose</li><li>Ongoing Cyber awareness education for staff, contractors, customers and Elected Members</li></ul>					
<b>Protect</b> <ul style="list-style-type: none"><li>Systems and information are secured by design</li><li>Tools, systems and resources are now available to protect against, monitor and resolve potential malicious activity.</li><li>Contractual service level agreements are monitored and maintained</li><li>Access to Hamilton City Council services are managed effectively</li><li>Information and assets have implemented processes and controls</li></ul>					
<b>Detect</b>					

<ul style="list-style-type: none"> <li>• Reviews on Council's IT technology environment are conducted to improve detection and response capabilities.</li> <li>• External and internal security audit and reviews</li> <li>• Networks, systems and operations security will be assured through vulnerability and anomaly detection tools</li> <li>• Physical environments will have appropriate physical and technology safeguards</li> <li>• Timely and accurate reporting</li> </ul> <p><b>Respond</b></p> <ul style="list-style-type: none"> <li>• Response plans processes are in place and tested</li> <li>• Council is supported by the NZ National Cyber Security Centre (NCSC) for response to attacks and receives quarterly trend updates for consideration.</li> <li>• Technical support from key vendors - Microsoft and Fujitsu</li> </ul> <p><b>Recover</b></p> <ul style="list-style-type: none"> <li>• Business continuity and disaster recovery (BCDR) processes in place and tested</li> <li>• Cyber recovery planning processes known, understood, and practiced</li> <li>• Ensuring data survivability, data will be backed up and available</li> </ul>					
<b>Residual Likelihood</b>	Unlikely	<b>Residual Consequence Driver</b> Service Delivery	Major	<b>Overall Residual Risk Rating</b>	<b>Rating</b>  High
<b>Action Owner</b>			<b>Risk Treatment</b>		
Murray Heke			Mitigate		

Treatment Plan	Previous Updates	Update – September 2021
<ul style="list-style-type: none"> <li>• Develop Organisational Online Cyber awareness programme</li> </ul>	<ul style="list-style-type: none"> <li>• <b>(Mar 2021)</b> - Currently trialling self-paced security awareness training modules (e.g. phishing, passphrases). Proposals from vendors being evaluated</li> <li>• <b>(June 21)</b> - Online training solution now implemented. Classroom based training being scoped</li> </ul>	<ul style="list-style-type: none"> <li>• Complete - online training for all users is ongoing and working well.</li> </ul>
<ul style="list-style-type: none"> <li>• Complete an initial assessment of threats, vulnerabilities against critical assets and assess risk profile by March 2022</li> </ul>	<ul style="list-style-type: none"> <li>• <b>(Mar 21)</b> - All HCC self-hosted servers are now routinely evaluated for vulnerabilities (automated process). Work to commence on defining the subsequent remediation processes. Work to commence on defining the list of critical assets</li> <li>• <b>(June 21)</b> - Security operation services RFQ is in progress</li> </ul>	<ul style="list-style-type: none"> <li>• Security operation services RFQ vendor has been selected. Project is now in the discovery phase.</li> </ul>

Strategic Risk 5					
<b>Growth</b> <i>Significant change in growth demand, and/or the consequences of growth do not deliver positive outcomes for the community.</i>					
<b>Risk Owner</b> (GM Level)	Blair Bowcott	<b>Category</b>	Strategic, Service Delivery		
<b>Risk Triggers</b>					
<b>Understanding growth</b> <ul style="list-style-type: none"><li>• Wider economic downturn</li><li>• Population growth rates change (either natural change or through internal or international migration rates.</li><li>• Significant change in the market – either demand or supply side, due to e.g. construction cost inflation and restrictions on credit.</li><li>• Significant change in public perception of growth or growth outcomes</li><li>• Inadequate skills, data or modelling and scenario planning</li><li>• Changes in growth projections as a result of climate change impacts on population spread in New Zealand and overseas</li></ul>					
<b>Growth decisions</b> <ul style="list-style-type: none"><li>• 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</li><li>• Inadequate provisions in of application of the District Plan to deliver positive outcomes for people / environment</li><li>• Neighbouring councils make growth decisions around Hamilton’s border that are not aligned with Hamilton’s desired growth strategy</li><li>• Changes in Government Policy or legislation impact on desired growth outcomes or our ability to effectively respond to growth</li><li>• Requests from developers for unplanned, out of boundary and/or out of sequence developments</li><li>• Central Government funding and financing initiatives such as Housing Infrastructure Fund, Infrastructure Funding (IFF) and Financing and the Infrastructure Acceleration Fund (IAF)</li></ul>					
<b>Growth consequences</b> <ul style="list-style-type: none"><li>• Groups within Council planning and budgeting for growth separately versus in a joined-up way</li></ul>					
<b>Inherent Likelihood</b>	Possible	<b>Inherent Consequence Driver</b> Service Delivery	Major	<b>Inherent Risk Rating</b>	<b>Rating</b> Very High
<b>Existing Controls</b>					
<b>Understanding growth</b> <ul style="list-style-type: none"><li>• Growth Funding &amp; Analytics Unit in place to function as Council’s growth funding, growth projection and economics specialists</li><li>• HCC Growth and Development Contributions model provides data analysis, forecasting and scenario management. Inputs and modelling externally peer reviewed.</li><li>• Hamilton Housing Market &amp; Economy Growth Indicator Report provides annual, regional analysis of growth, housing and market/economic drivers</li><li>• National Policy Statement Urban Development - a sub-regional review of land use, demand and supply completed in 2017 and finalised in early 2021.</li></ul>					

- Analytics Strategy – adopted in 2019 to support evidence-based decision making and provide insights, principally about growth
- Monitoring the broader environment and how it could impact growth rates and including this in modelling, including monitoring migration forecasts

#### Growth decisions

- Scenario modelling report completed in September 2019 to illustrate modelled effects of higher or lower growth in Hamilton, and to articulate Council's decision-making levers and timelines if growth projections change markedly.
- Growth Funding Policy in place for out of sequence and unfunded developments.
- Engagement with neighbouring Councils on strategic growth planning (Metro Spatial Plan, FutureProof partnership, Growth discussions at CE and Governance level, good officer level relationships).
- Engagement with Central Government to explore and implement new tools for funding and delivering growth related projects, for example IFF and IAF.
- Preparation of growth programme business cases to assist with investment decisions into growth cells. The business cases have a wellbeing lens (vs just economic) and include the full costs of the growth cell including community and network infrastructure, consequential operating expenditure, commercial considerations and how the programme will be delivered.
- Strategic and consequential infrastructure costs are considered and investigated as part of the zoning decisions process (high level business cases prepared as required).
- Management of Resource Consent applications on a consent-by-consent basis using existing District Plan Controls.
- Changes to District Plan (plan changes) where required to support better community wellbeing outcomes.
- Private Developer Agreements in place for provision of infrastructure.
- Submissions on any neighbouring councils plan changes.
- Draft out of Boundary Principles developed for unplanned, out-of-sequence and out-of-boundary development proposals.

#### Growth consequences

- Numerous strategies and plans in place to manage the outcomes of a growing city including Regional Policy Statement, Hamilton-Waikato Metro Spatial Plan, Hamilton Urban Growth Strategy, District Plan.
- Whole of Council Programme/spatial approach to planning for and delivering new growth areas.
- Growth Programmes team in place to weave people and projects together to deliver wellbeing outcomes for new and existing growth communities. Formal Programmes are in place for Peacocke, Northwest, Ruakura, Central City and Emerging Areas.

<b>Residual Likelihood</b>	Possible	<b>Residual Consequence Driver</b> Service Delivery	Serious	<b>Overall Residual Risk Rating</b>	<b>Rating</b>  High
<b>Action Owner</b> Karen Saunders, Greg Carstens				<b>Risk Treatment</b> Mitigate	
<b>Improvement Plan</b>		<b>Previous updates</b>		<b>Update</b> <b>September 2021</b>	
<ul style="list-style-type: none"> <li>• Deliver revised Hamilton Urban Growth Strategy, by June 2022</li> </ul>		<ul style="list-style-type: none"> <li>• (June 21) - Scope was approved at Strategic Growth Committee meeting 30 March 2021. Staff</li> </ul>		<ul style="list-style-type: none"> <li>• Draft Out of Boundary Principles approved in May 2021.</li> </ul>	

	currently planning the project and appointing key resources.	<ul style="list-style-type: none"><li>• Consultant appointed in May 2021 and work is under way.</li></ul>
<ul style="list-style-type: none"><li>• Review staff resourcing to manage and comprehensively engage with unplanned, out of sequence and out of boundary development proposals and District Plan reviews by September 2022</li></ul>	(June 21) - Staff are reviewing necessary resourcing with GM Growth	<ul style="list-style-type: none"><li>• Additional resources approved including a Programme Manager for Emerging Areas. Recruitment is under way.</li></ul>

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

<b>Residual Likelihood</b>	Possible	<b>Residual Consequence Driver</b> Strategic Political Service Delivery	Major	<b>Overall Residual Risk Rating</b>	<b>Rating</b>  Very High
<b>Action Owner</b>			<b>Risk Treatment</b>		
Senior Leadership Team – (Blair Bowcott)			Mitigate		

<b>Treatment Plan</b>	<b>Previous updates</b>	<b>Update – September 2021</b>
<ul style="list-style-type: none"> <li>Key Stakeholder Engagement Plan in place by 30 June 2021.</li> </ul>	<ul style="list-style-type: none"> <li><b>(March 21)</b> - This plan is in the process of being prepared and will align with the CEO KPI's.</li> <li><b>(June 21)</b> - The draft plan is due for completion on 30 June 2021.</li> </ul>	<ul style="list-style-type: none"> <li><i>Complete</i> - Key Stakeholder Engagement Plan draft has been provided to SLT and workshopped. Final Plan is now being developed for use.</li> </ul>
<ul style="list-style-type: none"> <li>Establish an internal programme to address all legislative change/reform that will affect local government – including 3 waters, RMA and Future for Local Government</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li><b>(New Treatment Plan)</b></li> </ul>

Strategic Risk 7					
<b>Significant cost escalation and/or shortage of resources to deliver works programmes</b>					
<i>The market is unable to deliver necessary resources to achieve our strategy; including but not limited to people and material for projects.</i>					
<b>Risk Owner – (GM Level)</b>	Chris Allen	<b>Category</b>	Service Delivery and People		
<b>Risk Triggers</b>					
<ul style="list-style-type: none"><li>Major construction sector skills/labour shortage - capacity and capability</li><li>Political changes in the labour market (e.g. immigration policy changes)</li><li>Regional or national investment decisions leading to increased demand for construction resources and market congestion – i.e. significant increase in capital portfolios nationally</li><li>Supply chain company failures</li><li>Supply chain investment confidence - i.e. forward work confidence to invest in people, plant and technology</li><li>Construction cost indices (cost fluctuations) exceeding LTP inflation assumptions</li><li>Key construction material shortages or delays - particularly pipes, bitumen, oil, steel, aggregate and concrete</li><li>COVID-19 Alert Levels</li><li>International supply chain breakdown</li><li>Accelerated works programmes as a result of accelerated growth or additional funding (ie/ central government investment) taking place at a faster rate, or in a different way, than forecast</li></ul>					
<b>Inherent Likelihood</b>	Likely	<b>Inherent Consequence Driver</b> Economic and Social	Major	<b>Inherent Risk Rating</b>	<b>Rating</b> Very High
<b>Existing Controls</b>					
<ul style="list-style-type: none"><li>Forward works pipeline visibility and supply chain engagement - communication of the HCC capital portfolio regionally via regular presentations/updates and nationally via contributing to the NZ Infrastructure Commission national pipeline.</li><li>Working with other councils and NZTA to coordinate the workload to the market including active involvement in the Waikato LASS coordinated infrastructure initiative.</li><li>Established procurement planning frameworks – including procurement policy and procedures in accordance with NZ Government procurement requirements and principles of the Construction Accord</li><li>Procurement optimisation – including reviews undertaken to ensure contract conditions and commercial terms of our contracts are attractive to industry</li><li>Utilising panel arrangement for procurement and engagement of professional services, ensuring greater speed in procuring key resources and increased forward workload confidence for suppliers.</li></ul>					
<b>Residual Likelihood</b>	Likely	<b>Residual Consequence Driver</b> Economic and Social	Major	<b>Overall Residual Risk Rating</b>	<b>Rating</b> Very High



Action Owner	Mitigation
Chris Barton	Mitigate

Treatment Plan	Previous Updates	Update – September 2021
<ul style="list-style-type: none"> <li>Optimise procurement processes and contracts to enable Hamilton City Council to be a construction industry client of choice by the end of 2021.</li> </ul>	<p><b>(June 2021)</b></p> <ul style="list-style-type: none"> <li>A preferred strategy has been identified including implementation of long term collaborative and performance based panel arrangements to deliver large components of the forward works programme, enabling:             <ul style="list-style-type: none"> <li>longer term workload certainty for contractors to invest in people, plant, technology and relationships</li> <li>more efficient delivery with reduced wastage to improve delivery timing and generate savings</li> <li>opportunities to integrate broader wellbeing outcomes into programme delivery KPIs</li> </ul> </li> <li>Supply chain engagement is currently underway to seek feedback on this proposed strategy.</li> </ul>	<ul style="list-style-type: none"> <li>Further detailed procurement planning is progressing regarding panel delivery arrangements.</li> <li>Standard contract terms and conditions will be further reviewed by October to ensure appropriate risk transfer via special conditions and ensure our contracts are attractive to suppliers.</li> </ul>
<ul style="list-style-type: none"> <li>Ensure internal resourcing is recruited and in place to effectively deliver planned controls and mitigations by June 2021</li> </ul>	<ul style="list-style-type: none"> <li><b>(March 21)</b> - Additional suitably experienced internal project management and governance resources are being sourced to align with the increasing capital works programme.</li> <li><b>(June 21)</b> - There is a nationwide shortage of suitably qualified and experienced construction industry personnel, which is making it challenging to attract and fill key vacancies.</li> </ul>	<ul style="list-style-type: none"> <li>Following confirmation of the LTP additional capital delivery resourcing is being sourced to align with the programme requirements, with mixed success but some key roles successfully filled.</li> <li>Moving toward performance based collaborative contract models will require additional commercial management capability.</li> </ul>
<ul style="list-style-type: none"> <li>Initiate and review construction industry survey feedback for supply chain insights by July 2021.</li> </ul>	<ul style="list-style-type: none"> <li><b>(June 21)</b> Plan to leverage CCNZ national construction industry annual survey insights – noting 2021 survey is currently live.</li> <li>Local feedback from the Civil Contractors NZ Waikato Branch is that forward works pipeline information is key.</li> <li>HCC are initiating and leading a construction industry briefing session</li> </ul>	<ul style="list-style-type: none"> <li>Local construction industry briefing held in late June which was well attended and included a constructive session of comments and discussion on the 'state of the industry'.</li> <li>Results of the <a href="#">2021 CCNZ national construction industry annual survey</a> have indicated a</li> </ul>

	in late June including key regional client organisations.	big boost in civil construction business confidence.
<ul style="list-style-type: none"><li>• Complete a quantitative assessment of industry cost escalations to further inform key portfolio cost risks by October 2021.</li></ul>	<ul style="list-style-type: none"><li>• n/a</li></ul>	<ul style="list-style-type: none"><li>• Staff are currently undertaking a further quantitative assessment and economic forecasting exercise (utilising external industry subject matter experts) to benchmark construction cost indices against our LTP and better identify our key areas of risk exposure.</li></ul>

Strategic Risk 8					
High-Level security threat or major emergency					
A safety, security or environmental attack materialises and impacts Council's strategic direction.					
Risk Owner (GM Level)		David Bryant		Category	Strategy Safety and Security
Risk Triggers					
<ul style="list-style-type: none"><li>Large Scale Physical attack on people in public places</li><li>Physical attack on city critical infrastructure – e.g. Waste Water Treatment Plant, Water Treatment Plant, reservoirs designed to compromise integrity of service.</li><li>Civil unrest – redirection of resources to protect vulnerable people and assets</li><li>Chemical or biochemical attack</li></ul>					
Inherent Likelihood	Possible	Inherent Consequence Driver Social, Cultural and Environment	Catastrophic	Inherent Risk Rating	Rating Very High
Existing Controls					
<ul style="list-style-type: none"><li>Regional and National Emergency Service Relationship Management – made up of Elected Members and officials. Council has representatives on the Regional Joint Committee and the Waikato Coordinating Executive Group (CEG)</li><li>Security risk assessments have been completed for key identified HCC facilities, with mitigating recommendations for implementation.</li><li>Business continuity and Emergency Response plans have been completed for some business units.</li></ul>					
Residual Likelihood	Unlikely	Residual Consequence Driver Social, Cultural and Environment	Major	Overall Residual Risk Rating	Rating High
Action Owner			Risk Treatment		
Heather Burden			Mitigate		

Treatment Plan	Previous Updates	Update – September 2021
<b>Physical Security</b>  Adopt and Implement accepted recommendations for SRAs by December 2022.	<ul style="list-style-type: none"> <li><b>(March 21)</b> – SRA adopted and being implemented in stages               <ol style="list-style-type: none"> <li>Just Do It (JDI)</li> <li>Projected planned maintenance (PPM)</li> <li>Long term plan</li> </ol> </li> <li><b>(June 21)</b> – SRA Recommendations findings are completed. Stage 1 and 2 action plans commenced. Tender process for robbery and conflict training commenced.</li> </ul>	<ul style="list-style-type: none"> <li>Organisation-wide recommendation actions added to organisational improvement register</li> <li>Tender process for training provider complete. Robbery Response and Conflict Resolution training will commence with pilot group in October, followed by full rollout.</li> </ul>

<p><b>Governance</b> Review of Organisational Security Risk Assessment (OSRA) by March 2022</p>	<ul style="list-style-type: none"> <li>• <b>(March 21)</b> - On hold until result of SRA mitigation implementation of current recommendations is finalised.</li> <li>• <b>(June 21)</b> - Review of OSRA in progress. Setting up security governance group to consider development of a Security Framework</li> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>• Risk Governance Group being established to determine next steps.</li> <li>• Governance Group to review ORSA</li> <li>• Security roadmap and framework in development</li> </ul>
<p>Review the HCC Crisis Management Plan to extend an HCC-wide response approach to include crisis management capability by December 2021</p>	<ul style="list-style-type: none"> <li>• <b>(June 21)</b> - An internal Working Group has been set up to develop a detailed crisis management action plan. This includes identifying key urgent actions along with other areas for improvement.</li> </ul>	<ul style="list-style-type: none"> <li>• High level Crisis Management Plan developed, awaiting presentation to SLT.</li> </ul>

Strategic Risk 9					
<b>Climate Change</b> <i>Failure to adapt to the changing environment as a result of climate change, including failure to mitigate the organisations contributions to greenhouse gas emissions</i>					
<b>Risk Owner</b>	Sean Hickey (GM Strategy and Communications)		<b>Category</b>	Strategic Preparation and Disaster Recovery Environment	
<b>Risk Triggers</b>					
<b>Understanding climate change</b> <ul style="list-style-type: none"><li>• Council’s strategies and plans do not adequately consider appropriate climate change scenarios</li><li>• Changes in political direction (including local, regional and national) on climate change</li><li>• Economic, social and technological shocks resulting from the transition to a lower-carbon economy</li><li>• 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</li></ul>					
<b>Decision making</b> <ul style="list-style-type: none"><li>• Misalignment between Council’s climate change strategies and operational activities</li><li>• Failure to consider climate change appropriately in fit for purpose activity management</li><li>• Failure to appropriately consider climate change in growth decisions.</li></ul>					
<b>Inherent Likelihood</b>	Likely	<b>Inherent Consequence Drivers</b> Safety & Wellbeing, Financial, Service Delivery, Compliance	Major	<b>Inherent Risk Rating</b>	<b>Rating</b>  Very high
<b>Existing Controls</b>					
<b>Governance, Strategies and Plans</b> <ul style="list-style-type: none"><li>• 2020/2021 Climate Change Action Plan approved outlining the actions being taken this year to build our knowledge, deliver change and build capacity</li><li>• Climate change steering group established – to report to SLT and Environment Committee</li><li>• Environment Committee has responsibility for climate change response</li><li>• Collaborating with stakeholders, Councils and businesses on the regional response</li><li>• 2021-2031 Long Term Plan includes climate change consideration</li><li>• 2021-2051 Infrastructure Strategy includes climate change consideration</li><li>• Activity Management Plans incorporate climate change considerations.</li><li>• Hamilton City Council Emissions Reduction Roadmap outlines actions to reduce the Councils operational emissions</li><li>• Citywide emissions profile for 2018/19 provides Council with an understanding of key emissions reduction opportunities</li></ul>					

<b>Residual Likelihood</b>	Likely	<b>Residual Consequence Driver</b> Social, Cultural and Environment	Major	<b>Overall Residual Risk Rating</b>	<b>Rating</b>  Very high
<b>Action Owner</b>			<b>Risk Treatment</b>		
Julie Clausen			Mitigate		

<b>Treatment Plan</b>	<b>Previous Updates</b>	<b>Update – September 2021</b>
<ul style="list-style-type: none"> <li>Develop a 3-year readiness action plan from the climate change readiness assessment for Hamilton City Council by 30 June 2021.</li> </ul>	<ul style="list-style-type: none"> <li><b>(June 21)</b> - Delay in receiving final report from consultants. Action plan now under development.</li> </ul>	<ul style="list-style-type: none"> <li><i>Complete</i> - Internal response to the climate change readiness assessment developed.</li> <li>Key elements to be incorporated into the Climate Change and Environment Policy</li> </ul>
<ul style="list-style-type: none"> <li>Develop a draft climate change policy that sets out the appropriate climate change scenarios to use, governance for climate change, capability and capacity requirements by December 2021</li> </ul>	<ul style="list-style-type: none"> <li><b>(June 21)</b> - Process of developing the policy has commenced. Project plan is currently being developed.</li> </ul>	<ul style="list-style-type: none"> <li>Draft Climate Change and Environment Policy is underway.</li> <li>Workshop with Elected Members help on 26 August 2021.</li> <li>Draft policy to be considered at 30 November 2021 Environment Committee meeting for recommendation to Council</li> </ul>
<ul style="list-style-type: none"> <li>Undertake a Risk assessment for Hamilton City Council including both the physical climate change and transition risks following the Ministry for the Environment Guidance by December 2021.</li> </ul>	<ul style="list-style-type: none"> <li><b>(June 21)</b> - Guidance from Ministry for the Environment is due to be finalised by December 2021, propose to do a two-phase process for risk assessment.</li> </ul>	<ul style="list-style-type: none"> <li>First phase being commissioned as part of the Climate Change Strategy</li> </ul>
<ul style="list-style-type: none"> <li>Development of a climate change strategy that outlines the Council's approach to mitigation and adaptation by June 2022.</li> </ul>	<ul style="list-style-type: none"> <li><b>(June 21)</b> - Process of developing the strategy has commenced. Project plan is currently being developed.</li> </ul>	<ul style="list-style-type: none"> <li>Strategy development underway</li> <li>Quotes for evidence base have been received and consultant selection underway.</li> </ul>

Organisational Risk			
<b>H&amp;S – Workers (incl. contracted workers &amp; volunteer workers)</b> <i>Failure to ensure the health and safety and wellbeing of council staff or workers whose activities are influenced or directed by council, while the workers are carrying out work.</i>			1
<b>Risk Owner</b>	David Bryant (GM Corporate)	<b>Category</b>	Health & Safety
<b>Risk Triggers</b> <ul style="list-style-type: none"> <li>Poor safety culture and/or behaviours across organisation</li> <li>Failure to understand duties and accountability relating to health and safety</li> <li>Critical health and safety risks not identified, assessed and mitigated adequately</li> <li>Safety Management System (SMS) ineffective or inefficient or implementation failures</li> <li>Inadequate contractor management frameworks, including procurement and assurance practices</li> <li>Not sharing or acting on information and lessons learnt – internal and external to Council</li> <li>Complacency leading to greater risks being taken</li> <li>Failure to properly engage with and listen to staff</li> <li>Staff under resourcing leading to identified risks not being mitigated appropriately</li> <li>Time pressures and or complacency leading to acceptance of high levels of risk</li> </ul>			

#### Inherent Risk

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

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

(A) Risk of serious injury, illness or death

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

Existing Controls	
<ul style="list-style-type: none"> <li>Council undertakes an annual engagement survey that includes wellness and safety elements to help assess the level of organisational maturity and perception relating to the importance placed on health and safety.</li> <li>Our High Performance Way of Working provides a clear framework to support and establish accountabilities relating to health and safety, for example, Job Descriptions, Inductions, Game Plans and our Set, Enable and Expect principles.</li> </ul>	

- Council's critical safety risks are reviewed regularly. We have in place control management plans based on the hierarchy of control and the residual risk score following the implementation of these controls are accessed by their effectiveness to mitigate the risk. Critical risks are reported on regularly.
- Prequalification and Safety Standards for Contractors performing physical works on Council's behalf are assessed and maintained through our SLA with SHE Software and Solutions.
- Our Safety Management System (SMS) has been updated to better achieve our safety objectives consistently and systemically across the whole of Council. Having in place our SMS helps us meet our legislative obligations and facilitate organisational learning to help foster a positive safety culture, attuned to our high-performance way of working.
- Council has an effective safety governance structure to facilitate information flow, decision making and oversight to achieve a collective uplift in safety performance through improved worker engagement.
- Council has in place a safety software system that provides reporting capability, data and intelligence, meets compliance standards, enables good safety governance and due diligence.
- Assurance activities are carried out regularly and include both internal and external assessments to ensure good practice, compliance and continuous improvement. Council has commissioned a full Health and Safety reset, including: The State of Safety Review, High Level Critical Risk Learning Teams, Safety Events and Investigations and a Safe Plus External Review
- Appropriate resources are available to ensure that Council has the right capabilities and the right number of resources sufficiently needed to implement and maintain the SMS fundamentals, supported by external expertise as and when required

### Residual Risk

		CONSEQUENCE				
		Minor	Moderate	Serious	Major	Catastrophic
LIKELIHOOD	Almost certain	H	H	VH	E	E
	Likely	M	H	VH	VH	E
	Possible	L	M	H	VH	VH
	Unlikely	L	M	M	H	VH
	Rare	L	L	L	M	H
Action Owners						Risk Treatment
Dan Finn, Karin Barclay						Mitigate
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.						

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

(A) Risk of serious injury, illness or death

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



Organisational Risk			
<b>Safety and Wellbeing of the Community</b> <i>Failure to create, provide and maintain a safe environment for the community leading to a serious injury incident or fatality.</i>			2
<b>Risk Owner</b>	Lance Vervoort (Deputy CE / GM Community)	<b>Category</b>	People
<b>Risk Triggers</b>			
<ul style="list-style-type: none"> <li>Poor HCC understanding of the health and safety risks within the facilities and services provided and managed by Council</li> <li>Failures in safety-in-design planning for our amenities and services provided to the community</li> <li>Failures in asset maintenance</li> <li>Failure in due diligence on assets purchased for use by the community or staff</li> <li>Failure in due diligence on maintenance</li> <li>Human error / inappropriate behaviours / criminal behaviour or damage at Council assets</li> <li>Complacency leading to greater risks being taken by the community of public safety issues</li> <li>Failure to properly engage with and listen to the community</li> <li>Failure to act on staff and public information or lessons learned from near misses and incidents (including lessons from other industry experiences)</li> <li>BCP and Pandemic Plans are not adhered to</li> <li>Failure to consider climate change impacts on the community safety and wellbeing</li> </ul>			

#### Inherent Risk

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

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

(A) Risk of serious injury or death

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

Existing Controls
<ul style="list-style-type: none"> <li>Emergency response and Pandemic plans</li> <li>Emergency and safety response training drills</li> <li>Specific training programmes for staff within facilities and service management</li> <li>Subject matter expert support – internal and external</li> <li>Incorporated risk assessments and safety in design planning</li> <li>Traffic management plan adoption per requirements</li> <li>Maintenance and monitoring plans – buildings</li> <li>Operational asset maintenance (trees and operational infrastructure)</li> </ul>

- Condition assessments for assets
- Communication plans for new projects around safety requirements
- Community education support for ongoing Community safety
- Management drop-ins and Unit Audits

#### Residual Risk (expected rating)

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

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

(A) Risk of serious injury or death

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

Action Owner		Risk Treatment	
3LT – (Rebecca Whitehead)		Mitigate	
Treatment Plan	Previous updates	Update-September 2021	
<ul style="list-style-type: none"> <li>• Design and implement an appropriate monitoring and reporting framework Risks relevant to Organisational Risk 2</li> </ul>	<ul style="list-style-type: none"> <li>• <b>(September 20)</b> - Framework in development due for completion August 2021. Reporting to community group leadership commences September 2021.</li> <li>• <b>(December 20)</b>: Specific resource has been hired to support the Community Group to achieve IP due to conflicting priorities across the business. This work will be completed pre-Christmas and will be reported on at the first SRAC workshop in 2021</li> <li>• <b>(March 21)</b> - The report on the monitoring and reporting framework for other Risks relevant to Organisational Risk 2 will be presented to the June 2021 SRAC meeting.</li> <li>• <b>(June 21)</b> - The reporting framework and interactive dashboard, which will provide to provide assurance around the completion of identified improvement actions is currently being finalised and will be reported to the September SRAC meeting in the 2021/22 financial year</li> </ul>	<ul style="list-style-type: none"> <li>• Framework completed and presented to community leadership group in August 2021.</li> <li>• Monthly reporting commencing in September 2021.</li> </ul>	

Organisational Risk			
<b>Failure of critical assets</b> <i>Incorrect investment (timing and/or amounts) results in the unexpected failure of critical assets (loss of levels of service).</i>			3
<b>Risk Owner</b>	Eeva-Liisa Wright (GM City Infrastructure Operations)	<b>Category</b>	Financial

Risk Triggers					
<b>Asset Management</b> <ul style="list-style-type: none"> <li>Failure to identify all critical assets</li> <li>Failure to accurately forecast capacity limits or inaccurate demand forecasting on critical assets</li> <li>Failure to accurately forecast useful life on critical assets</li> <li>Failure to future proof asset to allow for pending changes in requirements</li> <li>Failure to procure/renew the asset with an appropriate replacement</li> <li>Failure to install asset correctly (including poor procurement processes to begin with)</li> <li>Assets being operated outside of design scope or change in demand or that the operation of the asset exceeds design assumptions.</li> <li>Failure to carry out and prioritise planned maintenance and renewal of critical asset</li> <li>Failure to deliver renewal of the asset within scheduled timeframe</li> </ul> <b>Planning</b> <ul style="list-style-type: none"> <li>Inadequate budget allocated for maintenance and renewal of critical assets</li> <li>Incorrect analysis in development of maintenance and renewal requirements</li> <li>Insufficient resources to deliver renewal of assets on time and within allocated budgets</li> <li>Failure to adequately consider climate change in critical asset investment</li> <li>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.</li> <li>Misalignment in the timing of investment with the required levels of service or that key deliverable dates not identified appropriately</li> <li>Poor or incomplete asset data</li> <li>Stakeholder specifications and expectation of asset increase making the asset no-longer fit for purpose</li> <li>Failure to consider climate change in critical asset investment</li> </ul> <b>Procurement</b> <ul style="list-style-type: none"> <li>Critical manufacture service agents unavailable to resolve major failure of critical assets</li> </ul> <b>Operational</b> <ul style="list-style-type: none"> <li>Utility service and third-party critical impacts (stakeholder relationships)</li> <li>Limited anomaly detection capability and poor identification of vulnerabilities</li> <li>Failure to identify threat actors who wish to exploit technology vulnerabilities</li> </ul>					
<b>Inherent Likelihood</b>	Possible	<b>Inherent Consequence Drivers</b> Safety & Wellbeing,	Major	<b>Inherent Risk Rating</b>	<b>Rating</b> Very High

		Financial, Service Delivery, Compliance			
<b>Existing Controls</b>					
<b>Asset Management</b> <ul style="list-style-type: none"> <li>Regular monitoring and submission on industry change that impacts our activities</li> <li>Infrastructure Strategy is in place to identify significant infrastructure challenges over the next 30 years, and to identify the principal options for managing those challenges and the implications of those options</li> <li>Asset Management Plan policy in place to set standards for maturity</li> <li>Asset Strategy Team is in place to drive organisational consistency of asset management overseen by the GM Development</li> <li>Resourcing for Activity Management Plan (AMP) renewals, maintenance plans and operational strategies are funded in the 2021-31 10-Year Plan Budget and critical assets are given a higher priority for renewal</li> <li>Modelling and master planning of strategic assets and strategic plans for sites in place</li> <li>3 yearly Independent asset management maturity assessments are undertaken</li> <li>3 yearly Activity Management Plans are internally and externally reviewed to ensure robust planning processes and systems</li> <li>Availability of technical expertise to manage, monitor, operate and maintain critical assets and identify situations when early intervention is required to maintain asset condition and level of service</li> </ul> <b>Planning</b> <ul style="list-style-type: none"> <li>Project planning processes in place to ensure that staff have appropriate project management skills and experience and there is external engagement of experienced project managers</li> <li>Robust project management and procurement processes are in place and followed</li> <li>Annual review of building and Facilities capital programme with Facilities Unit to ensure forward planning of projects</li> <li>Solutions for redundancy (physical and process) in place for critical assets</li> <li>Anomaly detection and vulnerability scanning capability</li> </ul> <b>Procurement</b> <ul style="list-style-type: none"> <li>HCC procurement processes are followed to correctly identify/scope and procure appropriate asset</li> <li>Maintenance and service agreements in place with the supplier, where appropriate</li> <li>Speciality contracts are in place to maintain the condition of critical assets and minimise the risk of failure occurring</li> <li>Stakeholder engagement prior to procurement/replacement of asset to ensure appropriate replacement</li> </ul> <b>Operational</b> <ul style="list-style-type: none"> <li>Business Continuity and Essential Maintenance Plans in place.</li> <li>Quarterly Threat and Risk assessments</li> <li>Training and development plans in place for staff to identify competency and skill requirements</li> <li>Processes in place for the supervision, design and testing during build or vesting of assets</li> </ul>					
<b>Residual Likelihood</b>	Unlikely	<b>Residual Consequence Drivers</b> Safety & Wellbeing,	Major	<b>Residual Risk Rating</b>	<b>Rating</b>  High

		Financial, Service Delivery, Compliance Social and Cultural			
<b>Action Owners</b>					<b>Risk Treatment</b>
Paul Gower (Assets Strategy Manager), Maire Porter/ Emily Botje (City Waters Manager), Robyn Denton (Transportation Manager), Tania Hermann (Infrastructure Group Business Manager), Simon Young (Delivery Manager), Maria Barrie (Parks and Recreation Manager), Michelle Rivers (Cemeteries and Crematorium Manager), Ross Willets (Facilities Manager), Baird Fleming (Zoo Director); Chad Hooker (H3 Group)					Mitigate
<b>Treatment Plan</b>		<b>Previous updates</b>		<b>Update – September 2021</b>	
<ul style="list-style-type: none"> <li>Complete an initial assessment of critical network infrastructure assets to determine gaps in Business Continuity or Essential Maintenance Plans by July 2022.</li> </ul>		<ul style="list-style-type: none"> <li></li> </ul>		<ul style="list-style-type: none"> <li>New Action plan</li> </ul>	
<ul style="list-style-type: none"> <li>Revise critical asset frameworks for water and wastewater activity assets (treatment plants and reticulation assets) by March 2022</li> </ul>				<ul style="list-style-type: none"> <li>New Action Plan</li> </ul>	

# Council Report

**Committee:** Strategic Risk and Assurance Committee  
**Date:** 14 September 2021  
**Author:** Morva Kaye  
**Authoriser:** David Bryant  
**Position:** Internal Auditor  
**Position:** General Manager People and Organisational Performance  
**Report Name:** PwC - Internal Audit Update and Report

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

1. To inform the Strategic Risk and Assurance Committee on internal audit progress to 31 August 2021.

## Staff Recommendation - *Tuutohu-aa-kaimahi*

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

## Executive Summary - *Whakaraapopototanga matua*




3. Council's internal audit function incorporates engagements and actions from PricewaterhouseCoopers (PwC) and internal Council staff.
4. This report provides an update on progress by PwC on the internal audit work stream.
5. Since the last report to this committee, there are four updates to note relating to:
  - i. Cyber security scope of work
  - ii. Treaty of Waitangi scope of work
  - iii. Payroll System engagement
  - iv. Internal Audit Plan
6. Staff consider the matters in this report have low significance and that the recommendations comply with Council's legal requirements.

## Discussion – *Matapaki*

### PwC Internal Audit Plan – progress summary

Engagements in Progress – 2021/22	Status
<b>Cyber Security – 2020/21 and 2021/22 combined</b> PwC have agreed a scope of work with management. Fieldwork has commenced.	
<b>Treaty of Waitangi – maturity assessment of Councils Maaori responsiveness</b> Staff are currently scoping this work with management.	

## KEY

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

**Other engagements**New Payroll System

7. Council is implementing a new payroll system this year and internal audit will provide an Independent Quality Assurance over this project.

Internal Audit Plan

8. Discussions are ongoing concerning the best mix of engagements to undertake this year recognising that the internal audit plan needs to flex and evolve to meet the needs of the organisation. Council's Senior Leadership Team are being canvassed as to the most value-adding focus areas.

**Financial Considerations - *Whaiwhakaaro Puutea***

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

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

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

**Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga***

11. 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').
12. 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.
13. There are no known social, economic, environmental or cultural considerations associated with this matter.

**Risks - *Tuuraru***

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

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

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

**Engagement**

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

**Attachments - *Ngaa taapirihanga***

There are no attachments for this report.

# Council Report

**Committee:** Strategic Risk and Assurance Committee

**Date:** 14 September 2021

**Author:** Morva Kaye

**Authoriser:** David Bryant

**Position:** Internal Auditor

**Position:** General Manager People and Organisational Performance

**Report Name:** HCC - Internal Audit Update and Report

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

1. To inform the Strategic Risk and Assurance Committee on internal audit progress to 31 August 2021.

## Staff Recommendation - *Tuutohu-aa-kaimahi*

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

## Executive Summary - *Whakaraapopototanga matua*

3. Council's internal audit function incorporates engagements and actions from PricewaterhouseCoopers (PwC) and internal Council staff.
4. This report provides an update on progress by Council staff on its internal audit work stream and actions.
5. Since the last report to this committee, there are no significant updates to report on, noting that the two engagements outlined below (Contract Management and Capitalisation of Assets) are in progress.

## Discussion - *Matapaki*

6. Progress against the work programme is as follows:

Audit	Status
<b>Contract management</b> This review covers checking a sample of contracts to ensure that the contracts have been set up and managed correctly.	
<b>Capitalisation of assets</b> The scope of work has not yet been agreed with management.	

### KEY

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



### **Financial Considerations - *Whaiwhakaaro Puutea***

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

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

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

### **Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga***

9. 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').
10. 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.
11. There are no known social, economic, environmental or cultural considerations associated with this matter.

### **Risks - *Tuuraru***

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

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

#### **Significance**

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

#### **Engagement**

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

### **Attachments - *Ngaa taapirihanga***

There are no attachments for this report.

# Council Report

**Committee:** Strategic Risk and Assurance Committee  
**Date:** 14 September 2021  
**Author:** Morva Kaye  
**Authoriser:** David Bryant  
**Position:** Internal Auditor  
**Position:** General Manager People and Organisational Performance  
**Report Name:** Organisational Improvement Report

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

1. To inform the Strategic Risk and Assurance Committee on the status of Council's Organisational Improvement Register as at 31 August 2021.

## 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) and others and internal audits by PricewaterhouseCoopers (PwC) and Council staff.
4. The Organisational Improvement Register is set up to capture all the recommendations from each of these audits.
5. There has been updates on recommendations from the PWC Tax Compliance Review and the PWC Internal Audit Assessments, and new recommendations included regarding the Conflicts of Interest report.
6. Staff consider the matters in this report have low significance and that the recommendations comply with Council's legal requirements.

## Discussion - *Matapaki*

### Audit New Zealand

7. There are no changes to report regarding the eight recommendations outstanding from Audit New Zealand's final management report for 2020, pending the final management report for the 2021 financial year.
8. Audit New Zealand's report to Council on the audit of the 2021-31 Long-Term Plan included three recommendations for improvement. These are discussed further in the Audit NZ - External Audit - 2021-31 Long-Term Plan report to the Strategic Risk and Assurance Committee of 14 September 2021.

9. These will be monitored and reported on to the Finance Committee during the year.

#### **PwC Tax Compliance Review**

10. With regards to the recommendations made as part of the PwC Tax Review, last brought to the Strategic Risk and Assurance Committee of 3 September 2019, one recommendation has been completed and the remaining three recommendations will be incorporated into the new HRIS Payroll system, which is under development.

#### **Waka Kotahi NZ Transport Agency**

11. The final report from the Waka Kotahi Investment (Procedural) audit is still pending.

#### **Office of the Auditor General**

12. The three recommendations from the OAG's *Performance Audit of Managing Conflicts of Interest involving local authority employees* will be included in the Organisation Improvement Register.

#### **PwC Internal Audit Assessments**

13. There are seven high risk observations arising from internal audit assessments completed by PwC, that have been presented to the committee. These are explained further below:

Internal audit assessment	No. of high-risk observations	Recommendations due to be implemented by	Status of follow-up with action owner
Psoda Assessment	1	Jun-21	In progress.
Asset Management & Operating Expenditure	2	Dec-21	In progress
Data Governance	1	Jun-21	The draft data governance strategy is being reviewed. The road map will be finalised by the end of December 2021.
IBIS Breeze	3	Sep-21, Dec-21 & Dec-22	The recommendation due to be implemented in Sep 2021 will be followed up in Oct-Nov 2021.

#### **Financial Considerations - *Whaiwhakaaro Puutea***

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

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

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

#### **Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga***

16. 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').
17. 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.
18. There are no known social, economic, environmental, or cultural considerations associated with this matter.

**Risks - *Tuuraru***

19. There are no known risks associated with this report.

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

**Significance**

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

**Engagement**

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

**Attachments - *Ngaa taapirihanga***

There are no attachments for this report.

# Council Report

Item 12

**Committee:** Strategic Risk and Assurance Committee

**Date:** 14 September 2021

**Author:** Candice Swanepoel

**Authoriser:** David Bryant

**Position:** Business Performance Accountant

**Position:** General Manager People and Organisational Performance

**Report Name:** Interim Audit of Hamilton City Council - 30 June 2021

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

1. To inform the Strategic Risk and Assurance Committee on the outcome of the interim audit of Hamilton City Council by Audit New Zealand, for the year ended 30 June 2021.

## **Staff Recommendation - *Tuutohu-aa-kaimahi***

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

## **Executive Summary - *Whakaraapopototanga matua***

3. Audit New Zealand (Audit NZ) identified the main audit risks and issues in their Audit Plan, which form the focus of the audit:
  - i. revaluation of assets;
  - ii. fair value assessment for assets;
  - iii. major capital projects;
  - iv. risk of management override;
  - v. rates;
  - vi. impact of three waters reform; and
  - vii. revaluation of investment property.
4. Progress made to date on the focus areas has resulted in one matter of audit significance. This is in Non-Financial Services Performance measures, relating to Three Waters attendance and resolution times.
5. Council's calculation of attendance and resolution times of urgent and non-urgent callouts is not aligned with the Department of Internal Affairs (DIA) definition.
6. Council staff have included the proposed disclosure in the draft annual report and provided Audit NZ with their internal investigative memorandums.
7. Audit New Zealand is currently underway with their internal processes to consider the impact this may have on the audit report. A conclusion is yet to be reached and will be communicated with management and the Strategic Risk and Assurance Committee in due course.

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 - *Kooreo whaimaarama***

9. The focus of Audit New Zealand's interim audit visits is on performing a high-level review of the Council's control environment and evaluating Council's internal controls in place for key financial and non-financial information systems. Overall, Audit New Zealand are satisfied that the control environment is effective and enables them to plan and undertake the most efficient and effective audit approach.
10. It remains the responsibility of Council to ensure compliance with legislation. Audit NZ consider, and report against, legislative compliance that may impact the audit opinion.

### **Discussion - *Matapaki***

11. Audit NZ have completed an assessment of the control environment. Based on their assessment, the control environment can be relied upon for the purpose of planning the most efficient audit approach.
12. Audit NZ have completed an assessment of the control environment for the non-financial performance measures and targets. Except for the matter of audit significance, no other findings have been raised. Based on the assessment, the control environment can be relied upon for the purpose of planning the most efficient audit approach.
13. Audit NZ are currently performing the final audit, and remain focused over the following areas of the financial statements:
  - i. revaluation of land and buildings;
  - ii. revaluation of transportation assets; and
  - iii. risk of management override.
14. An Audit NZ memo is attached to this report as **Attachment 2**.

### **Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga***

15. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
16. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report.
17. The recommendations set out in this report are consistent with that purpose.
18. Economic wellbeing is managed through the efficient monitoring of Council's financial results. Diligent reporting of Council's budget to actual financial results is required to ensure Council is operating effectively and policy compliance is met.
19. The environmental, social and cultural wellbeings are not directly impacted by the Interim Audit Report.

### **Risks - *Tuuraru***

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

### **Financial Considerations - *Whaiwhakaaro Puutea***

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

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

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

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

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

**Engagement**

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

**Attachments - *Ngaa taapirihanga***

Attachment 1 - Memo - Audit New Zealand 2021

Attachment 1

## Memo

Date: 30 August 2021  
To: Hamilton City Council – Audit & Risk Committee  
From: Clarence Susan (Appointed Auditor)  
Subject: **2021 Audit Update**

### Matters of audit significance

#### Performance measures relating to Three Waters attendance and resolution times

The Council has discovered during the 2020-21 financial year that the way they have been calculating the attendance and resolution times for urgent and non-urgent call-outs is not aligned with the DIA definition and has led to errors in the Council's reporting.

Management have included their proposed disclosure in the draft annual report and provided Audit New Zealand with their internal investigative memorandums.

Audit New Zealand is currently underway with their internal processes to consider the impact this may have on the audit report. A conclusion is yet to be reached and will be communicated with management and the committee in due course.

### Audit progress

- We have completed our assessment of the control environment. Based on our assessment, we can rely on the control environment for the purpose of planning the most efficient audit approach.
- We have completed our assessment of the control environment for the non-financial performance measures and targets. Except the matter discussed above, no other findings have been raised. Based on our assessment, we can rely on the control environment for the purpose of planning the most efficient audit approach.
- We are currently performing the final audit, and have specific focus over the following areas of the financial statements:
  - Revaluation of land and buildings.
  - Revaluation of transportation assets.
  - Risk of management override.



## Independence

We confirm that we have complied with the independence requirements of the Auditor General which include the requirements of the International Standards of Auditing and, where necessary, have ensured restrictions on audit staff from areas to avoid potential conflicts.

## General discussion (based on our Engagement Letter)

Please consider the items below and update us on anything that we should be aware of in relation to, Fraud and Legislative Compliance.

## Fraud

ISA (NZ) 240 requires us to make enquiries of governance (Audit Committee/Council) on:

- a. How you exercise oversight of:
  - i. management's processes for identifying and responding to the risks of fraud in the company and group (for both fraudulent financial reporting and misappropriation of assets);
  - ii. the internal control that management has established to mitigate these risks.

The auditor shall make enquiries of management and others within the Council, to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity. A fraud questionnaire has been sent to key individuals.

## Legislative compliance

It is the responsibility of the Council to ensure compliance with legislation.

We only look at, and report against, legislative compliance that could impact on our opinion.

## Thanks

We want to acknowledge the assistance given to us by the finance team during this year's audit.

Clarence Susan  
Appointed Auditor

# Council Report

**Committee:** Strategic Risk and Assurance Committee  
**Date:** 14 September 2021  
**Author:** Julie Clausen  
**Authoriser:** Sean Hickey  
**Position:** Unit Manager Strategy and Corporate Planning  
**Position:** General Manager Strategy and Communications  
**Report Name:** Audit NZ - External Audit - 2021-31 Long-Term Plan

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

1. To inform the Strategic Risk and Assurance Committee of the findings of the Audit New Zealand audit report on Council's 2021-31 Long-Term Plan.

## Staff Recommendation - *Tuutohu-aa-kaimahi*

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

## Executive Summary - *Whakaraapopototanga matua*

3. Audit NZ completed their audit of the 2021-31 Long-Term Plan and issued their opinion on 24 June 2021.
4. The report included three emphasis of matters and two matters for recommendation — staff have put actions in place to respond to these recommendations which are outlined in paragraph 10.
5. Staff consider the matters in this report have low significance and that the recommendations comply with Council's legal requirements.

## Discussion - *Matapaki*

6. The 2021-31 Long-Term Plan received an unmodified opinion, with three emphasis of matters which draw the reader's attention to disclosures within the document.
7. The three emphasis of matters related to:
  - i. Three Waters Reform;
  - ii. cost savings; and
  - iii. infrastructure asset condition information.
8. The three emphasis of matters were the same as those raised by Audit New Zealand in their audit opinion of the 2021-31 Long-Term Plan consultation document.

9. The report to the Council on the audit of Hamilton City Council's 2021-2031 Long-Term Plan (**Attachment 1**) also identified two matters for recommendation being:
  - i. revising financial forecasts as and when confirmation on funding from Waka Kotahi New Zealand Transport Agency is confirmed; and
  - ii. implementing adequate monitoring and reporting on the savings plan.
10. Council notes these matters and has the following actions in place:
  - i. **Waka Kotahi New Zealand Transport Agency Funding**  
Once Council is advised by Waka Kotahi New Zealand Transport Agency of their 2021-24 National Land Transport Programme, we will assess the impact in relation to our programmes in the 2021-31 Long Term Plan. If the funding from Waka Kotahi is lower than assumed in the 2021-31 Long Term Plan, work that would otherwise receive subsidy would be reassessed and the approved programme adjusted for consideration by the Finance Committee for the 2021-22 year and by Council as part of the 2022-23 Annual Plan.
  - ii. **Monitoring of savings targets**  
The achievement of the savings target is monitored on an ongoing basis and reported to the Finance Committee every six months by the Chief Transformation Officer.

#### **Financial Considerations - *Whaiwhakaaro Puutea***

11. This is a regular operating activity funded through the Long-Term Plan. There are no financial implications in relation to this decision.

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

12. Staff confirm that the 2021-31 Long-Term Plan complies with the Council's legal and policy requirements under the Local Government Act 2002.

#### **Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga***

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

#### **Risks - *Tuuraru***

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

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

##### **Significance**

17. The receiving of the audit report on the 2021-31 Long-Term Plan has a low level of significance as the Audit NZ opinion on the 2021-31 Long-Term Plan was issued on the 24 June 2021 and included in the 2021-31 Long-Term Plan.

##### **Engagement**

18. As this matter relates to the receiving of an audit report on the 2021-31 Long-Term Plan, no separate engagement is requirement.

**Attachments - *Ngaa taapirihanga***

Attachment 1 - Report to the Council on the audit of Hamilton City Council's 2021-2031 Long-term Plan

# Report to the Council on the audit of

Hamilton City Council's  
2021-2031 Long-term Plan

Item 13

Attachment 1

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## Key messages

This report sets out our findings from our audit of the City Council's 2021-31 Long-Term Plan (LTP) and, where appropriate, makes recommendations for improvement. It should be read in conjunction with our report from our audit of the City Council's consultation document (CD) for its proposed LTP, which was issued in final on 1 April 2021.

Overall, we are satisfied that the City Council has produced a LTP that fulfils its purpose as described in the Local Government Act.

### Audit report

We completed our audit of the City Council's LTP and issued an unmodified opinion on 24 June 2021.

We included three emphasis of matter paragraphs in our audit report to draw the reader's attention to the uncertainties associated with three water reforms, and the City Council's cost savings and infrastructure asset condition information.

### Matters identified during the audit

Going forward we recommend:

- revising financial forecasts as and when confirmation on funding from Waka Kotahi, New Zealand Transport Agency is confirmed (Section 2.1); and
- implementing adequate monitoring and reporting on the savings plan (Section 3.2).

### Thank you

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



Clarence Susan  
Appointed Auditor  
19 July 2021

## 1 Our audit report

### 1.1 Our opinion was unmodified



We issued an unmodified audit opinion on the long-term plan on 24 June 2021.

This meant we were satisfied that the City Council's long-term plan meets the statutory purpose and provides a reasonable basis for long-term, integrated decision-making and co-ordination of the Council's resources, and accountability of the Council to the community.

We found the underlying information and assumptions used to prepare the LTP were reasonable.

We included emphasis of matter paragraphs in our audit report to draw the reader's attention to the uncertainties associated with three water reforms, and the City Council's cost savings and infrastructure asset condition information.

### 1.2 Uncorrected misstatements

The long-term plan is free from material misstatements, including omissions.

During the audit, we discussed with management any misstatements that we found, other than those which were clearly trivial.

The misstatements that have not been corrected are listed in Appendix 1 along with management's reasons for not adjusting these misstatements. We are satisfied that these misstatements are individually and collectively immaterial.

### 1.3 Project management, reporting deadlines and audit progress



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

The City Council had a detailed project plan which included key milestones, deadlines and the work stream responsible. This contributed to producing quality underlying information documents and enabling the City Council to meet all key deadlines.

The City Council continues to be receptive to audit recommendations and is focussed on continuous improvement. In addition, Council staff were available throughout the audit and provided requested information in a punctual timeframe. Overall, this equated to a smooth audit process with no significant issues.



## 2 Matters raised during the LTP audit



In this section we have raised recommendations identified during the LTP audit:

### 2.1 Funding from Waka Kotahi NZ Transport Agency

In May 2021, Waka Kotahi NZ Transport Agency Board endorsed the indicative investment levels for continuous programmes as part of developing the 2021-24 National Land Transport Programme.

The Council reviewed their budgets, taking this information into consideration, and identified that there was a funding shortfall of \$3.9 million.

As the advice received did not have a detailed allocation attached, and is still indicative, management decided not to make any changes to their budgets. We have included this in our uncorrected misstatements schedule in Appendix 1.

Management did consider the impact of the funding shortfall on the Council's debt to revenue limits and confirmed that no limits will be breached during the 10 years of the plan.

We recommend that management revisit their financial forecasts when the Waka Kotahi funding allocation is approved and, if required, update these as part of the Annual Plan process.

#### Management comment

*Staff will continue to monitor approved funding from Waka Kotahi, any differences will be reported and addressed through the six weekly Finance Committee process or addressed through the 2022/23 Annual Plan.*

### 3 Other matters identified during the consultation document audit



In this section, we have commented on management's progress in response to the recommendations raised during our consultation document audit:

#### 3.1 IPSAS 41, Financial Instruments

The City Council performed an assessment of the impact of PBE IPSAS 41, *Financial Instruments*, and the financial forecasts were updated appropriately based on the guidance provided by the service provider.

PBE IPSAS 41, *Financial Instruments* becomes effective for the year ending 30 June 2023, or the second year of the LTP. The LTP has been prepared in accordance with the accounting policies expected to be used in the future.

#### 3.2 Cost savings

The City Council has budgeted for costs savings over the 10 years of the Long-Term Plan to the value of \$106 million.

The forecast financial statements were updated to align to the budgeted savings based on our recommendation.

We continue to recommend that the City Council implements adequate financial reporting processes to ensure that the costs savings are monitored and reported appropriately and consistently to the Council throughout the period of the long-term plan.

#### 3.3 Infrastructure Strategy

We reviewed the updated Infrastructure Strategy provided during the LTP audit and confirmed that all the enhancements recommended were addressed.

The infrastructure strategy (IS) is reasonable, aligned with other underlying information and complies with relevant legislation.

#### 3.4 Quality of asset-related forecasting information (including condition and performance information for critical assets)

We recommended that the City Council improve the quality of data about asset performance and asset condition for critical assets.

Management is considering the development of the next phase of asset management improvements and is including a focus on the framework for asset performance and condition data.

We will continue to monitor this recommendation through our audits of the annual report.

## Appendix 1: Uncorrected misstatements

Note	Statement of comprehensive income		Statement of financial position	
	Dr	Cr	Dr	Cr
1	NZTA roading subsidies 3,900,000			Borrowings <sup>1</sup> 3,900,000

### Note

- 1 Waka Kotahi funding assumption – the Council has not adjusted its financial forecasts to reflect the most recent and up to date information received from Waka Kotahi about indicative investment levels for continuous programmes.

### Management’s explanation for uncorrected differences

- 1 *The Council has received advice from Waka Kotahi New Zealand Transport Agency on the indicative investment allocations for continuous programmes for 2021 - 2024. The advice received is interim advice, and no detail has been attached to the allocation. The Council will wait until confirmation of the finalised National Land Transport Programme before adjusting the financial forecasts in the next Annual Plan.*

<sup>1</sup> HCC plans to deliver the same physical work programme with the shortfall to be funded from debt

## Appendix 2: Disclosures

Area	Key messages
Our responsibilities in conducting the audit	<p>We carried out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the LTP and reporting that opinion to you. This responsibility arises from section 94 of the Local Government Act 2002.</p> <p>The audit of the LTP does not relieve management or the Council of their responsibilities.</p> <p>Our audit engagement letter dated 25 September 2020 contains a detailed explanation of the respective responsibilities of the auditor and the Council.</p>
Auditing standards	<p>We carried out our audit in accordance with the Auditor-General's Auditing Standards. The audit cannot and should not be relied upon to detect all instances of misstatement, fraud, irregularity or inefficiency that are immaterial to your LTP. The Council and management are responsible for implementing and maintaining your systems of controls for detecting these matters.</p>
Auditor independence	<p>We are independent of the City Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): <i>Code of Ethics for Assurance Practitioners</i>, issued by New Zealand Auditing and Assurance Standards Board.</p> <p>Other than our work in carrying out all legally required external audits and the debenture trust deed assurance engagement, which is compatible with those independence requirements, we have no relationship with or interests in the City Council or its subsidiaries.</p>
Fees	<p>The audit fee, covering both the CD and the LTP for the period is \$134,200 (excluding GST and disbursements), as detailed in our audit engagement letter dated 25 September 2020.</p> <p>Other fees will be charged in the period for the annual report audit and debenture trust deed assurance engagement.</p>
Other relationships	<p>We are not aware of any situations where a spouse or close relative of a staff member involved in the audit occupies a position with the Council that is significant to the audit.</p> <p>We are not aware of any situations where a staff member of Audit New Zealand has accepted a position of employment with the Council during or since the commencement of the planning of the long term plan.</p>

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# Council Report

**Committee:** Strategic Risk and Assurance Committee  
**Date:** 14 September 2021  
**Author:** Frances Cox-Wright  
**Authoriser:** David Bryant  
**Position:** Policy and Bylaw Lead  
**Position:** General Manager People and Organisational Performance  
**Report Name:** Conflicts of Interest Update

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

1. To inform the Strategic Risk and Assurance Committee of the recommendations Hamilton City Council has received from the Office of the Auditor General (OAG) to improve the way Council manages employee conflicts of interest, and the work staff are undertaking to implement the recommendations.

## Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Strategic Risk and Assurance Committee:
  - a) receives the report;
  - b) notes that the Chief Executive received a letter from the Office of the Auditor General on 9 July 2021, *Performance audit of managing conflicts of interest involving local authority employees*, which includes recommendations for improvement (**Attachment 1** of the staff Report); and
  - c) notes that progress to implement the Office of the Auditor General recommendations will be reported to future Strategic Risk and Assurance Committee meetings in the Organisation Improvement Register.

## Executive Summary - *Whakaraapopototanga matua*

3. This report covers managing perceived and actual conflicts of interest supports our ability to maintain the trust and confidence of the community we serve.
4. In 2020, the Office of the Auditor General (OAG) conducted a case study on the management of conflicts of interest at of four local authorities, including Hamilton City Council (Council).
5. Following the case study, the Chief Executive received a letter including specific recommendations for how to improve Council's employee conflicts of interest framework.
6. Staff are working through the recommendations and progress will be reported in the Organisation Improvement Register to future Committee meetings.
7. Staff consider the matters in this report to have low significance and that the recommendations comply with Council's legal requirements.

## Background - *Koorero whaimaarama*

8. In 2020 the OAG conducted case studies at four local authorities, including Hamilton City Council, to look at how they manage conflicts of interest involving employees.
9. In July 2021, the OAG wrote to the Chief Executive to provide detailed feedback on how Council manages conflicts of interest and recommending specific areas for improvement. This letter is provided as **Attachment 1**.
10. Following the case studies, the OAG also published good practice guidance: [Getting it right: Managing conflicts of interest involving council employees](#) (August 2021).

## Discussion - *Matapaki*

11. Staff are working through the new guidance and recommendations the OAG provided, which fall within three key areas:
  - i. improvements to the conflicts of interest management policy;
  - ii. ensuring Council's conflicts of interest system is complete and consistent as a whole; and
  - iii. implementing appropriate checks and balances.
12. Progress to implement the OAG recommendations will be reported in the Organisation Improvement Register to future Strategic Risk and Assurance Committee meetings.

## Financial Considerations - *Whaiwhakaaro Puutea*

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

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

14. Staff confirm that the work to improve Council's conflicts of interest framework for employees complies with the Council's legal and policy requirements.

## Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

15. The purpose of Local Government changed in 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the four wellbeings').
16. The subject matter of this report has been evaluated in terms of the 4 wellbeings and staff confirm the recommendations in this report do not directly impact the social, economic, environmental or cultural wellbeing but support the community to have trust and confidence in the Council operations.

## Risks - *Tuuraru*

17. There are no known risks associated with progressing improvements to Council's conflicts of interest framework. Improving our framework helps Council to manage perceived and actual conflicts of interest, which supports our ability to maintain the trust and confidence of the community we serve.

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

18. Having considered the Significance and Engagement Policy, staff have assessed that the matters in this report have low significance. Community engagement is not required.

## **Attachments - *Ngaa taapirihanga***

Attachment 1 - Letter from the OAG to Chief Executive HCC - Conflicts of Interest Recommendations-  
- July 2021

**Item 14**





9 July 2021

Mr Richard Briggs  
Chief Executive Officer  
Hamilton City Council  
Municipal Office Building  
Garden Place  
HAMILTON 3240

Email: ceo@hcc.govt.nz  
Copy to: Clarence Susan

Tēnā koe Richard

### **PERFORMANCE AUDIT OF MANAGING CONFLICTS OF INTEREST INVOLVING LOCAL AUTHORITY EMPLOYEES**

We wrote to you in December 2020 to advise that the Office was carrying out work to look at how local authorities manage conflicts of interest involving employees.

We selected four local authorities as case studies, including Hamilton City Council. For each of the four local authorities, we reviewed a range of documentation and talked to people from different business groups, including those in leadership and governance positions. Our work has been informed by our recently released guidance on managing conflicts of interest, our wider research into integrity matters, and other guidance such as the Government Procurement Rules. We also spoke to other organisations that have a role in supporting and assuring good practice in local authorities.

We would like to acknowledge the contribution Hamilton City Council has made to this work.

#### **Our draft article is attached for your comment**

We have written a short article that is directed at local authorities. In the article we set out the insights we gained on how effectively local authorities are managing conflicts of interest involving their employees. The article highlights both areas of good practice and for potential improvement.

The article does not identify any of the local authorities we looked at. However, we want to give you an opportunity to see a draft version of the article before it is published. If you have any comments about the article, please send them to Lisa Close (Lisa.Close@oag.parliament.nz) by 20 July 2021.

#### **Our findings about Hamilton City Council's approach to managing conflicts of interest**

In this letter, we provide some detailed feedback on how Hamilton City Council manages conflicts of interest. This letter should be considered along with the insights shared in the article. We will not publish this letter.

The leadership team members and employees that we spoke with all expressed an awareness of the importance of identifying and managing conflicts of interest. This is consistent with Hamilton City Council's expectations that employees act with integrity ('mahi pono, mahi tika') and helps to create an enabling environment for policies and procedures to be put into practice. We understand that you are developing training that is relevant for your employees and is more widely accessible. We see value in

this as it will promote understanding of the 'Management Policy – Conflict of interest' (the policy), and ensure people know what is expected of them.

We wish to highlight three areas for suggested improvement. These relate to the policy and supporting procedures, managing the multiple arrangements, and ensuring effective monitoring and assurance.

#### *Policies and procedures – the foundation*

We can see that Hamilton City Council has a range of policies and procedures that support people to do the right thing when managing conflicts of interest. We suggest three improvements the Council may wish to consider:

- The questions in the 'Potential Conflict of Interest Declaration' form could better align with the policy requirements. For example, the form could include reference to disclosures about voluntary work and personal interests (that are not necessarily financial in nature), or interests of close family that may intersect with council business (for example, relatives who have some involvement with tenderers).
- The policy should include information about how to assess the seriousness of a conflict of interest. Although some situations will require judgements, guidance helps ensure consistency for equivalent circumstances. Part four of our recently released good practice guide provides more information about this.
- The policy should specifically acknowledge predetermination. Predetermination presents similar risks to conflicts of interest – that is, the risk that a decision could be "tainted" if there is bias or an appearance of it. Part 3 of our recently released good practice guide provides further information about predetermination.

#### *Managing the risks of multiple arrangements for managing conflicts of interest*

As well as the organisation-wide policies and procedures, Hamilton City Council also has specific arrangements for managing conflicts of interest such as in procurement and in major infrastructure work programmes.

Some of these arrangements have been established to reflect professional guidelines and/or meet statutory or contractual requirements. We also acknowledge that these specific arrangements can be useful to ensure all relevant requirements and risks are addressed.

However, it was not clear to us whether there has been consideration of how the specific arrangements fit together with organisational policies and procedures. For example, we noted that separate forms for declaring interest and registers of those details have been created in some situations. These seem to have been developed and managed separately from the central forms and register that are managed by the People, Safety and Wellness Business Unit.

We encourage Hamilton City Council to think about your conflicts of interest system as a whole to be confident that it is internally consistent as well as complete and fit for purpose. There is also an opportunity to ensure that the controls in place for each function match the assumptions about risk, and that the different arrangements:

- align with the organisational policy and procedures;
- do not impose inconsistent or unenforceable expectations, or conflict with other policies;
- serve a distinct need; and
- are accessible to those who need the information.

*Knowing that the system works well*

We were interested in how managers and governors get assurance that the policies and procedures are working well. Having this oversight helps to manage any legal or ethical risks and helps to identify opportunities to improve. Our work highlights this as an area for improvement across all of the councils we looked at.

We were pleased to see that Hamilton City Council staff are prompted to review their declarations in the central register on an annual basis. This helps to ensure that the conflict and agreed mitigations are still current.

Responsibility for ensuring the mitigations are implemented lies with managers and project sponsors. There are however, no systematic checks on how well the mitigations are being implemented in practice by either the leadership team or the People, Safety and Wellbeing team.

There also seems to be a gap in the way conflicts of interest for management are overseen. At the moment, management is responsible for overseeing their own conflicts of interest. For example, some members of the senior leadership team have significant responsibilities for decisions that intersect with their personal interests, such as planning and infrastructure, changes that impact on their home and where their close relations work. There is a need to manage any perception that the role they have in the organisation or their ability to access sensitive information could be to their advantage.

It is not clear to us how Hamilton City Council can be confident that conflicts are being managed well. In our view, regular monitoring of any agreed mitigations for registered conflicts of interest is required.

Communication between the Hamilton City Council Mayor and the Chief Executive regarding conflicts of interest within the organisation is largely informal. The Mayor relies on the Chief Executive to raise any concerns about organisational conflicts of interest involving employees as well as their own. There is little documentation about these concerns and, in our view, this may impact the effectiveness of how conflicts of interest are managed.

While audit and risk committees do not have a role in making decisions about conflicts of interest involving employees, they may have a role in ensuring the Council's system for managing conflicts is effective. During the audit we were told that Hamilton City Council's Audit and Risk Committee does not have a direct role in organisational conflicts of interest although it does appear in the Terms of Reference of the Committee. We encourage the Audit and Risk Committee to consider including conflicts of interest on its work programme.

We are happy to formally present our findings to the senior management team at Hamilton City Council. Please let us know if this would be helpful to you.

I thank you and your employees for the co-operation shown to this audit and hope you find this feedback, along with the article, useful.

Nāku noa, nā



Leeanne McAviney  
Assistant Auditor-General, Sector Performance

# Council Report

**Committee:** Strategic Risk and Assurance Committee  
**Date:** 14 September 2021  
**Author:** Michelle Hawthorne  
**Authoriser:** David Bryant  
**Position:** Legal Services Manager  
**Position:** General Manager People and Organisational Performance

**Report Name:** Compliance Reporting Update

<b>Report Status</b>	<i>Open</i>
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## 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.

## Staff Recommendation - *Tuutohu-aa-kaimahi*

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

## Executive Summary - *Whakaraapopototanga matua*

4. There are no protected disclosures or instances of fraud or corruption to report since the last Strategic Risk and Assurance Committee meeting.
5. The report notes the review dates of the Protected Disclosures Bill is currently before parliament and the review of the Protected Disclosures Management Policy (which is within the terms of reference of the Strategic Risk and Assurance Committee to review) will be aligned with the new legislation anticipated in early 2022.
6. The Strategic Risk and Assurance Committee has requested an update on related Conflict of Interest review undertaken by the office of the Auditor General, this is the subject of a separate report to the Committee.
7. 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

8. Council has in place a Protected Disclosures Management Policy. The Policy was last reviewed September 2019 and is due for its next review by September 2022. The Protected Disclosures (Protection of Whistleblowers) Bill is currently before parliament. This bill replaces the Protected Disclosures Act 2000. This bill clarifies the definition of serious wrongdoing, enables people to report serious wrongdoing directly to an appropriate authority at any time, strengthens protections for disclosers, clarifies the internal procedure requirements for public sector organisations and the potential forms of adverse conduct disclosers may face. Staff intend to align the review of the Protected Disclosures Management Policy with the assent of the new legislation, expected in 2022.
9. The purpose of the Protected Disclosures Policy is to set out procedures enabling employees (defined broadly in the policy) to disclose allegations of serious wrongdoing to designated officers, without fear of reprisal.
10. Council's designated officer is Mary Hill, Partner, Cooney Lees Morgan. Mary has been recently reappointed to this position until 1 August 2023. Council may reappoint Mary for one further term of two years under the agreement.
11. At each meeting of the Strategic Risk and Assurance Committee, the Committee is advised of any protected disclosures that have been made since the Committee last met.
12. 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

13. Council has in place a Fraud and Corruption Management Policy. The Policy was last reviewed September 2019 and is due for its next review by September 2022.
14. The purpose of the Fraud and Corruption 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.
15. In accordance with the 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. All reported allegations are recorded in a Fraud Activity Register.
16. If an allegation of fraud or corruption is established, the 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.

### Privacy Act 2020

17. The Strategic Risk and Assurance Committee has requested an update on compliance with the Privacy Act 2020. The Act strengthens privacy protections. It promotes early intervention and risk management by agencies (the name used for any organisation or person that handles personal information) and enhances the role of the Privacy Commissioner.
18. The key changes include:
  - i. requirements to report privacy breaches: If an agency has a privacy breach that causes serious harm or is likely to do so, it must notify the people affected and the Commissioner;
  - ii. compliance notices: The Commissioner will be able to issue compliance notices to require an agency to do something or stop doing something

- iii. decisions on access requests: The Commissioner will make binding decisions on complaints about access to information, rather than the Human Rights Review Tribunal. The Commissioner's decisions can be appealed to the Tribunal
  - iv. strengthening cross-border protections: New Zealand agencies will have to take reasonable steps to ensure that personal information sent overseas is protected by comparable privacy standards. The Act also clarifies that when a New Zealand agency engages an overseas service provider, it will have to comply with New Zealand privacy laws
  - v. class actions: The Act permits class actions in the Human Rights Review Tribunal by persons other than the Director of Human Rights Proceedings
  - vi. new criminal offences: It will be an offence to mislead an agency in a way that affects someone else's information, and to destroy documents containing personal information if a request has been made for it. The penalty will be a fine of up to \$10,000; and
  - vii. strengthening the Privacy Commissioner's information gathering power: The Commissioner will be able to shorten the timeframe in which an agency must comply with investigations and the penalty for non-compliance will be increased from \$2,000 to 10,000.
19. The privacy principles remain the same, the changes that impact Council most are around notification of privacy breaches to the Privacy Commissioner. Staff have developed an in-house training module that is linked to the privacy Commissioner's e-learning modules. These are available to all staff who have access to 'Cornerstone' platform. Current work is to get the majority of staff to complete the HCC learning and Privacy ABC e-learning module. This outlines our obligations to report breaches and a basic understanding of our obligations to protect privacy. The training also outlines the process to report any suspected or actual privacy breaches to the Legal Services Manager.
20. Staff have recently reviewed the privacy statement online and note that Tauranga City Council recently requested use of our privacy statement as a basis for their own review.

## **Discussion - *Matapaki***

### **Protected Disclosures**

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

### **Fraud and Corruption**

22. No incidents of fraud or corruption have been established since the Strategic Risk and Assurance Committee last met in June 2021.

### **Privacy Act 2020**

23. There are no notifiable breaches of the Privacy Act 2020 to report to the committee

### **Financial Considerations - *Whaiwhakaaro Puutea***

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

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

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

### **Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga***

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

### **Risks – *Tuuraru***

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

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

#### **Significance**

30. 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**

31. 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.

## Resolution to Exclude the Public

### Section 48, Local Government Official Information and Meetings Act 1987

The following motion is submitted for consideration:

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

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows.

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1. Confirmation of the Strategic Risk and Assurance Committee Public Excluded Minutes - 17 June 2021	) Good reason to withhold ) information exists under ) Section 7 Local Government ) Official Information and ) Meetings Act 1987 )	Section 48(1)(a)
C2. Legal Risks - Committee Update		
C3. Cyber Risks		
C4. Organisational Improvement Register		

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

Item C1.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C2.	to maintain legal professional privilege	Section 7 (2) (g)
Item C3.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C4.	to maintain legal professional privilege	Section 7 (2) (g)
	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)