

Notice of Meeting:

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

Date: Thursday 28 September 2023
Time: 1.00pm
Meeting Room: Te Kete Tuatea Meeting Room and Audio Visual Link
Venue: Te Kete Aronui Rototuna Library, Hamilton

Lance Vervoort
Chief Executive

Strategic Risk and Assurance Committee

Komiti Whakamauru Tuuraru

OPEN AGENDA

Membership

Chairperson Ms Keiran Horne
Heamana

Deputy Chairperson Mr Bruce Robertson
Heamana Tuarua

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

Quorum: Four members (including one external appointee)

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

Amy Viggers
Mana Whakahaere
Governance Lead

19 September 2023

Telephone: 07 838 6727
Amy.Viggers@hcc.govt.nz
www.hamilton.govt.nz

Purpose:

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

Terms of Reference:*Risk and Resilience*

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

Internal Audit

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

External Audit

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

Statutory Reporting

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

Other Matters

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

The Committee is delegated the following recommendatory powers:

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

Special Notes:

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

Recommendatory Oversight of Policies and Bylaws:

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

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1 Apologies – *Tono aroha*

2 Confirmation of Agenda – *Whakatau raarangi take*

The Committee to confirm the agenda.

3 Declaration of Interest – *Tauaakii whaipaaanga*

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

4 Public Forum – *Aatea koorero*

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

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

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

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

Council Report

Item 5

Committee: Strategic Risk and Assurance Committee

Date: 28 September 2023

Author: Chantal Jansen

Authoriser: Michelle Hawthorne

Position: Governance Advisor

Position: Governance and Assurance Manager

Report Name: Confirmation of the Strategic Risk and Assurance Committee Open Minutes - 21 June 2023

Report Status	<i>Open</i>
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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 21 June 2023 as a true and correct record.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Strategic Risk and Assurance Open Unconfirmed Minutes - 21 June 2023

Strategic Risk and Assurance Committee

Komiti Whakamauru Tuuraru

OPEN MINUTES

Minutes of a meeting of the Strategic Risk and Assurance Committee held in the Council Chamber and via Audio Visual Link, Municipal Building, Garden Place, Hamilton on Wednesday 21 June 2023 at 1.04pm.

PRESENT

Chairperson Ms Keiran Horne
Heamana

Deputy Chairperson Mr Bruce Robertson
Heamana Tuarua

Members Deputy Mayor Angela O'Leary
 Cr Maxine van Oosten
 Cr Moko Tauariki
 Cr Ewan Wilson

In Attendance: Cr Emma Pike
 Cr Melaina Huaki (via Audio-Visual Link)
 Lance Vervoort - Chief Executive
 David Bryant - General Manager People and Organisational Performance
 Sean Murray - General Manager Venues, Tourism and Major Events
 Blair Bowcott - General Manager Growth
 Allan Lightbourne - Chief Information Officer
 Dan Finn - People, Safety and Wellness Manager
 Julia Kofoed - Insurance Manager
 Stephen Halliwell - Water Reform Financial Advisor
 Michelle Hawthorne - Governance and Assurance Manager
 Marie Snowball - Safety & Wellness Lead
 Nicholas Whittaker - Risk Advisor
 Aaron Steele - PricewaterhouseCoopers

Governance Team Amy Viggers - Governance Lead
 Chantal Jansen and Arnold Andrews - Governance Advisors

The Chair opened the meeting with a Karakia.

1. Apologies – *Tono aroha*

Resolved: (Ms Horne/Mr Robertson)

That the apologies for absence from Mayor Southgate, Cr Hamilton and Cr Naidoo-Rauf are accepted.

Strategic Risk and Assurance Committee 21 JUNE 2023 - OPEN

2. Confirmation of Agenda – *Whakatau raarangi take*

Resolved: (Ms Horne/ Cr Van Oosten)

That the agenda is confirmed.

3. Declarations of Interest – *Tauaakii whaipaaanga*

No members of the Council declared a Conflict of Interest.

4. Public Forum – *AAtea koorero*

No members of the public wished to speak.

5. Confirmation of the Strategic Risk and Assurance Committee Open Minutes -29 March 2023

Resolved: (Ms Horne/Mr Robertson)

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

6. Chief Executive Report

The Chief Executive took the report as read, noting key points regarding health and safety for staff and Elected Members, overall civil defence and economic prospects, uncertainty around organisational structure changes and noted that the relevant support was in place.

Resolved: (Ms Horne/Cr Wilson)

That the Strategic Risk and Assurance Committee receives the report.

7. Safety and Wellbeing Report - 1 February 2023 to 31 April 2023 (*Recommendation to Council*)

The People, Safety and Wellness Manager spoke to the continual focus on safety progression, the key focus areas and critical risks. Staff responded to questions from Members regarding risk management, remedial assessment of ORA near-miss reporting and measures taken related to critical risks, and night roadwork updates.

Resolved: (Ms Horne/Cr Wilson)

That the Strategic Risk and Assurance Committee:

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

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

The Risk Advisor and the Governance and Assurance Manager took the report as read, noting the purpose of the report relating to risks. Staff responded to questions from Members regarding the report fundamentals and alignment of the timeframes to achieve these priorities.

Resolved: (Ms Horne/Cr van Oosten)

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

9. PwC - Internal Audit Update and Report

PricewaterhouseCoopers staff took the report as read, noting updates on resource consent processes and tax frameworks. Staff responded to questions from Members regarding resource consent delays, the Waka Kotahi Audit timeframes, and tax work frameworks.

Staff Action: *Staff undertook to inform Elected Members as to when the Waka Kotahi Audit would be completed and to report back to the Committee.*

Staff Action: *Staff undertook to inform Elected Members why resource consents were not going ahead rather than deferred, to report back to the Committee.*

Resolved: (Ms Horne/Mr Robertson)

That the Strategic Risk and Assurance Committee receives the report.

10. Organisational Improvement Report

The Water Reform Financial Advisor took the report as read.

Resolved: (Ms Horne/Cr van Oosten)

That the Strategic Risk and Assurance Committee receives the report.

Item 13 (General Insurance Activity Update) and then Item 14 (Compliance Reporting Update) were taken after Item 10 (Organisational Improvement Report) to accommodate availability.

13. General Insurance Activity Update

The Insurance Manager provided an overview regarding the current renewals process and monitoring the market.

Resolved: (Ms Horne/Cr Tauariki)

That the Strategic Risk and Assurance Committee:

- a) receives the report; and
- b) notes the market commentary for the 2023/2024 insurance renewal.

14. Compliance Reporting Update

The Governance and Assurance Manager spoke to the report noting the report draft matters for approval and the current Risk Policy due for review coming to the next Committee meeting. She responded to questions from Members regarding the Policy review process.

Resolved: (Ms Horne/Cr Tauariki)

That the Strategic Risk and Assurance Committee

- a) receives the report; and
- b) receives the updated Fraud and Corruption Management Policy (**Attachment 2**).

Cr Emma Pike left the meeting (1.49pm), and returned (1.52pm) to the meeting during the above item, she was present when the item was voted on.

11. Audit NZ 2022-23 Audit Plan

Audit Plan:

The Chair noted the report was late due to AuditNZ timeframes. The AuditNZ representative spoke to the Audit plan, and responded to questions from Members regarding the Audit frameworks, risks, budget costs, resources and emission measures in conjunction with the Annual Plan and Long Term Plan (LTP).

Year End Accounting Issues:

The Water Reform Financial Advisor provided an overview of the current work and framework, noting the land and building values were not to be re-evaluated this year. He responded to questions from Members concerning reassessment timeframes, and the Engagement Letter responsibilities of both parties.

Engagement Letter:

The Committee recommended to Council that Mayor Southgate signs the Engagement Letter on behalf of the Council.

During the discussion of Item 11 (Audit NZ 2022-23 Audit Plan) Item 12 (2023 Annual Report Accounting Treatment Review) was taken at the direction of the Chair.

12. 2023 Annual Report Accounting Treatment Review

The report was taken as read.

Resolved: (Ms Horne/Mr Robertson)

That the Strategic Risk and Assurance Committee receives the report.

11. Audit NZ 2022-23 Audit Plan - Continued

Fee Proposal Letter:

The audit fees increases were outlined and the purpose of the resetting of the fees and increase was acknowledged. AuditNZ representatives responded to questions from Members regarding base fees for the years 2023 – 2025, areas that will be audited, factors for the increase, IT services and payments, implementation timeframes, and service reporting.

Resolved: (Mr Robertson/Cr van Oosten)

That the Strategic Risk and Assurance Committee:

- a) receives the report;
- b) receives the following late attachments;
 - i. Audit Engagement Letter (2023-2025);
 - ii. Audit Plan 2023;
 - iii. Audit Proposal Letter (2023-2025);
- c) requests staff to work with Audit New Zealand to further negotiate the audit fee based on direction received during the meeting;
- d) recommends that the Council approves the Audit Engagement Letter to be signed by Mayor Southgate;

- e) approves the Audit Proposal Letter (2023-2025) to be signed by Mayor Southgate subject to (c) above being completed.

15. Resolution to Exclude the Public

Resolved: (Ms Horne /Cr Tauariki)

Section 48, Local Government Official Information and Meetings Act 1987

The following motion is submitted for consideration:

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

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

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1. Confirmation of the Strategic Risk and Assurance Committee Public Excluded Minutes - 29 March 2023) Good reason to withhold information exists under Section 7 Local Government Official Information and Meetings Act 1987	Section 48(1)(a)
C2. Legal Risks - Committee Update)	
C3. SR4 Loss of Information or Access to Systems and Services		
C4. Organisational Improvement Register - Public Excluded		

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

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

- Item C4. interest
to enable Council to carry out commercial
activities without disadvantage
to prevent the disclosure or use of official
information for improper gain or improper
advantage
to prevent the disclosure or use of official Section 7 (2) (j)
information for improper gain or improper
advantage

The meeting went into a public excluded session at 3.00pm.

The meeting was declared closed at 3.36pm.

Strategic Risk & Assurance Committee Meeting 21 June 2023 Appendix Notice –

Please note the following Appendixes have been added to Item 11 Audit NZ 2022-23 Plan Report:

- Appendix 1: Audit Engagement Letter
- Appendix 2: Audit Plan
- Appendix 3: HCC - DRAFT Audit Proposal Letter (2023-2025)

Appendix 1: Audit Engagement Letter

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

15 June 2023

Level 4, 127 Alexandra Street
PO Box 256, Hamilton 3240
Ph 04 496 3099

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

Dear Paula

Audit Engagement Letter

This audit engagement letter is sent to you on behalf of the Auditor-General who is the auditor of all "public entities", including Hamilton City Council (the City Council), under section 14 of the Public Audit Act 2001 (the Act). The Auditor-General has appointed me, Clarence Susan, using the staff and resources of Audit New Zealand, under sections 32 and 33 of the Act, to carry out the annual audits of the City Council's financial statements and performance information. We will be carrying out these annual audits on the Auditor-General's behalf, for the years ending 30 June 2023, 2024, and 2025.

This letter outlines:

- the terms of the audit engagement and the nature, and limitations, of the annual audit; and
- the respective responsibilities of the governing body (the council) and me, as the Appointed Auditor, for the financial statements and performance information.

The objectives of the annual audit are:

- to provide an independent opinion on the City Council's financial statements and performance information; and
- to report on other matters that come to our attention as part of the annual audit (typically those matters will relate to issues of financial management and accountability).

We will carry out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board (collectively the Auditing Standards). The Auditing Standards require that we comply with ethical requirements, and plan and perform the annual audit to obtain reasonable assurance about whether the City Council's financial statements and performance information are free from material misstatement. The Auditing Standards also require that we remain alert to issues of concern to the Auditor-General. Such issues tend to relate to matters of financial management and accountability.

A business unit of the Controller and Auditor-General | www.auditnz.parliament.nz

The council's responsibilities

Our audit will be carried out on the basis that the council, as the governing body, acknowledges that it has responsibility for:

- preparing the financial statements and performance information in accordance with any applicable legal requirements and financial reporting standards;
- having such internal control as determined necessary to enable the preparation of financial statements and performance information that are free from material misstatement, whether due to fraud or error; and
- providing us with:
 - access to all information relevant to preparing the financial statements and performance information such as records, documentation, and other information;
 - all other information, in addition to the financial statements and performance information, to be included in the annual report;
 - additional information that we may request from the City Council for the purpose of the audit;
 - unrestricted access to council members and employees that we consider necessary; and
 - written confirmation concerning representations made to us in connection with the audit.

In addition, the council is responsible for:

- the preparation of the summary financial statements and summary performance information;
- making the audited summary financial statements and summary performance information readily available to the intended users of that information; and
- including our audit report on the summary financial statements and summary performance information in any document that contains that information and that indicates that we have reported on that information.

The council's responsibilities extend to all resources, activities, and entities under its control. We expect that the council will ensure:

- the resources, activities, and entities under its control have been operating effectively and efficiently;
- it has complied with its statutory obligations including laws, regulations, and contractual requirements;
- it has carried out its decisions and actions with due regard to minimising waste;

- it has met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector in that it has carried out its decisions and actions with due regard to probity; and
- its decisions and actions have been taken with due regard to financial prudence.

We expect the council and/or the individuals within the City Council with delegated authority, to immediately inform us of any suspected fraud, where there is a reasonable basis that suspected fraud has occurred – regardless of the amount involved. Suspected fraud also includes instances of bribery and/or corruption.

The council has certain responsibilities relating to the preparation of the financial statements and performance information and in respect of financial management and accountability matters. These specific responsibilities are set out in Appendix 1. Appendix 2 contains some additional responsibilities relating to the health and safety of audit staff. We expect members of the council to be familiar with those responsibilities and, where necessary, have obtained advice about them.

The council should have documented policies and procedures to support its responsibilities. It should also regularly monitor performance against its objectives.

Our responsibilities

Carrying out the audit

We are responsible for forming an independent opinion on whether the financial statements of the City Council:

- present fairly, in all material respects:
 - its financial position; and
 - its financial performance and cash flows for the financial year; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards.

We are also responsible for forming an independent opinion on whether the performance information of the City Council:

- presents fairly, in all material respects, the performance for the financial year, including:
 - its performance achievements as compared with the intended levels of service for the financial year; and
 - its actual revenue and expenses as compared with the forecasts included in the Long-Term Plan and Annual Plan for the financial year; and
- complies with generally accepted accounting practice in New Zealand.

In addition to the above we are also responsible for forming an independent opinion whether:

- the funding impact statement of the City Council, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Long-term plan or annual plan;
- the statement about capital expenditure for each group of activities of the City Council, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the Long-term plan or annual plan; and
- the funding impact statement for each group of activities of the City Council, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Long-term plan.

We are also required to report on whether the City Council has:

- complied with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements and performance information. How we obtain this information depends on our judgement, including our assessment of the risks of material misstatement of the financial statements and performance information, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements and performance information.

We do not examine every transaction, nor do we guarantee complete accuracy of the financial statements and performance information. Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with the Auditing Standards.

During the audit, we obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City Council's internal controls. However, we will communicate to you in writing about any significant deficiencies in internal control relevant to the audit of the financial statements and performance information that we identify during the audit.

During the audit, the audit team will:

- be alert for issues of effectiveness and efficiency – in particular, how the council and the City Council have carried out their activities;
- consider laws and regulations relevant to the audit;
- be alert for issues of waste – in particular, whether the council obtained and applied the resources of the City Council in an economical manner, and whether any resources are being wasted;

- be alert for issues of a lack of probity – in particular, whether the council and the City Council have met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector; and
- be alert for issues of a lack of financial prudence.

Our independence

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

To protect our independence, specific limitations are placed on us in accepting engagements with the council other than the annual audit. We may accept certain types of other engagements, subject to the requirements of the Auditing Standards. Any other engagements must be the subject of a separate written arrangement between the council and me or Audit New Zealand.

Reporting

We will issue an independent audit report that will be attached to the financial statements and performance information. This report contains our opinion on the fair presentation of the financial statements and performance information and whether they comply with the applicable reporting requirements. The audit report may also include comment on other financial management and accountability matters that we consider may be of interest to the addressee of the audit report.

In addition, we will issue an audit report that will be attached to the summary financial statements and summary performance information. This audit report will contain an opinion that provides the same level of assurance as the audit report on the full financial statements and full performance information.

We will also issue a report that will be sent to the council. This report communicates any matters that come to our attention during the audit that, in our opinion, are relevant to the council. Typically, those matters will relate to issues of financial management and accountability. We may also provide other reports to the City Council from time to time. We will inform the council of any other reports we have issued.

Please note that the Auditor-General may publicly report matters that are identified in the annual audit, in keeping with section 21 of the Public Audit Act 2001.

Next steps

Please acknowledge receipt of this letter and the terms of the audit engagement by signing the letter in the space provided and returning a copy to me. The terms will remain effective until a new Audit Engagement Letter is issued.

If you have any questions about the audit generally, or have any concerns about the quality of the audit, you should contact me as soon as possible. If, after contacting me, you still have concerns, you should contact the Director of Auditor Appointments at the Office of the Auditor-General on (04) 917 1500.

If you require any further information, or wish to discuss the terms of the audit engagement further before replying, please do not hesitate to contact me.

Yours sincerely



Clarence Susan
Appointed Auditor
On behalf of the Auditor-General

I acknowledge the terms of this engagement and that I have the required authority on behalf of the council.

Signature: _____ Date: _____
Name: Paula Southgate
Title: Mayor

Appendix 1: Respective specific responsibilities of the council (the governing body) and the Appointed Auditor

Responsibilities of the council	Responsibility of the Appointed Auditor
Responsibilities for the financial statements and performance information	
<p>You are required by legislation to prepare financial statements and performance information in accordance with legal requirements and financial reporting standards.</p> <p>You must also ensure that any accompanying information in the annual report is consistent with that reported in the audited financial statements and performance information.</p> <p>You are required by legislation to prepare the financial statements and performance information and provide that information to us before the statutory reporting deadline. It is normal practice for you to set your own timetable to comply with statutory reporting deadlines. To meet the reporting deadlines, we are dependent on receiving the financial statements and performance information ready for audit and in enough time to enable the audit to be completed. "Ready for audit" means that the financial statements and performance information have been prepared in accordance with legal requirements and financial reporting standards, and are supported by proper accounting records and complete evidential documentation.</p>	<p>We are responsible for carrying out an annual audit, on behalf of the Auditor-General. We are responsible for forming an independent opinion on whether the financial statements:</p> <ul style="list-style-type: none"> present fairly, in all material respects: <ul style="list-style-type: none"> the financial position; and the financial performance and cash flows for the financial year; and comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards. <p>We are also responsible for forming an independent opinion on whether the performance information:</p> <ul style="list-style-type: none"> presents fairly, in all material respects, the performance for the financial year, including: <ul style="list-style-type: none"> the performance achievements as compared with the intended levels of service for the financial year; and the actual revenue and expenses as compared with the forecasts included in the Long-Term Plan and Annual Plan for the financial year; and complies with generally accepted accounting practice in New Zealand. <p>In addition to the above we are also responsible for forming an independent opinion whether:</p> <ul style="list-style-type: none"> the funding impact statement of the City Council, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Long-term plan or annual plan;

Responsibilities of the council	Responsibility of the Appointed Auditor
	<ul style="list-style-type: none"> the statement about capital expenditure for each group of activities of the City Council, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the Long-term plan or annual plan; and the funding impact statement for each group of activities of the City Council, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Long-term plan. <p>We are also required to report on whether the City Council has:</p> <ul style="list-style-type: none"> complied with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report; and made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014. <p>We will also read the other information accompanying the financial statements and performance information and consider whether there are material inconsistencies with the audited financial statements and performance information.</p> <p>Materiality is one of the main factors affecting our judgement on the areas to be tested and on the timing, nature, and extent of the tests and procedures performed during the audit. In planning and performing the annual audit, we aim to obtain reasonable assurance that the financial statements and performance information do not have material misstatements caused by either fraud or error. Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence the audit report addressee's overall understanding of the financial statements and performance information.</p>

Responsibilities of the council	Responsibility of the Appointed Auditor
	<p>If we find material misstatements that are not corrected, they will be referred to in the audit opinion. The Auditor-General's preference is for you to correct any material misstatements and avoid the need for them to be referred to in the audit opinion.</p> <p>An audit also involves evaluating:</p> <ul style="list-style-type: none"> the appropriateness of accounting policies used and whether they have been consistently applied; the reasonableness of the significant accounting estimates and judgements made by those charged with governance; the appropriateness of the content and measures in any performance information; the adequacy of the disclosures in the financial statements and performance information; and the overall presentation of the financial statements and performance information. <p>We will ask you for written confirmation of representations made about the financial statements and performance information. In particular, we will seek confirmation that:</p> <ul style="list-style-type: none"> the adoption of the going concern basis of accounting is appropriate; all material transactions have been recorded and are reflected in the financial statements and performance information; all instances of non-compliance or suspected non-compliance with laws and regulations have been disclosed to us; and uncorrected misstatements noted during the audit are immaterial to the financial statements and performance information. <p>Any representation made does not in any way reduce our responsibility to perform appropriate audit procedures and enquiries.</p>

Responsibilities of the council	Responsibility of the Appointed Auditor
	<p>We will ensure that the annual audit is completed by the reporting deadline or, if that is not practicable because of the non-receipt or condition of the financial statements and performance information, or for some other reason beyond our control, as soon as possible after that.</p> <p>The work papers that we produce in carrying out the audit are the property of the Auditor-General. Work papers are confidential to the Auditor-General and subject to the disclosure provisions in section 30 of the Public Audit Act 2001.</p>
Responsibilities for the accounting records	
<p>You are responsible for maintaining accounting and other records that:</p> <ul style="list-style-type: none"> correctly record and explain the transactions of the City Council; enable you to monitor the resources, activities, and entities under your control; enable the City Council's financial position to be determined with reasonable accuracy at any time; enable you to prepare financial statements and performance information that comply with legislation (and that allow the financial statements and performance information to be readily and properly audited); and are in keeping with the requirements of the Commissioner of Inland Revenue. 	<p>We will perform sufficient tests to obtain reasonable assurance as to whether the underlying records are reliable and adequate as a basis for preparing the financial statements and performance information.</p> <p>If, in our opinion, the records are not reliable or accurate enough to enable the preparation of the financial statements and performance information and the necessary evidence cannot be obtained by other means, we will need to consider the effect on the audit opinion.</p>
Responsibilities for accounting and internal control systems	
<p>You are responsible for establishing and maintaining accounting and internal control systems (appropriate to the size of the City Council), supported by written policies and procedures, designed to provide reasonable assurance as to the integrity and reliability of financial and performance information reporting.</p>	<p>The annual audit is not designed to identify all significant weaknesses in your accounting and internal control systems. We will review the accounting and internal control systems only to the extent required to express an opinion on the financial statements and performance information.</p> <p>We will report to you separately, on any significant weaknesses in the accounting and internal control systems that come to our notice and that we consider may be relevant to you. Any such report will provide constructive recommendations to assist you to address those weaknesses.</p>

Responsibilities of the council	Responsibility of the Appointed Auditor
Responsibilities for preventing and detecting fraud and error	
<p>The responsibility for the prevention and detection of fraud and error rests with you, through the implementation and continued operation of adequate internal control systems (appropriate to the size the City Council) supported by written policies and procedures.</p> <p>We expect you to formally address the matter of fraud, and formulate an appropriate policy on how to minimise it and (if it occurs) how it will be dealt with. Fraud also includes bribery and corruption.</p> <p>We expect you to consider reporting all instances of actual, suspected, or alleged fraud to the appropriate law enforcement agency, which will decide whether proceedings for a criminal offence should be instituted. We expect you to immediately inform us of any suspected fraud where you, and/or any individuals within the City Council with delegated authority have a reasonable basis that suspected fraud has occurred – regardless of the amount involved.</p>	<p>We design our audit to obtain reasonable, but not absolute, assurance of detecting fraud or error that would have a material effect on the financial statements and performance information. We will review the accounting and internal control systems only to the extent required for them to express an opinion on the financial statements and performance information, but we will:</p> <ul style="list-style-type: none"> • obtain an understanding of internal control and assess its ability for preventing and detecting material fraud and error; and • report to you any significant weaknesses in internal control that come to our notice. <p>We are required to immediately advise the Office of the Auditor-General of all instances of actual, suspected, or alleged fraud.</p> <p>As part of the audit, you will be asked for written confirmation that you have disclosed all known instances of actual, suspected, or alleged fraud to us.</p> <p>If we become aware of the possible existence of fraud, whether through applying audit procedures, advice from you, or management, or by any other means, we will communicate this to you with the expectation that you will consider whether it is appropriate to report the fraud to the appropriate law enforcement agency. In the event that you do not report the fraud to the appropriate law enforcement agency, the Auditor-General will consider doing so, if it is appropriate for the purposes of protecting the interests of the public.</p>
Responsibilities for compliance with laws and regulations	
<p>You are responsible for ensuring that the City Council has systems, policies, and procedures (appropriate to the size of the City Council) to ensure that all applicable legislative, regulatory, and contractual requirements that apply to the activities and functions of the City Council are complied with. Such systems, policies, and procedures should be documented.</p>	<p>We will obtain an understanding of the systems, policies, and procedures put in place for the purpose of ensuring compliance with those legislative and regulatory requirements that are relevant to the audit. Our consideration of specific laws and regulations will depend on a number of factors, including:</p> <ul style="list-style-type: none"> • the relevance of the law or regulation to the audit; • our assessment of the risk of non-compliance; and

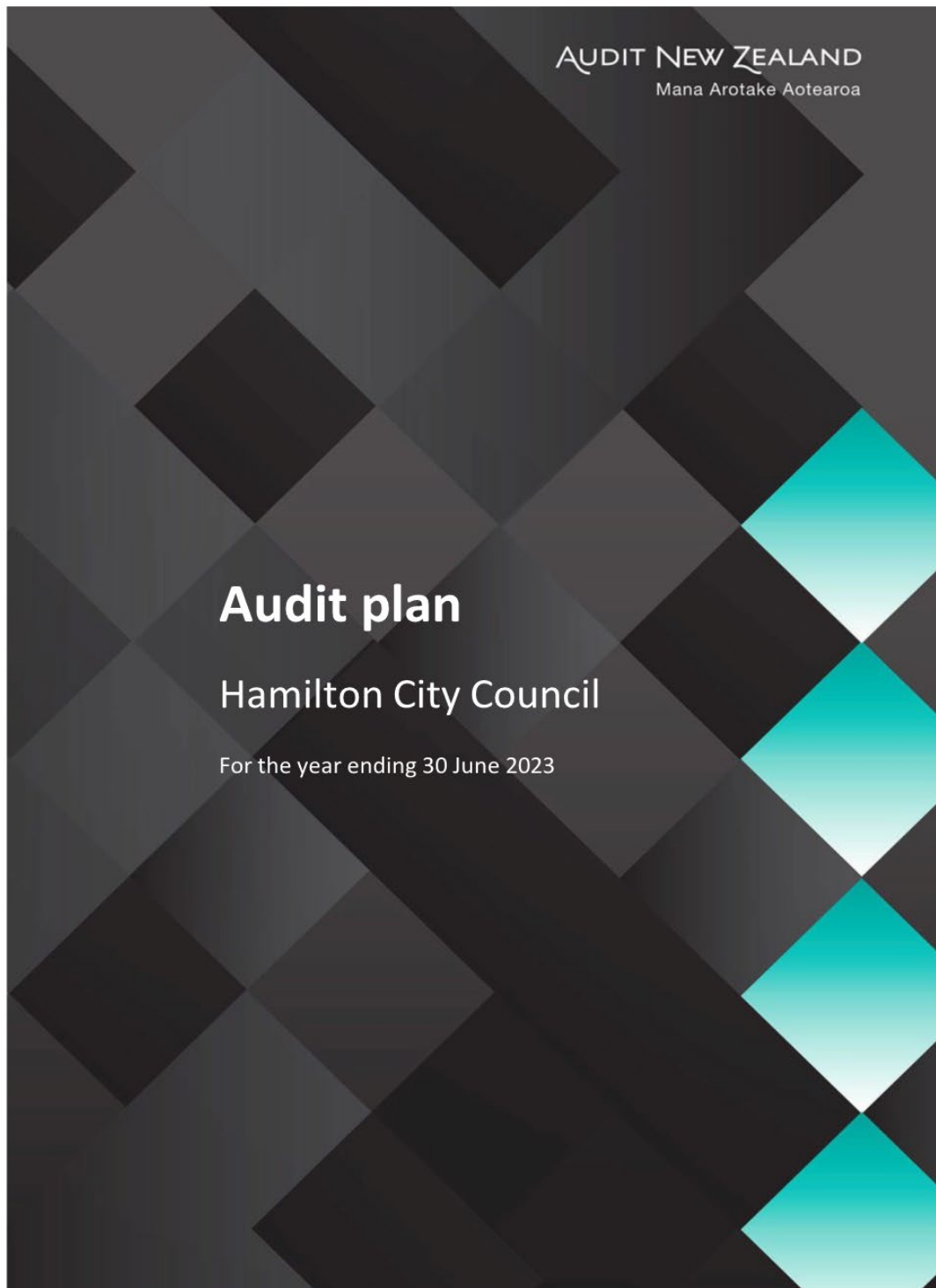
Responsibilities of the council	Responsibility of the Appointed Auditor
	<ul style="list-style-type: none"> the impact of non-compliance for the addressee of the audit report. <p>The way in which we will report instances of non-compliance that come to our attention will depend on considerations of materiality or significance. We will report to you and to the Auditor-General all material and significant instances of non-compliance.</p> <p>We will also report to you any significant weaknesses that we observe in internal control systems, policies, and procedures for monitoring compliance with laws and regulations.</p>
Responsibilities to establish and maintain appropriate standards of conduct and personal integrity	
<p>You should at all times take all practicable steps to ensure that your members and employees maintain high standards of conduct and personal integrity. You should document your expected standards of conduct and personal integrity in a "Code of Conduct" and, where applicable, support the "Code of Conduct" with policies and procedures.</p> <p>The expected standards of conduct and personal integrity should be determined by reference to accepted "Codes of Conduct" that apply to the public sector.</p>	<p>We will have regard to whether you maintain high standards of conduct and personal integrity – particularly in matters relating to financial management and accountability. Specifically, we will be alert for significant instances where members and employees of the City Council may not have acted in accordance with the standards of conduct and personal integrity expected of them.</p> <p>The way in which we will report instances that come to our attention will depend on significance. We will report to you and to the Auditor-General all significant departures from expected standards of conduct and personal integrity that come to our attention during the audit.</p> <p>The Auditor-General, on receiving a report from us, may, at his discretion and with consideration of its significance, decide to conduct a performance audit of, or an inquiry into, the matters raised. The performance audit or inquiry will be subject to specific terms of reference, in consultation with you. Alternatively, the Auditor-General may decide to publicly report the matter without carrying out a performance audit or inquiry.</p>
Responsibilities for conflicts of interest and related parties	
<p>You should have policies and procedures to ensure that your members and employees carry out their duties free from bias.</p>	<p>To help determine whether your members and employees have carried out their duties free from bias, we will review information provided by you that identifies related parties, and will be alert for other material related-party transactions.</p>

Responsibilities of the council	Responsibility of the Appointed Auditor
You should maintain a full and complete record of related parties and their interests. It is your responsibility to record and disclose related-party transactions in the financial statements and performance information in accordance with generally accepted accounting practice.	Depending on the circumstances, we may enquire whether you have complied with any statutory requirements for conflicts of interest and whether these transactions have been properly recorded and disclosed in the financial statements and performance information.
Responsibilities for publishing the audited financial statements on a website	
<p>You are responsible for the electronic presentation of the financial statements and performance information on the City Council's website. This includes ensuring that there are enough security and controls over information on the website to maintain the integrity of the data presented.</p> <p>If the audit report is reproduced in any medium, you should present the complete financial statements, including notes, accounting policies, and any other accountability statements.</p>	Examining the controls over the electronic presentation of audited financial statements and performance information, and the associated audit report, on your website is beyond the scope of the annual audit.

Appendix 2: Health and safety of audit staff

The Auditor-General and Audit New Zealand take seriously their responsibility to provide a safe working environment for audit staff. Under the Health and Safety at Work Act 2015 we need to make arrangements with you to keep our audit staff safe while they are working at your premises. We expect you to provide a safe work environment for our audit staff. This includes providing adequate lighting and ventilation, suitable desks and chairs, and safety equipment, where required. We also expect you to provide them with all information or training necessary to protect them from any risks they may be exposed to at your premises. This includes advising them of emergency evacuation procedures and how to report any health and safety issues.

Appendix 2: Audit Plan



Audit plan

I am pleased to present our audit plan for the audit of Hamilton City Council (the City Council) for the year ending 30 June 2023. The purpose of this audit plan is to discuss:

Audit risks and issues.....	2
Group audit.....	9
Our audit process	10
Reporting protocols	17
Audit logistics.....	18
Expectations	21

The contents of this plan should provide a good basis for discussion when we meet with you.

We will be happy to elaborate further on the matters raised in this plan.

Our work improves the performance of, and the public’s trust in, the public sector. Our role as your auditor is to give an independent opinion on the financial statements and performance information. We also recommend improvements to the internal controls relevant to the audit.

If there are additional matters that you think we should include, or any matters requiring clarification, please discuss these with me.

Yours sincerely



Clarence Susan
Appointed Auditor
16 June 2023

Audit risks and issues

Focus areas



Based on the planning work and discussions that we have completed to date, we set out in the table below the main audit risks and issues. These will be the main focus areas during the audit.

Audit risk/issue	Our audit response
Revaluation of assets - revaluation year	
<p>For property, plant and equipment held at fair value PBE IPSAS 17, <i>Property, Plant and Equipment</i>, requires that valuations are conducted with sufficient regularity to ensure that the carrying value does not differ materially from fair value.</p> <p>We understand that the City Council will revalue:</p> <ul style="list-style-type: none"> • parks and gardens; and • roading assets as at 30 June 2023. <p>The roading assets being revalued are a significant portion of the Council's assets and there is a risk that errors in the process or calculation could result in a material misstatement.</p> <p>The reliability of the valuation depends on the valuation method applied, the completeness and accuracy of the source data and the appropriateness of underlying assumptions. Because of the large value of the assets held by the City Council, a small movement in the key assumptions can have a significant impact on the valuation and consequential depreciation expense recognised in the financial statements.</p>	<p>We will:</p> <ul style="list-style-type: none"> • review the valuation report to assess the competence and experience of the person completing the valuation and whether the requirements of <i>PBE IPAS 17 Property, Plant and Equipment</i> (including the appropriateness of the valuation basis) have been met; • audit the method of valuing the assets and assess if the valuation method used is in line with the financial reporting framework; • review the reasonableness of the data and key assumptions used; and • assess the presentation and disclosure of information related to the valuation in the financial statements.
The risk of management override of internal controls	
<p>Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities.</p>	<p>We will test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.</p> <p>We will review accounting estimates for biases and evaluate whether the circumstances producing the bias, if any, represent a risk of material misstatement due to fraud.</p>

Audit risk/issue	Our audit response
Due to the unpredictable way in which such override could occur, it results in a risk of material misstatement due to fraud.	For any significant transactions that are outside the normal course of business, or that otherwise appear to be unusual given our understanding of the City Council and its environment and other information obtained during the audit, we will evaluate whether the business rationale (or the lack thereof) of the transactions suggests that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets.
Fair value assessment for assets - non-revaluation year	
<p>For those assets that the Council is not planning to revalue, the Council should perform a fair value assessment to determine whether there is a significant difference between the fair value and the carrying value. Where the estimated difference is significant a revaluation may be necessary.</p> <p>An assessment should:</p> <ul style="list-style-type: none"> • factor in local cost information; • utilise relevant and reliable price movement indicators; and • involve consulting with valuers, if necessary. <p>Alternatively, Council could engage valuers to assist in preparing a fair value assessment.</p> <p>This year the following asset classes are not revalued:</p> <ul style="list-style-type: none"> • 3 Waters, Water Treatment Plant, Wastewater Treatment Plant, Refuse, Land, and Building assets. 	<p>We will review the reasonableness of Council's assessment including the appropriateness of the assumptions used in the assessment.</p> <p>If the movement of the assets individually or in combination with other asset classes is significant the Council may need to complete a revaluation. In certain circumstances it <i>may</i> be acceptable to make an adjustment based on a desktop or indexed revaluation.</p>
Revaluation of investment property	
<p>The Council revalues its investment property annually. The relevant accounting standard is PBE IPSAS 16 Investment Property.</p> <p>The fair value of investment properties needs to reflect the market conditions as at reporting date.</p> <p>Due to the nature and value of the revaluations, any bias or errors in the inputs used or calculations performed could result in a significant misstatement in the value of investment property.</p>	<p>We will:</p> <ul style="list-style-type: none"> • review the valuation report and hold discussions with the Council and the valuer to confirm our understanding; • review the valuation report to assess whether the requirements of PBE IPAS 16 (including the appropriateness of the valuation basis) have been met; • evaluate the qualifications, competence and expertise of the external valuer;

Audit risk/issue	Our audit response
	<ul style="list-style-type: none"> review the valuation method and assess if the applicable method used is in line with the financial reporting framework, including the reasonableness of the data and key assumptions used; and review the accounting entries and associated disclosures in the annual report against relevant accounting standards.
Asset impairment considerations	
<p>In accordance with PBE IPSAS 21, Impairment of Non-Cash-Generating Assets and PBE IPSAS 26 Impairment of Cash-Generating Assets, at each reporting date management must assess whether there is any indication that an asset may be impaired. If management identifies any indication of an impairment, then they must estimate the recoverable service amount of the asset.</p> <p>Irrespective of whether there are any indications of impairment, intangible assets not yet available for use (i.e. work in progress) and intangible assets with indefinite useful lives must be tested for impairment at least annually.</p> <p>Due to the judgemental nature of the valuations used in assessing impairment there is a risk of bias or error in the assumptions and inputs used. Any bias or errors in the inputs used or calculations performed could result in a material misstatement in the carrying value of property plant and equipment/intangible assets and the related impairment expense.</p>	<p>We will:</p> <ul style="list-style-type: none"> review the impairment assessment; evaluate the reasonableness of the significant assumptions; evaluate how management has addressed estimation uncertainty; and reperform calculations made by management.
Affordable water reforms	
<p>The Affordable water reforms programme (the Reform) is expected to result in significant structural changes to the management, funding and ownership of water supply, wastewater, and stormwater assets in the local government sector.</p> <p>The Government has recently announced a number of changes to the reform. On 13 April 2023, the Government outlined changes to the number of water services entities and a staggering of their establishment dates starting from early 2025, with all the water services entities to be established by 1 July 2026. The timing of the transfer of assets and liabilities is therefore uncertain until amendments to existing legislation are passed.</p>	<p>We will review the Council's disclosures to ensure they accurately reflect the significance and uncertainty of the Reforms on Council.</p> <p>Because the impact could be significant, but is uncertain, we are likely to include information in our audit report to draw a reader's attention to Council's disclosure about the Reform.</p>

Audit risk/issue	Our audit response
<p>The Bill to enable the transfer of three waters related assets and liabilities to the water services entities is currently with the select committee and will need to be passed to enable water assets to transfer to the related water entity.</p> <p>The timing of the legislation through Parliament will impact the 30 June 2023 annual report. If the legislation has not passed before 30 June an updated disclosure may still be appropriate. If the legislation is passed before 30 June, there will likely be some additional accounting and disclosure requirements.</p> <p>The Council should ensure that sufficient disclosure about impact of the reform (to the extent that the impact is known) is included in the annual report.</p>	
New accounting standard - First-time adoption of PBE IPSAS 41 <i>Financial Instruments</i>	
<p>PBE IPSAS 41: <i>Financial Instruments</i> is effective for periods beginning on, or after 1 January 2022. Earlier application was permitted however the Council did not early adopt the standard.</p> <p>The standard introduces new and amended classification, measurement, impairment and hedging requirements and disclosure for financial assets and financial liabilities. This standard replaces both PBE IPSAS 29 and PBE IFRS 9.</p> <p>PBE IPSAS 41 is based on PBE IFRS 9, and has been amended to include additional PBE guidance relevant to the New Zealand context.</p> <p>As the Council is transitioning from PBE IPSAS 29, the transition may result in a number of significant changes.</p> <p>The main changes introduced by PBE IPSAS 41 are that the standard:</p> <ul style="list-style-type: none"> Introduces a new classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and objective for which the asset is held. This could result in some instruments moving from amortised cost accounting to fair value accounting, or vice versa. Applies a forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing. 	<p>Our audit response to this risk includes:</p> <ul style="list-style-type: none"> Reviewing the transition/first time adoption analysis prepared by the Council for reasonability. Reviewing that the updated accounting policies, presentation and disclosure in the financial statements is in accordance with the requirements of the standard. Reviewing the expected credit loss assessment for significant receivables and other financial assets.

Audit risk/issue	Our audit response
<ul style="list-style-type: none"> Introduces a hedge accounting model that broadens the hedging arrangements in scope of the guidance and removal of the 80-125% effectiveness “bright line” test. The model develops a strong link between an entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. Entities that adopt PBE IPSAS 41 have a choice of either adopting the new hedging model of PBE IPSAS 41 or continuing to apply the hedging model of PBE IPSAS 29. There are also new disclosure requirements as the standards setters believe additional information on risks such as credit risk are increasingly important to users of the financial statements. <p>The Council will need to prepare an analysis of the classification of its financial instruments in terms of the standards and determine the necessary accounting and disclosure adjustments required.</p> <p>The Council will need to update its accounting policies and disclosures in the financial statements to reflect the adoption of the new standard. The 211 Local authorities model financial statements reflect the early adoption of this standard and provide illustrative disclosures.</p>	
Adoption of PBE FRS 48 Service Performance Reporting	
<p>PBE FRS 48 <i>Service Performance Reporting</i> replaced that part of PBE IPSAS 1 <i>Presentation of Financial Statements</i> that deals with service performance reporting requirements and is effective for annual reporting periods beginning on or after 1 January 2022, that is, for the Council, it is for the year ending 30 June 2023.</p> <p>The objective of the standard is “to establish principles and requirements for an entity to present service performance information that is useful for accountability and decision-making purposes in a general-purpose financial report”. PBE FRS-48 requires an appropriate and meaningful mix of performance measures and/or descriptions, including, where appropriate, measures of both the goods and services provided and of what has been achieved in the Council’s areas of responsibility.</p>	<p>We will review Council’s compliance with the new standard. We are providing a PBE FRS 48 <i>Service Performance Reporting</i> checklist to the Council to perform a self-review.</p>

Audit risk/issue	Our audit response
<p>In addition, PBE FRS 48 imposes additional disclosure obligations on entities. For example, paragraph 44 requires an entity to “disclose those judgements that have the most significant effect on the selection, measurement, aggregation and presentation of service performance information reported in accordance with this Standard that are relevant to an understanding of the entity’s service performance information”. Further if the City Council changes what it reports as service performance information compared to the previous year, then PBE FRS 48 requires the City Council to explain the nature of the changes and their effect.</p>	
Drinking water quality performance measures	
<p>Providing safe drinking water is a core function of the council and reporting how Council has performed in respect of this function in the annual report is important performance information.</p> <p>The regulatory regime in place over the safety of drinking water has transitioned in the current year from the Drinking Water Quality Standards (DWS) to the new Drinking Water Quality Assurance Rules (DWQARs) which came into effect on 14 November 2022.</p> <p>Performance measures about compliance with the DWS are currently mandated by the Department of Internal Affairs who have issued mandatory performance measures that are required to be reported against in Council’s annual report.</p> <p>There are currently no similar performance measures with respect to the new DWQARs. Despite this it is important that the Council includes appropriate performance information about their compliance with the new DWQARs. This performance information will be subject to audit and therefore it is important that Council is able to support the performance results that they report.</p>	<p>We will work with Council to agree what performance information and measures would be appropriate and audit the results reported against the agreed measures.</p>

Fraud risk

Misstatements in the financial statements and performance information can arise from either fraud or error. The distinguishing factor between fraud and error is whether the underlying action is intentional or unintentional. In considering fraud risk, two types of intentional misstatements are relevant – misstatements resulting from fraudulent reporting, and misstatements resulting from misappropriation of assets.

The primary responsibility for the prevention and detection of fraud and error rests with the Council, with assistance from management. In this regard, we will discuss the following questions with you:

- What role do the Council play in relation to fraud? How do you monitor management's exercise of its responsibilities?
- Has a robust fraud risk assessment been completed? If so, are the Council satisfied that it had appropriate input into this process?
- How does management provide assurance that appropriate internal controls to address fraud risks are in place and operating?
- What protocols/procedures have been established between the Council and management to keep you informed of instances of fraud, either actual, suspected, or alleged?
- Are you aware of any actual, suspected, or alleged fraud? If so, have the results of management's investigation been reported to? Has appropriate action been taken on any lessons learned?

Our responsibility

Our responsibility is to obtain reasonable, but not absolute, assurance that the financial statements and performance information are free from material misstatement resulting from fraud. Our approach to obtaining this assurance is to:

- identify fraud risk factors and evaluate areas of potential risk of material misstatement;
- evaluate the effectiveness of internal controls in mitigating the risks;
- perform substantive audit procedures; and
- remain alert for indications of potential fraud in evaluating audit evidence.

The Auditor-General has published useful information on fraud that can be found at oag.parliament.nz/reports/fraud-reports.

Group audit



The group comprises:

- Hamilton City Council.
- Waikato Regional Airport Limited (Associate - 50%, significant component).
- Waikato Innovation Growth Limited (Group). (non – significant component).

Our auditor's report covers the group as a whole. Our audit approach is developed to ensure we have sufficient information to give an opinion on the group. In designing our group audit approach, we considered the structure of the group and identified the entities which are included in the group financial statements. Each entity is referred to as a component.

We have assessed the individual financial significance of each entity, and the likelihood of the risk of material misstatement of the group financial statements due to each entity's specific nature or circumstances. Based on this, we have determined that the Hamilton City Council parent entity and Waikato Regional Airport Limited are both significant components of the group.

Each business activity/entity is referred to as a component. We have assessed the risks of material misstatement and have identified our approach for each component. The table below shows the work planned for each significant component.

Significant component	Work to be performed
Waikato Regional Airport Limited.	We have selected WRAL as a significant component. WRAL is only significant to certain transactions and balances. We have instructed the component auditor to perform audit procedures on the fair value gain/loss on investment properties and Property plant and equipment to obtain assurance that the share of this profit/loss recognised in the group's financial statements is not materially misstated.

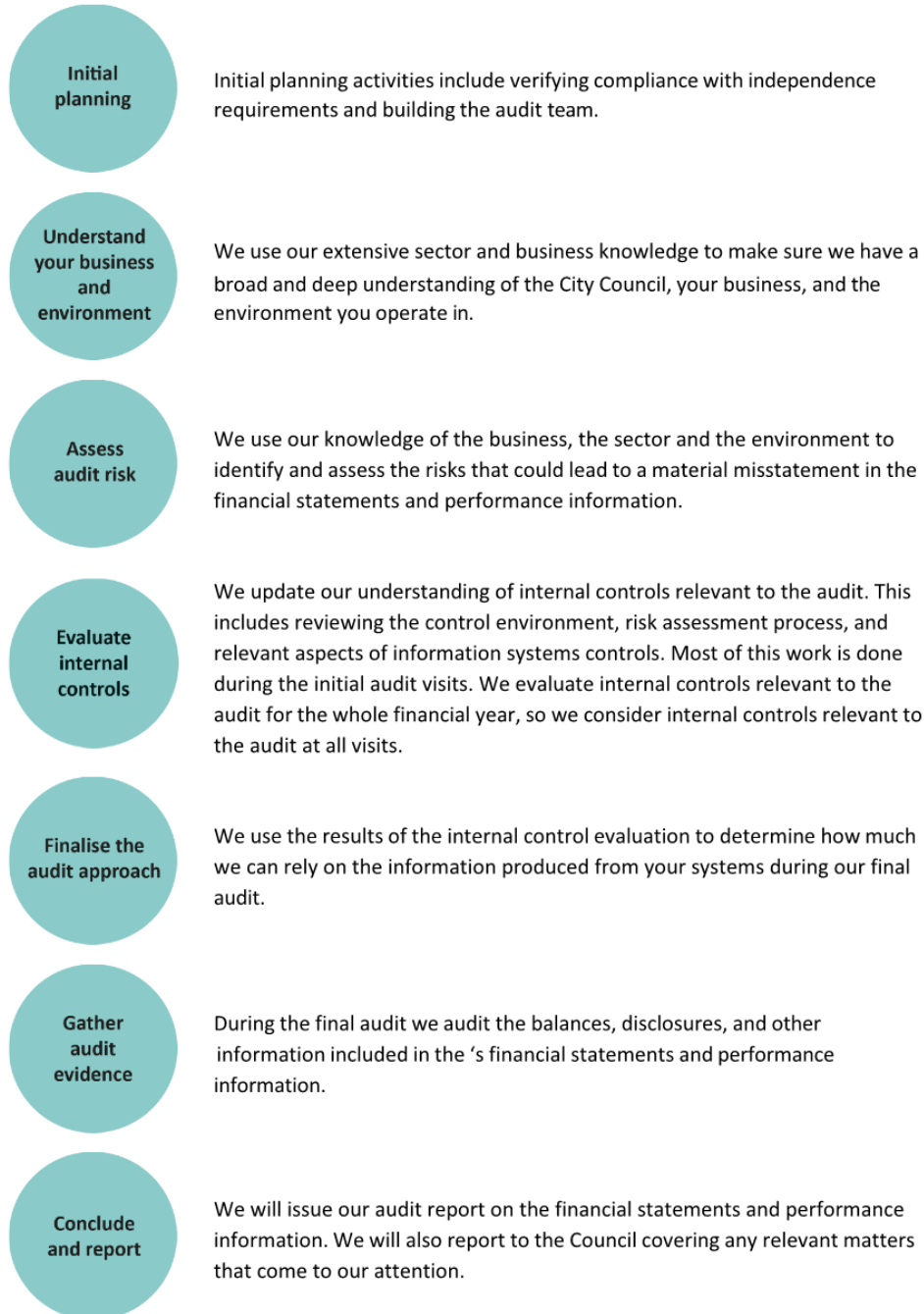
For non-significant components, we will perform analytical procedures at the group level to identify unexpected movements.

We will report any significant internal control deficiencies to the Council and management of the group. This will include any deficiencies identified by the group engagement team or brought to our attention by the component auditor. We will communicate deficiencies related to:

- group-wide internal controls; or
- internal controls at each component.

We will also communicate any fraud identified by the group engagement team or brought to our attention by the component auditor.

Our audit process



New auditing standard

ISA (NZ) 315 (Revised 2019), *Identifying and Assessing the Risks of Material Misstatement*, is effective for the audit of your financial statements for the first time this year. The standard sets out how auditors identify and assess the risks of material misstatement in financial statements. The standard requires the auditor to understand the entity, its environment, and its internal controls and use that knowledge to identify and assess risks. There are changes to how this is done compared to the previous standard.

There will be additional work required on your audit compared to previous years. In your case, the impact will be in the following areas:

- A greater emphasis on identifying and understanding the IT applications and the other aspects of your IT environment that are subject to risks arising from the use of IT.
- Evaluating the design and implementation of the general IT controls that address the risks arising from the use of IT.
- Considering the new inherent risk factors and updating our risk assessment documentation where relevant to address these risk factors.
- Revisions to the matters we consider in evaluating your system of internal control.
- Strengthened documentation requirements relating to the exercise of professional scepticism. There is a greater emphasis on demonstrating a questioning mind and a critical assessment of audit evidence gathered when performing our risk assessment procedures.

Enhancing year-end processes

The year-end financial statement close process and the preparation of the annual report requires a large number of resources to be committed to complete it effectively. This diverts the attention of your staff away from the current financial year and focuses them on past events. We want the audit process to run smoothly and we will work with management to achieve this through bringing forward the timing of audit procedures. We will work with management to assess what work can be brought forward.

Bringing forward audit procedures

Substantive audit procedures are traditionally performed after the year-end. Where possible, we will aim to bring audit procedures earlier in the year. This will be focused on, for example, year-to-date transactions for revenue and expenditure. Completion of these tests earlier in the year should allow for more timely identification and resolution of errors.

This testing will be completed during the interim audit. If we can complete this work earlier in the year, we expect this to reduce the final audit onsite work, as these hours will have been performed earlier in the year. This requires us to have the right information available during this visit to enable us to complete this work.

We will work with management to facilitate getting the information required at the right time. We will communicate with management if information is not available as agreed, including any impact on the year-end audit.

Materiality

In performing our audit, we apply materiality. In the public sector, materiality refers to information that if omitted, misstated, or obscured could reasonably be expected to:

- influence readers' overall understanding of the financial statements and service performance information; and
- influence readers in making decisions about the stewardship and allocation of resources, or assessing your performance.

This definition of materiality is broader than the one used in the private sector.

It is a matter of judgement whether information is material. We consider the nature (qualitative) and amount (quantitative) of each item judged in the surrounding circumstances and its impact. In the public sector qualitative considerations are of equal significance as quantitative considerations. Qualitative considerations are of primary importance in our assessment of materiality in the context of disclosures for transparency and accountability reasons, and in evaluating any non-compliance with laws and regulations.

The Council and management need to consider materiality in preparing the financial statements and service performance information and make their own assessment of materiality from a preparer's perspective. IFRS Practice Statement 2, *Making Materiality Judgements*, provides guidance on how to make materiality judgements from a financial statements preparer's perspective. Although this guidance is primarily aimed at for-profit entities, the same principles can be applied by public benefit entities. Management and the Council should not rely on our materiality assessment as a basis for owning and making judgements about the integrity of the financial statements and service performance information.

Financial statements materiality

For planning purposes we have set overall materiality for the financial statements based on last year's total property, plant and equipment. We are only applying this overall group materiality to the fair value of property, plant and equipment.

We have set a lower, specific materiality for all items not related to the fair value of property, plant and equipment.

Materiality is subject to change once the actual results for the current year are available.

Description	Parent \$'000	Group \$'000
Overall materiality	380,400	411,250
Specific materiality	8,880	9,600
Clearly trivial threshold	440	480

We design our audit procedures to detect misstatements at a lower level than overall materiality. This takes account of the risk of cumulative misstatements and provides a safety net against the risk of undetected misstatements.

We will report all uncorrected misstatements to the Council other than those that are below our clearly trivial threshold unless there are qualitative considerations that heighten its significance. We will ask for each misstatement to be corrected, other than those that are clearly trivial. Where management does not wish to correct a misstatement we will seek written representations from management and the Council on the reasons why the corrections will not be made.

Misstatements

Misstatements are differences in, or omissions of, amounts and disclosures that may affect a reader's overall understanding of your financial statements and service performance information. The effects of any detected and uncorrected misstatements, individually and in aggregate, are assessed against overall materiality and qualitative considerations.

Overall financial statement materiality does not apply to any matters of effectiveness and efficiency, waste, or a lack of probity or financial prudence.

Materiality for service performance information

At an overall level, we assess whether the service performance information is suitable, given your purpose and the nature of your activities, and whether the reporting allows for an informed assessment of the Council's performance. In doing this we consider whether the information is relevant, complete, reliable, neutral, and understandable.

We set materiality for service performance information at an individual measure level based on what we expect would influence readers' overall understanding, decision making, or assessment of Hamilton City Council's performance. We consider a variety of factors including the level of public interest and potential public risk. Because of the variety of measurement bases applied, we normally express this materiality as a percentage of the reported result.

We have identified the following measures as material and assessed materiality for planning purposes. We will reassess this during the audit.

Material measure	Materiality
Growth	
Average processing days for building consents.	8% of actual reported result.
Average processing days for non-notified land use and subdivision resource consents.	8% of actual reported result.
Water supply	
The extent to which the Council's water supply complies with Part 4 of the drinking water standards for bacteria compliance criteria. The extent to which the Council's water supply complies with Part 5 of the drinking water standards for protozoa compliance criteria.	No materiality set as the water supply either complies or doesn't comply.

Material measure	Materiality
The percentage of real water loss from the water network infrastructure in the city.	8% of actual reported result.
The median resolution time of urgent callouts from the time that Council receives notification of the fault or unplanned interruption to the time that service personnel confirm resolution of the fault or interruption.	8% of actual reported result.
<p>The total number of complaints received by the local authority about any of the following:</p> <ul style="list-style-type: none"> a drinking water clarity; b drinking water taste; c drinking water odour; d drinking water pressure or flow; e continuity of supply; and f the local authority's response to any of these issues, <p>expressed per 1000 connections to the local authority's networked reticulation system.</p>	8% of reported result.
Wastewater	
The number of abatement notices received in relation to resource consents for discharge from the wastewater system.	No materiality set as the target is for no more than one abatement notice to be received.
The number of infringement notices, enforcement orders and convictions received in relation to resource consents for discharge from the wastewater system.	No materiality set as the target is for zero infringement notices, zero enforcement actions and zero conviction actions.
The median resolution time for callouts from the time that the Council receives notification of the blockage or other fault to the time that service personnel confirm resolution of the fault or interruption.	8% of actual reported result.
<p>The total number of complaints received by the territorial authority about any of the following:</p> <ul style="list-style-type: none"> a sewage odour; b sewerage system faults; c sewerage system blockages; and d the territorial authority's response to issues with its sewerage system, <p>expressed per 1000 connections to the territorial authority's sewerage system.</p>	5% of reported result.

Material measure	Materiality
Stormwater	
The number of complaints received by the TA about the performance of its stormwater system, expressed per 1000 properties connected to the TA's stormwater system.	8% of actual reported result
The number of abatement notices related to the management of the stormwater system.	No materiality set as the target is for no more than one abatement notice to be received.
The number of infringement notices, enforcement orders and convictions related to the management of the stormwater system.	No materiality set as the target is for zero infringement notices, zero enforcement actions and zero conviction actions.
Transport	
The change from the previous financial year in the number of fatal and serious injury crashes on the local road network.	5% of actual reported result.
The average quality of ride on Hamilton's sealed local road network, measured by smooth travel exposure.	8% of actual reported result.

Professional judgement and professional scepticism

Many of the issues that arise in an audit, particularly those involving valuations or assumptions about the future, involve estimates. Estimates are inevitably based on imperfect knowledge or dependent on future events. Many financial statement items involve subjective decisions or a degree of uncertainty. There is an inherent level of uncertainty which cannot be eliminated. These are areas where we must use our experience and skill to reach an opinion on the financial statements and performance information.

The term "opinion" reflects the fact that professional judgement is involved. Our audit report is not a guarantee but rather reflects our professional judgement based on work performed in accordance with established standards.

Auditing standards require us to maintain professional scepticism throughout the audit. Professional scepticism is an attitude that includes a questioning mind and a critical assessment of audit evidence. Professional scepticism is fundamentally a mind-set. A sceptical mind-set drives us to adopt a questioning approach when considering information and in forming conclusions.

Exercising professional scepticism means that we will not accept everything we are told at face value. We will ask you and management to provide evidence to support what you tell us. We will also challenge your judgements and assumptions and weigh them against alternative possibilities.

How we consider compliance with laws and regulations

As part of the Auditor-General's mandate, we consider compliance with laws and regulations that directly affect your financial statements or general accountability. Our audit does not cover all of your requirements to comply with laws and regulations.

Our approach involves first assessing the systems and procedures that you have in place to monitor and manage compliance with laws and regulations relevant to the audit. We may also complete our own checklists. In addition, we will ask you about any non-compliance with laws and regulations that you are aware of. We will evaluate the effect of any such non-compliance on our audit.

Wider public sector considerations

A public sector audit also examines whether:

- Hamilton City Council carries out its activities effectively and efficiently;
- waste is occurring or likely to occur as a result of any act or failure to act by Hamilton City Council;
- there is any sign or appearance of a lack of probity as a result of any act or omission by Hamilton City Council or by one or more of its members, office holders, or employees; and
- there is any sign or appearance of a lack of financial prudence as a result of any act or omission by Hamilton City Council or by one or more of its members, office holders, or employees.

Reporting protocols

Communication with management and the Council



We will meet with management and the Council throughout the audit. We will maintain ongoing, proactive discussion of issues as and when they arise to ensure there are “no surprises”.

We understand that Tracey Musty (Finance Director) is our key contact for the audit. We will regularly update Tracey on progress throughout the audit, and any issues or delays encountered. We expect this information will be shared with management and the Council as appropriate. Any areas of material concern will be raised with David Bryant (GM people and organisational performance) in the first instance.

We intend meeting on a weekly basis with key finance team members to discuss matters relevant to the audit.

Reports to the Council



We will provide a draft of all reports to management for discussion/clearance purposes. In the interests of timely reporting, we ask management to provide their comments on the draft within 10 working days. Once management comments are received the report will be finalised and provided to the Council.

We will also follow up on your progress in responding to our previous recommendations.

Audit logistics

Our team



Our engagement team is selected to ensure that we have the right subject matter expertise and sector knowledge. Each member of the audit team has received tailored training to develop their expertise.

Our senior audit team members are:

Clarence Susan	Appointed Auditor
Chris Genet	Engagement Quality Review Director – Planning stage
Karen MacKenzie	Engagement Quality Review Director
Naude Kotze	Audit Manager
Brandan Botha	Assistant Manager
Ferdinand Dasigao	Manager Information Systems Audit and Assurance

The Engagement Quality Review (EQR) Director forms an important part of our internal quality assurance process to maintain and enhance the quality of your audit. The EQR Director is an experienced Audit Director who has sufficient and appropriate experience to objectively evaluate the judgements made by the audit team. They are independent from the day-to-day audit field work, and so can provide an independent challenge to the audit team on their judgements. The EQR will work with your Appointed Auditor and the audit team but will not have direct contact with you.

Timetable



Our proposed timetable is:

First Interim audit began	6 June 2023
Second interim audit	10 July 2023
Draft interim report to the Council issued	31 July 2023
Final audit begins	11 September 2023
Annual report available, including Mayor and Chief Executive's overview or reports	2 October 2023
Final financial statements available, incorporating all the amendments agreed to between us	9 October 2023
Verbal audit clearance given	23 October 2023
Audit opinion issued	31 October 2023
Draft report to the Council issued	31 October 2023
Summary Annual Report audit opinion issued	30 November 2023

AuditDashboard

In 2021 and 2022, we used AuditDashboard, our online portal, to transfer files between your employees and Audit New Zealand. Overall, the use of AuditDashboard made it easy to fulfil requests. Real-time status updates provided greater visibility to everyone and helped to keep everyone organised and on the same page.

We will again use AuditDashboard for transferring audits as part of the audit.

Working remotely

Covid-19 restrictions, such as lockdowns, and resultant changes to our own and our client's work locations, including increasing numbers working from home since the start of the pandemic have meant we changed how we worked with our clients over the last two years.

Lockdowns meant that our clients and our auditors did not always have access to their premises and information and had to work remotely. For clients able to work remotely, with access to systems and electronic documentation, as well as being prepared for the audit, audits continued to progress and progress well.

Performing our audit work during higher alert level restrictions confirmed that aspects of our audit work can be done efficiently off-site. We plan to continue to perform aspects of your audit remotely as there are some benefits to you and us of having our team off-site for parts of the audit. For you these benefits include:

- Staging and sending the information we request for audit over an agreed period of time as opposed to having all the information requested ready for our arrival at one agreed date.
- Less time spent on travel, so we will have more time focus on auditing what matters and raising issues earlier.
- Reduction in disbursements as we will incur less travel and overnight costs.
- Less auditor time on site which allows you to get on with your work and enables planned focused conversations when these take place.

To enable audit work to be completed off-site and fully obtain the benefits detailed above, you will need to ensure that you can provide supporting documents electronically.

During the previous audit, we were able to perform some of our audit work remotely. Based on our experience we found that Hamilton City Council has some systems and processes in place, but these will only facilitate a portion of the any off-site work.

We recognise different organisations are positioned differently to enable off-site audit work. We will be discussing and agreeing off-site working expectations in conjunction with our information requests with you as part of your 2023 audit. This will include our continued use of AuditDashboard to manage our information requests.

Expectations



For the audit process to go smoothly for both you and us, there are expectations that each of us need to meet.

Our respective responsibilities are set out in our audit engagement letter.

We expect that:

- you will provide us with access to all relevant records and provide information in a timely manner;
- staff will provide an appropriate level of assistance;
- the draft financial statements, including all relevant disclosures, will be available in accordance with the agreed timetable;
- management will make available a detailed workpaper file supporting the information in the financial statements; and
- the annual report, financial statements and performance information will be subjected to appropriate levels of quality review before being provided to us.

To help you prepare for the audit, we will liaise with management and provide them with a detailed list of the information we will need for the audit.

Health and safety



The Auditor-General and Audit New Zealand take seriously their responsibility to provide a safe working environment for audit staff.

Under the Health and Safety at Work Act 2015, we need to make arrangements with management to keep our audit staff safe while they are working at your premises.

We expect you to provide a work environment for our audit staff that minimises or, where possible, eliminates risks to their health and safety. This includes providing adequate lighting and ventilation, suitable desks and chairs, and safety equipment where required. We also expect management to provide them with all information or training necessary to protect them from any risks they may be exposed to at your premises. This includes advising them of emergency evacuation procedures and how to report any health and safety issues.



Item 5

Attachment 1

Appendix 3 - HCC - DRAFT Audit Proposal Letter (2023-2025)



AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Level 4, 127 Alexandra Street
PO Box 256, Hamilton 3240
Ph 04 496 3099

19 June 2023

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

Ref: EN/LCA/4-0004 - H600
Copy: Manager, Auditor Appointments
Office of the Auditor-General
PO Box 3328
Wellington 6140

Tēnā koe Paula

Proposal to conduct the audit of Hamilton City Council on behalf of the Auditor-General for the 2023, 2024, and 2025 financial years

1 Introduction

As required by the Office of the Auditor-General (OAG), I set out below information relating to the audit of your organisation for the three financial years ending 30 June 2023, 2024, and 2025.

The purpose of this proposal is to provide information on:

- the statutory basis for the audit and how audit fees are set;
- the entities covered by this proposal;
- key members of the audit team;
- the hours we plan to spend on the audit and reasons for any change in hours;
- our proposed fees for the audit for the financial years ending 30 June 2023, 2024, and 2025 and reasons for any changes;
- assumptions relating to the proposed audit fees, including what we expect of your organisation;
- what the OAG Audit Standards and Quality Support charge provides;
- certification required by the Auditor-General; and

2

The Office of the Auditor-General will be monitoring the outcome of the negotiations to ensure that fees are reasonable.

Councils can take actions to ensure the efficiency of their audit. This includes being well prepared for audit, ensuring complex judgement issues are addressed early, regularly communicating with your auditor about any changes that might impact your reporting or the audit, having tidy systems and controls, and ensuring that relevant people are available to assist the auditors as they carry out their audit work. I welcome further discussion with you on opportunities for reducing the time and costs of your audit.

3 Entities covered by this proposal

This proposal covers the audit of Hamilton City Council.

4 Key members of the audit team

Appointed Auditor	Clarence Susan
Engagement Quality Reviewer	Karen McKenzie
Information Systems Director	Dieter Röhm

5 Estimated audit hours

We estimate that the following hours will be required to carry out a quality public sector audit efficiently (compared to budgeted and actual data from the previous financial year):

Audit team member	2022 budget	2022 actual ¹	2023	2024	2025
Appointed Auditor	120	175	160	160	160
Engagement quality reviewer	20	35	35	35	35
Audit Manager	170	275	220	220	220
Other CA qualified staff	557	812	626	626	626
Non-CA qualified staff	440	500	540	540	540
Other specialists: Sector specialist support	13	13	13	13	13
Information Systems	65	66	78	78	78
Specialist assurance Services	16				
Tax	4	1	3	3	3
Total audit hours	1,405	1,877	1,675	1,675	1,675

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5.1 Reasons for changes in audit hours

The major reasons for the changes in hours for your organisation's audit are:

Reasons for increased or decreased audit hours compared to previous period budgeted hours:	2023	2024	2025
Changes to financial reporting standards which result in additional audit work:			
<ul style="list-style-type: none"> PBE IFRS 48 - PBE FRS 48 <i>Service Performance Reporting</i> replaced that part of PBE IPSAS 1 Presentation of Financial Statements that deals with service performance reporting requirements and is effective for annual reporting periods beginning on or after 1 January 2022, that is, for the Council, it is for the year ending 30 June 2023. This will result in additional audit work as we will need to review compliance with this standard. 	20	0	0
<ul style="list-style-type: none"> PBE IPSAS 41 – PBE IPSAS 41: <i>Financial Instruments</i> is effective for periods beginning on, or after 1 January 2022. Because Council has early adopted this standard, there are a handful of differences that we will need to consider this year resulting in additional audit work. 	16	0	0
<ul style="list-style-type: none"> ISA (NZ) 315 – ISA (NZ) 315 (Revised 2019), <i>Identifying and Assessing the Risks of Material Misstatement</i>, is effective for the audit of your financial statements for the first time this year. There will be additional work required on your audit compared to previous years. 	66	0	0
Changes within the entity, or in its environment :			
<ul style="list-style-type: none"> Areas of or additional work on high-risk accounting estimates – the additional work around revaluation and fair value assessments has increased our work to get assurance. This is across infrastructure and other PP&E that is revalued. 	48	0	0
<ul style="list-style-type: none"> The impacts of growth – over the past few years Council is experiencing significant growth in the District. This has resulted in additional audit work performed being performed on non-financial measures (and in particular greenhouse gas measures), revenue, expenditure and capital expenditure. 	27	0	0
The increase in hours also reflects an adjustment to the base hours which was clearly not sustainable to complete a quality audit (required significant investment and write-off in hours previously). We need to re-set audit hours to ensure they are sufficient to complete a quality audit.	93	0	0
Total increase in audit hours	270	0	0

6 Proposed audit fees

5.2

Our proposed fees for the next three audits (compared to budgeted and actual data from the previous financial year) are:

Structure of audit fees	2022 budget fees	2022 actual fees charged (*)	2023	2024	2025
	\$	\$	\$	\$	\$
Net audit fee (excluding OAG Audit Standards and Quality Support charge and disbursements)	255,622	507,742	379,148	409,452	442,087
OAG Audit Standards and Quality Support charge	20,438	20,438	31,857	33,290	34,788
Total audit fee (excluding disbursements)	276,060	528,180	411,005	442,742	476,875
Costs absorbed by Audit New Zealand	0	(252,120)	0	0	0
Estimated disbursements	6,000	2,081	6,000	6,500	7,000
Total billable audit fees and charges	282,060	278,141	417,005	449,242	483,875
GST	42,309	41,721	62,551	67,386	72,581
Total (including GST)	324,369	319,862	479,556	516,628	556,456

* Note – 2022 actual audit fees charged were \$528,180, compared to our 2023 audit costs of \$411,005. We have shown in table 5 and the paragraph below it where the additional audit effort was required, and any expected effect on the audit hours required in future years.

Total audit costs for the past two were \$528,180 in 2022 and \$332,154 in 2021. In 021 our agreed fee was \$235,622 and actual hours spend was 1838. Over time we expect that the audit fee charged will more fairly reflect our actual costs of performing the audit.

The audit fees allow for the audit team to carry out specific tasks identified in the OAG Sector Brief and for the OAG Audit Standards and Quality Support charge.

We have also estimated the reasonable cost of disbursements (including travel and accommodation where necessary).

We may also need to engage external experts to assist with certain specialist areas of valuation or estimation (such as greenhouse gas emissions and valuation of Property Plant and equipment). These costs will be included as a disbursement. While these are the usual audit areas where we would use experts there may be other complex estimates were additional expertise maybe necessary. If this is the case, we will discuss this with management.

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6.1

Reasons for increased or decreased audit fees compared to previous period budgeted fees.	2023	2024	2025
<ul style="list-style-type: none"> The impacts of growth – over the past few years Council is experiencing significant growth in the District. This has resulted in additional audit work performed being performed on non-financial measures (and in particular greenhouse gas measures), revenue, expenditure and capital expenditure. 	6,000	0	0
The increase in hours also reflects an adjustment to the base hours which was clearly not sustainable to complete a quality audit (required significant investment and write-off in hours previously). We need to re-set audit hours to ensure they are sufficient to complete a quality audit.	15,445	0	0
Predicted charge out rate movements. (Based on 2022 APL hours for 2023).	60,000	31,675	34,069
Total increase (decrease) in audit fees	133,573	31,675	34,069

7 Assumptions relating to our audit fee

You are responsible for the production of your financial statements and anything else that must be audited. Our proposed audit fees are based on the assumption that:

- you will provide to us, in accordance with the agreed timetable, the complete information required by us to conduct the audit;
- your staff will provide us with an appropriate level of assistance;
- your organisation's annual report and financial statements (including Statements of Service Performance) will be subject to appropriate levels of quality review by you before being submitted to us for audit;
- your organisation's financial statements will include all relevant disclosures;
- we will review up to two sets of draft annual reports, one printer's proof copy of the annual report, and one copy of the electronic version of the annual report (for publication on your website);
- there are no significant changes to the structure and/or scale of operations of the entities covered by this proposal (other than as already advised to us);
- there are no significant changes to mandatory accounting standards or the financial reporting framework that require additional work (other than as specified in tables 5.1 and 6.1);

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10 Conclusion

As the Appointed Auditor, I am committed to providing you and the Auditor-General with the highest level of professional service. I intend to work with you, the OAG, and the Auditor-General in a partnership environment to resolve any issues that may arise.

If you require any further information, please do not hesitate to contact me.

Please counter-sign this letter (below) to confirm that you, and the governing body of your organisation, agree with its contents. This letter will then form the basis for a recommendation to the Auditor-General on the audit fee that should be set. The schedules of audit hours and fees will also be incorporated into my audit engagement agreement with the Auditor-General to carry out the audit of your organisation as the agent of the Auditor-General.

8

Nāku noa, nā

Clarence Susan
Appointed Auditor

I accept the audit fees for the audit of the three financial years as stated above.

Full name:	Paula Southgate	Position:	Mayor
Authorised signature:		Date:	
Entity name:	Hamilton City Council		

Actions to take when agreement has been reached:

1 Make a copy of this signed proposal and keep it for your file.

2 Send the original to: Clarence Susan
Audit New Zealand
PO Box 256
Waikato Mail Centre
Hamilton 3240

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Council Report

Committee: Strategic Risk and Assurance Committee
Date: 28 September 2023
Author: Lance Vervoort
Authoriser: Lance Vervoort
Position: Chief Executive
Position: Chief Executive
Report Name: Chief Executive Report

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

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

Staff Recommendation - *Tuutohu-aa-kaimahi*

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

Executive Summary - *Whakaraapopototanga matua*

3. Key areas of interest to be highlighted at this meeting are the economic outlook, legislative changes, General Elections and Council's Long Term Plan, as well as an update on Future Fit.
4. An update on the Western Bulk Water Main is also included below, where physical works have been brought forward due to accelerated erosion at the site.
5. Other topics including risks, may be included in the verbal update should they become a matter of concern to the Chief Executive following submission of this report.
6. A more detailed review of Council's key risk topics is included in the Risk Management report and Safety and Wellness report to this Committee meeting.
7. Staff consider the matters in this report have low significance and that the recommendations comply with Council's legal requirements.

Discussion - *Matapaki*

Economic Outlook

8. The macro-economic environment continues to impact Council's Financial Strategy. Net interest costs (\$8.5m) - are the key driver for the unfavourable variance to the balancing the books result for the 2022/23 financial year.
9. This remains the single largest unanticipated cost to Council impacting the overall deficit, as reported to the [Finance and Monitoring Committee on 31 August 2023](#). Reflective of the controls for Strategic Risk 2, the pressures on Council's budget are being closely managed through the 2023/24 financial year and the Long-Term Plan process, in particular as part of the development of the significant assumptions for the Long-Term Plan.

10. The economic outlook impacts the city's development cycle. Staff continue to monitor the rate of growth in the city (subdivisions, land use and building consents) and the impact for Council of a period where there is a lower level of activity in development work.

Legislative Changes

Water Reform

11. Parliament sat under urgency to consider a raft of Bills prior to the House's last sitting day on 31 August.
12. The Water Services Entities Amendment Bill completed the Parliamentary process on Wednesday 16 August. This requires Councils to transition to ten entities (not four) by 1 July 2026. Entities will be established in stages by that date. This legislation also includes the transition provisions for the next Long Term Plan, and how rates and Development Contributions (DCs) are handled in the transition.
13. Two further Bills which underpin the reform had their third readings on 23 August. These are the Water Services Legislation Bill; and the Water Services Economic Efficiency and Consumer Protection Bill.
14. The passing of this legislation means Council is subject to a new economic regulation and consumer protection regime which will be overseen by the Commerce Commission and, is now legally required to work to a transition period between 1 July 2024 and 1 July 2026.
15. The National Transition Unit, established to support and guide the transition, is presently focussing more so on the Auckland/Northland entity. However, they continue to move the transition of all entities forward including the Waikato entity. Establishment dates for other entities are to be set by Government via an Order in Council on the recommendation of the Minister. A date for the Waikato entity has not yet been set.

Natural and Built Environment Act 2023 and the Spatial Planning Act 2023.

16. The Natural and Built Environment Act (NBA) is the main replacement for the Resource Management Act 1991. It requires each region to develop a natural and built environment plan for land use and environmental management.
17. These will replace the regional policy statements and district and regional plans currently required under the Resource Management Act 1991 (RMA). It also introduces the National Planning Framework (NPF) that will provide direction on matters of national significance, environmental limits and targets, as well as identifying and resolving conflict among outcomes if possible.
18. In addition, the NBA significantly increases the penalties for environmental non-compliances, with maximum fines now up to \$10 million, with the fine for a continuing offence increasing to \$50,000 per day.
19. This is particularly relevant for the Three Waters activity and sets a significant increase in the value of fines and imprisonment provisions including the removal of the ability to insure against paying fines, infringement fees or pecuniary penalties under the Act.
20. The NBA works alongside the Spatial Planning Act 2023 (SPA), which creates a new requirement for long-term regional spatial planning.
21. The SPA requires each region to develop a regional spatial strategy that sets out the long-term issues, opportunities and challenges for development and the environment in the region. Certain parts of both Acts have now commenced, with transitional provisions in the Acts setting out the dates for significant changes in the resource management framework.

General Elections

22. All political parties are announcing policy positions in the lead up to the October General Election.
23. Critically, the National Party has announced policy to reverse water infrastructure reform and establish a national infrastructure agency and reverse resource management reform. Local Government as a sector will need to remain agile and responsive to the possibility of a change in policy in these two areas.
24. Council continues to engage with parties across the political spectrum in the lead up to central government elections to champion Hamilton's plans for the future.

Long Term Plan

25. The economic outlook, and legislative changes outlined above (particularly those relating to three waters reform) and the possibility of a change in government and policy direction create challenges for Council's long term planning.
26. Sessions have been facilitated to share the findings of our community profile perception survey which tells the story of what matters most to Hamiltonians across different areas of Hamilton, to provide an understanding of the perceptions of the community going into the Long-Term Plan and the financial framework that the Council needs to work within.

Western Bulk Water Main

27. Erosion of the Waikato riverbank around the Western Bulk Water Main drinking water pipes, located at the entrance to the Mangakootukutuku Stream from the Waikato River, has put a valve chamber and the twin bulk main water pipes at risk. Urgent remedial erosion protection works are underway to stabilise the bank and prevent damage to this critical infrastructure.
28. Emergency erosion work was previously undertaken immediately adjacent to this area in 2020 to mitigate risk to the twin bulk main pipes, this was referred to as Stage 1. This work involved strengthening the riverbank using rocks and building a structure to deflect river flow and currents away from the riverbank where our critical infrastructure is located.
29. During this work, further erosion protection works were identified on the riverbank adjacent to the stage 1 area that would be required in the future. Our Three Waters team have been monitoring this and have been working with engineers from Beca on a design to fix these issues, known as Stage 2.
30. Capital renewals budget was allocated to finish planning and to complete Stage 2 works this financial year.
31. Fluctuations in the river level and high river flows in recent months have increased the rate of erosion to the riverbank. Frequent monitoring of the site has confirmed that erosion is occurring more rapidly than what was anticipated. The increased rate of erosion has now escalated into a critical situation with risk to the stability of important water supply infrastructure.
32. Staff are working quickly, utilising emergency procurement provisions to finalise the design of the erosion control measures and commence works. Repairs are expected to take approximately four to six weeks to complete.
33. Staff have increased the monitoring frequency of this site to daily and established an incident management team to actively monitor and manage this situation.

Future Fit – Phase 2

34. With the new Tier 2 structure in place, changes in timing of the Three Waters Reform and other deliverables now being largely managed as 'business as usual' (e.g. establishment of leadership programmes), it's the right time to reset and refocus the Future Fit programme.

35. The overarching purpose of Future Fit remains the same – *to help drive the change we need to make to become the leading community-focused Council* – but we can now narrow scope of the programme to focus on the Group Reviews.
36. This is a period of significant change for the organisation and the operational risks associated with this programme will need to be managed accordingly.

Financial Considerations - *Whaiwhakaaro Puutea*

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

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

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

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

40. 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').
41. The subject matter of this report has been evaluated in terms of the ('the 4 wellbeings') during the process of developing this report.
42. The recommendations set out in this report are consistent with that purpose.
43. No known social, economic, environmental, or cultural considerations were identified in the development of this report.

Risks - *Tuuraru*

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

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

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

Attachments - *Ngaa taapirihanga*

There are no attachments for this report.

Council Report

Committee: Strategic Risk and Assurance Committee
Date: 28 September 2023
Author: Dan Finn
Authoriser: Sean Hickey
Position: People, Safety & Wellness Manager
Position: General Manager People, Performance and Culture
Report Name: Safety and Wellbeing Report - 1 May 2023 to 31 July 2023

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

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

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

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

Executive Summary – *Whakaraapopototanga matua*

3. This report is focussed on our continued progress of key strategic activities that are aligned to risks, relationships, and resources. To provide the Committee with a more comprehensive overview of our progress, we have including supplementary updates on wider activities, assurance, and successes.
4. The verification of the controls in place for Council's critical risks have been completed by those Project Teams assigned. This information will be used to update our bowtie risk assessments and to record these in the bowtie software acquired for assurance purposes.
5. There were a number of safety events during this reporting period that included time lost (7 LTIs), required medical treatment (12 medical treatment events) and 6 WorkSafe Notifiable events involving an HCC worker and 5 contractors.
6. Ora Phase 2 was successfully implemented and launched on the 17th of July and included additional modules to support workers and Council meeting our health and safety legislative obligations.
7. Staff consider the matters in this report to have low significance and that the recommendations comply with Council's legal obligations.

Discussion – *Matapaki*

Strategic Progress – *Te ahunga whakamua rautaki*

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 wellbeing strategy.

Workstream	Status	Next milestone	Comment
SafePlus review recommendations	100%	Completed	Completed
SMS development and implementation	100%	Completed	Completed
Technology and communication (Ora)	100%	Completed	Completed
Critical risk management	70%	The verification process of the controls in place have been completed on Council’s 13 critical risks	Next steps to update the current bowties risk assessments and share with the business, and for these to be used as a source of reference
Contractor management	95%	The reviewed framework is in place with updated documentation complete, and training continues to be rolled out when required.	The software for the induction of contractors using the ‘Who’s on Location’ platform, has been implemented with the Facilities Unit, with further plans to roll out across other sites as required
Resourcing and structure review	100%	Completed	Completed

Table 1 Key workstreams

Risks and Incidents – *Ngaa Tuuraru me nga Paanga*

9. The verification of the controls in place for Council’s critical risks have been completed and have been updated in Ora (Council’s Incident Management System). We are also in the process of using this information to update our bowtie risk assessments and to record these in the bowtie software acquired for assurance purposes. Once completed these risk assessments will be shared across the organisation for future reference.
10. We continue to provide education and support to ensure events are being correctly reported and investigated.
11. The incidents profiled during this reporting period are summarised below:
12. There was a total of **300** events reported in Ora, which resulted in **48** injuries during this reporting period, compared to **62** during the previous period.
13. Of those injured, **7** resulted in lost time and **12** required medical treatment. Near hit reporting has decreased slightly from the previous period with **40** near hits recorded.



Council WorkSafe Notifiable Events

14. There was 1 event that was notified to WorkSafe by Council.
15. This event occurred at Waterworld during a school visit. School children were jumping from the edge of the pool, and one landed on top of another child knocking them unconscious.
16. Further details of this notifiable event can be found in **Attachment 1**. WorkSafe investigated the event and were satisfied with both our response and the procedures followed.

Contractor WorkSafe Notifiable Events

17. There were 5 events that were notified to WorkSafe by external contractors, who were performing work on our behalf. Further details of these notifiable events can be found in **Attachment 2**. Four of these were service strike events resulting in gas being released, and one other when a contractor received a small electric shock without injury.

Relationships – Whanaungatanga

18. During this reporting period we have continued to promote and provide workshops across Council to support the wellbeing of our people.
19. These have included the GoodYarn Mental Health, Work Injury Management, and Manual Handling Training.
20. Worker participation is a key health and safety requirement under the Health & Safety at Work Act.
21. Council had a further **15** new Health & Safety Representatives complete the two-day Health & Safety Training with Coachio Group in July, during this reporting period. These representatives will join current Health & Safety Committees across the organisation and bring a fresh perspective for their business units.
22. Annual flu shots were made available to staff in May, and a total of **474** of our people took up this opportunity to either visit one of the many onsite clinics across the organisation or utilised the voucher system.
23. The Safety Governance Committee (SGC) met on the 29th of May and the meeting minutes are provided as **Attachment 3**. The next meeting is scheduled for the 19th of September.

Resources – *Rauemi*

24. The Safety & Wellbeing Team are fully resourced to support health and safety improvement across Council. To support improved decision making, intervention and pro-active initiatives, the quality of our data is continuously being refined to provide greater insight through reporting dashboards that can be accessed in real-time by business units. This allows business units to look and identify trends and introduce proactive ways to support their workers.

Assurance – *Kii Taurangi*

25. Audit templates are being finalised by the Safety & Wellbeing Team in preparation for internal health and safety audits across Council. Scheduled to commence in late September, these audits will measure against Council's Safety Management System (SMS) which is aligned with ISO45001. The outcome of these audits will provide continuous improvement where needed and to make recommendations as to whether Council is ready for an external audit to apply for ISO45001 accreditation in 2024.
26. To support teams across Council, Ora Phase 2 was successfully implemented, adding additional modules to support our obligations under health and safety legislation. The newly deployed modules included: Health & Safety Meetings, Health & Safety Inductions, Job Safety Analysis (JSAs) and further additional Inspection Templates.
27. The Safety & Wellbeing Team are focussed on continuous software improvement within Ora to ensure that we provide meaningful and accurate reporting as a single source of truth.

Successes – *Angituutanga*

28. The Drug Detection Agency (TDDA) were engaged to run several training sessions across the organisation for staff during this reporting period. The purpose of these sessions was to showcase our successful relationship with TDDA and for them to re-emphasise the 'Why, What and How' for random testing, a process that is completed each month for workers who perform duties involving our critical risks.
29. These sessions had a particular focus on why we need to manage the risks of drugs and alcohol in the workplace and for all staff to have a better understanding of why we need to do this as an outcome, and how it is aligned to Council's Drug & Alcohol Management Policy.



Financial Considerations - *Whaiwhakaaro Puutea*

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

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

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

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

33. 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').
34. There are no wellbeing impacts associated with recommendations in this report.
35. The subject matter of this report has been evaluated in terms of the 4 well-beings and these are outlined below:

Social

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

Economic

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

Environmental

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

Cultural

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

Risks - *Tuuraru*

35. There are no risks associated with recommendations in this report.

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

Significance

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

Engagement

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

Attachments - *Ngaa taapirihanga*

Attachment 1 - Council WorkSafe Notifiable Event - May 2023

Attachment 2 - Contractor Notifiable Events - June 2023

Attachment 3 - Safety Governance Committee Meeting - Minutes 29 May 2023

Item 7

WorkSafe Notifiable Event

DATE OF EVENT:	30 th May 2023
LOCATION:	Waterworld, Te Rapa, Hamilton
BUSINESS GROUP INVOLVED:	Customer and Community Group / Community Services Unit
WHAT HAPPENED?	While on a school visit to Waterworld, a child was playing in the 50m pool, along with other children. It appears that children were jumping from the edge of the pool and the said child was knocked unconscious when hit while playing with other students.
WHAT IMMEDIATE ACTION HAS BEEN TAKEN:	<p>The child was pulled from the swimming pool.</p> <p>CPR was performed by staff and Emergency Services were called.</p> <p>WaterWorld staff supported the child until St Johns Ambulance service arrived and took over.</p> <p>The said child was taken to Waikato Hospital.</p>
NEXT STEPS:	<p>WorkSafe were notified</p> <p>NZRA were notified</p> <p>Investigation to take place</p> <p>Vitae organised onsite to support staff involved</p> <p>Aquatic Director contacted Local school involved</p>

WorkSafe Notifiable Event

DATE OF EVENT:	09/05/2023 1.00pm
LOCATION:	Wastewater Treatment Plant, Pukete
BUSINESS GROUP INVOLVED:	Contractor: One Electrical
WHAT HAPPENED?	<p>A Technician was tracing cables from within a distribution board in MCC3. The escutcheon panel was removed. The 3-phase distribution board (DB.3) was energized at the time of the event. DB.3 circuits supply building services. There was a designated safety watch and standing by. The Technician was in the process of attempting to snip a cable tie behind the pan assembly (MCB chassis) to free-up conductors so he could identify which conductors were supplying certain circuits. When the Technician's hand was behind the pan assembly, he felt a small electric shock to his left wrist. The Technician was wearing overalls, sleeves rolled down and had no jewellery or metal items on his hands and wrists. The Technician was not harmed, no flash, no arcing, no burns.</p>
WHAT IMMEDIATE ACTION HAS BEEN TAKEN:	<p>The Technician ceased work immediately and contacted his Manager. The Manager instructed the Technician to travel to a medical centre and request an ECG. The technician felt no effects and was able to drive himself.</p>
NEXT STEPS:	<ol style="list-style-type: none"> 1. WorkSafe were notified by the Contractor. 2. A scene examination was undertaken to identify point of contact with energized parts. 3. Discuss incident at the next scheduled Safety Toolbox Meeting. Engage workers to participate in discussion on cause and effect and lessons to learn arising from the incident. 4. Review policies, procedures and task specific documentation to identify any systemic deficiencies that may have resulted in the incident occurring. Amend documentation if deficiencies are identified to prevent recurrence.

WorkSafe Notifiable Event

DATE OF EVENT:	Tuesday, 9 th May 2023
LOCATION:	MacDonald Road, Hamilton
BUSINESS GROUP INVOLVED:	Development Group Waipa Civil (Contractor)
WHAT HAPPENED?	While drilling out using a directional drill to install a new water main on MacDonald Rd the drill crew struck a 15mm gas lateral crossing the road.
WHAT IMMEDIATE ACTION HAS BEEN TAKEN:	On Tuesday 9 th the first 75m of the drill shot was completed successfully but as they came across the gas lateral to 1 MacMurdo Avenue the drill locator noticed gas coming out of the ground and immediately had the drill machine shutdown. First Gas were notified and were onsite within 30 minutes and quickly isolated the leak and repaired the issue. They also backfilled the excavation. HCC were also contacted.
NEXT STEPS:	Worksafe released the site on 11 th May 2023 and we are awaiting investigation documentation from Waipa Civil.

WorkSafe Notifiable Event

DATE OF EVENT:	2 June 2023 at 10.30am
LOCATION:	Prisk Street, Hamilton
BUSINESS GROUP INVOLVED:	Development Group / Capital Projects Contractor: Waipa Civil Limited
WHAT HAPPENED?	While open cutting a trench for a new wastewater main, the contractor was crossing a gas main that was on the plans. Unfortunately, there was another abandoned line close by which was not shown on the plans. The contractor struck the live 50mm gas line.
WHAT IMMEDIATE ACTION HAS BEEN TAKEN:	<ul style="list-style-type: none"> • First Gas were called to be on site. • The site was shut down until First Gas completed repairs. • Was escalated to the Safety & Wellbeing Team. • WorkSafe notified by contractor.
NEXT STEPS:	<ul style="list-style-type: none"> • Investigation has been completed and the root cause of this event was deemed to be inaccurate service plans provided by First Gas - not showing second gas crossing. • The recommendation following this investigation is that service plans should be kept up to date and reflect accurate information. Service providers need to identify when there are abandoned lines.

WorkSafe Notifiable Event

DATE OF EVENT:	21 June 2023 at 3.30pm
LOCATION:	30 Borman Road, Hamilton
BUSINESS GROUP INVOLVED:	Capital Project – Development Group Contractor - Fulton Hogan
WHAT HAPPENED?	While conducting excavation works at Borman Rd, Fulton Hogan crew hit a gas main with the excavator causing gas to be released.
WHAT IMMEDIATE ACTION HAS BEEN TAKEN:	<ul style="list-style-type: none"> • Another drainage contractor working for Fulton Hogan called 111 and FENZ arrived within 10 minutes of receiving the call. • Isolated the site. • The site Engineer notified First Gas. • A childcare nearby was also informed of the gas leak. • WorkSafe was notified. And site was cleared by them to continue to work
NEXT STEPS:	<ul style="list-style-type: none"> • Detailed investigation to be carried out by Fulton Hogan. • HCC have gone to Fulton Hogan with a number of questions to be answered for clarification purposes.

WorkSafe Notifiable Event

DATE OF EVENT:	22 nd June 2023 at 13.20
LOCATION:	Rostrevor Street, Hamilton
BUSINESS GROUP INVOLVED:	Development Group / Capital Projects Contractor: Waipa Civil Contractor
WHAT HAPPENED?	<ul style="list-style-type: none"> • The gas line was located 1.5m away from the drill line at 500mm deep. • While drilling past the gas ducting the head of the drill struck the gas line. • It was found the gas line dove quickly offline and this is why the drill head hit it.
WHAT IMMEDIATE ACTION HAS BEEN TAKEN:	<ul style="list-style-type: none"> • First Gas attended the scene and repaired, turning the gas back on at 2:30pm. • WorkSafe was notified by Daryll Walker at 2:15pm.
NEXT STEPS:	As a result of the investigation, Waipa Civil Limited will be reviewing their process and also hold a safety meeting with all crew around this event.

Meeting Minutes

Safety Governance Committee

Time and date:	2:00pm, Monday 29 May 2023
Venue:	Kitenga Room, Level 8
In Attendance:	Greg Dearsly (Independent Chair), Helen Paki (GM Community), Dan Finn (People, Safety & Wellness Manager), Eeva-Liisa Wright (GM – Infrastructure Operations), David Bryant (GM POP), Claire Toko (H3), Dion Liddell (AWUNZ), Amanda Barlow (Minutes) Virginie Maene (Executive Assistant)
Guests:	Tim Coxhead (WW H&S Rep) Andrew (Broz) Brosnan (IO Safety and Wellbeing Business Partner)
Apologies:	Lance Vervoort (Chief Executive) Ewan Wilson (Elected Member) Marie Snowball (Safety & Wellbeing Lead) Damien Birch (A1 union Representative) Olly Te Ua (Māori Rep)

1. Welcome

- Acknowledgement of the reason why we had to move the meeting that was intended on being held at the Wastewater treatment plant but due to the increasing numbers of COVID in the community, it was crucial to protect this essential site from being shut down
- Around the room welcome and introductions

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

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

Moved by: David Bryant

Seconded by: Dan Finn

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

Action	Assigned To	Due Date	Comments	Status
Review regulations for Plant, Structures and Working at heights and consider how these will apply to HCC.	Marie	Ongoing	Considered approach using the hierarchy of control MBIE is quiet, Q1 should have a draft, main difference is written requirements. Toward end of 2023 introduction of the law.	Ongoing – due to the pending election later this year
Question the need for plant (table saws) to be put on assets register. Look at Ungerbok and review if plant and other	Claire Toko	Next meeting	Assets over \$5000 are captured in UngerBok. If there are specific items we wish to capture, then it is possible.	Closed

Meeting Minutes

similar plant is on the register for H3 as unsure this is currently happening.				
Need to follow up the need to have an independent person to review the critical risks in relation to plant and machinery to have a specialist in the field to review. No outcome was recorded from previous meeting.	Marie Snowball	Next meeting	Complete an independent review. Have someone be more involved. Include specialist advice. <i>Decision to be made – do we understand everything associated with this risk and if we need to source independent advice?</i>	Ongoing
Changes to be made to TOR Safety Governance Committee <ul style="list-style-type: none"> Part of ELT's role is being informed through this committee. Adapt the wording of the roles and responsibilities to align with this Under the section: amend wording to "advice, provide assurance and recommendations to the strategic leadership team" Amend job titles of the members to correct them Need for the learnings and outcomes of this meeting. Lance to discuss with Dan. Share with HSR's 	Marie Snowball	Next meeting	Terms of Reference document updated.	Closed

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Attachment 3

Meeting Minutes

3. Insights from our HSR on working at the Wastewater Plant (Tim Coxhead)

Pukete Wastewater plant

- Tim provided an overview of working at the Water Plants and some of the risks they are presented with when working over water
- Aerated tanks – zero buoyancy and the controls they have in place to manage these risks. Planned works are undertaken, anchor points are provided for workers to connect their harnesses to when working near the edge of the tanks. Cranes are available on the edge of tanks to remove the mixers out of the tanks if required. Most of it is guarded to prevent falling into the tanks.
- Gantry available to tie onto and move freely along the tanks

Waioira Treatment plant

- No need to do grab sampling so eliminates the risks
- No place to tie off when cleaning the rows so workers wear inflatable life jacket in case the workers do fall off as well as a hard hat. The cylinder automatically inflates the jacket if submerged in water (if the worker was to be knocked out and unable to pull the cord to inflate the jacket).
- Tanks are approximately six meters deep
- Workers are required to know how to swim. One staff member was unable to swim so was provided swimming lessons to ensure they had this capability if they were to fall into the tanks.
- Part of the rescue response is to have spotters in place, date of gas cylinder in the vest is checked for expiry.

Greg highlighted the need for organisations to think of their emergency response plans and practicing them. A lot of the improvements made at the plants have been as a result of thinking about how to respond in emergencies.

City Delivery

- Engineering controls in place for when working over a well include the working attaching themselves to the truck while using a Hiab to pull up the pump up inside the well
- Spotter are available on site while work is carried out to ensure everything is going ok
- PPE – tested and tagged. Tim highlighted how the team are really good at raising the need for new gear when their harnesses etc. are expired or outside test dates. Workers are provided with the correct gear and fit for purpose
- Open drains – discussion held about how workers are required to walk through gullies behind residential to inspect lines using pitch forks to stay stable
- Use waders when needed to enter the drain to clean off the grates
- Can be required to cut up trees that may be in the way of the waterways, all staff are trained in tree work
- On inductions, workers are required to get blood tests to see if they are immune to Hep A, Hep B, and typhoid. If not, then they will get the required immunisations
- Toolboxes (assessing risks) are conducted prior to work commencing – when high levels of rain, the team will assess the risk and identify if there is a need for the work to take place in the condition. In recent years there has been a shift and a change of thinking in the way jobs are undertaken safely where in the past this was not the case
- Average age of City Delivery workers are 55 years. Thoughts behind succession planning. In open drain teams, average age is 65years, cutting trees up, hauling them out of the gullies – they are all experienced bushmen and in good physical condition to undertake this work
- Training – some examples of the training the team in city delivery are required to have include: confined spaces, slinging and rigging, harness refresher training completed regularly (as per requirements of training)

Safety checks – eye bolts, harnesses/helmets/rope, compliance certificates/trained, hazard identification and permit to work.

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Hazard ID form – example was shown of what the team uses to manage hazards. The form provided the opportunity for the team to assess what hazards they may be present when conducting the task, any controls in place to manage the hazard, the process of reviewing the emergency response plan (where the evacuation point is) and who the allocated spotter is for the task.

Permit to Work (PTW) form – Example provided of the PTW form they use at the Water Plants and an overview of how the system works.

Discussion of the worst incidents that have taken place at the Water Plant – An example was provided of where a hinge had disintegrated away on a manhole on the walkway across a tank. If the person was to step and fall through, it could have been fatal due to flow of water underneath. Following this, it was reported, hinges were replaced, and hinges are now inspected on a maintenance schedule.

Fumes – Can get a build-up of gas. There was an incident in the past when a contractor burnt themselves when welding which the contractor believed was due to the fumes in the tank.

Chlorine gas is present at the Waioara plant. Due to this there are incredibly strict controls to prevent an explosion taking place

When working in and around water, weather conditions have an impact on their ability to conduct the job. Lightening and high winds particularly. Hazard ID required to take in place.

4. Critical Risk Review – ‘Working over and near water’ (Eeva Liisa)

- Progress is slow - project groups are finding it hard to fit it in around the other work pressures in the job
 - As a sponsor, Eeva Liisa believes there is a responsibility to have the project groups inform the relevant sponsor of the bow ties if progress is not being made to help raise awareness for the need for this critical piece of work to be completed
 - Discussion about how you could also be working on a bridge and at height but you can also then be working over water, so a number of critical risks are involved in one task
 - Need to review how the critical risks impact for the wider Council – Public spaces vs Non-public spaces
 - How we capture this as an organisational bow tie. Is it working organisationally? The different contexts and exposure e.g., Waterworld, the river, garden features at the gardens, zoo, tanks at the treatment plants and wells at City Delivery.
-

5. WorkWell Assessment – Silver Accreditation (Dan Finn)

- Wanted to bring to our attention that our wellbeing initiatives fall into the WorkWell
 - The annual WorkWell survey enables us to engage with our workforce and understand what is working for them. However, acknowledge that there are some restrictions in what we are able to ask in the survey
 - Five key focuses – Physical activity, mental health, sun smart, whanau friendly, healthy eating
 - Assessed against the progress made on the WorkWell survey
 - Have achieved silver and are now working towards gold
 - Acknowledged Corina Martin, Leanore Bullen, and other team members who worked on this project for the work they have completed to achieve this level of accreditation
 - Tim spoke of how the team don't have the same access to technology. A lot of the updates relate to the Municipal Building. Tim has changed his induction of new staff to know that they have an HCC log on and outlook account to ensure they can log on and see these updates in Morena mail and other communications.
-

6. Safety Governance Committee Terms of Reference (Dan Finn)

- Requested by David to have this added as another item on the agenda for this meeting
- Dan indicated that we are nearly there for this document to be complete

Meeting Minutes

- Marie has removed some items that would be better to sit at the ELT level
- David highlighted some changes he would like made and/or amended
 - Ollie's role is Māori representative/advisor, his title is required to be changed in the document
 - Would like to highlight that this committee reports through to the Strategic Risk and Assurance Committee (SRAC), so it is seen as a sub committee of this committee (Safety Governance Committee)
- Request to understand how the Safety and Wellbeing team should be included in the structure. First mention of the Health and Safety Representatives (HSRs) should be the Safety and Wellbeing team as HSR's are mentioned twice
- Due-diligence of the group – continually reflect on the agenda and match the six points (risks, knowledge, resources, complying with legislation)
- Question if the need for union representation in the HSR of the structure? Interpreting the legislation

7. General Discussion – around the table

- **David** – Disruption and conflict around the community, with an increase of crime in the community. Ensuring our staff are safe in their roles and facilities. Not wanting staff to get hurt being heroes
- Suggestion to have safety officers attend the next safety governance meeting. HCC staff across the board are experiencing aggression (including contractors)
- Risk to personal property and belongings of Council workers (theft) while at work, for example personal car keys getting stolen out of work vehicles. There are situations in Council where workers are running the vehicle to conduct the job (i.e., using the motor of the vehicle to power a machine). Possibility to get override buttons put in vehicles so vehicles can be left running but can be locked with keys not needing to remain in the ignition.
- H3 have noticed an increase in theft and incidents taking place at FMG stadium. Have put security on site now as a result, including at night. Also noticed the influence of alcohol and fuelling unwanted behaviour.
- Update on Lone Worker devices. Review taken place and now going out to market to review providers. Questioned if there is the possibility to go out to the remainder of the business and identify if there are unused devices that could be re-purposed elsewhere to help respond to the concerns raised in people's behaviour in the community (increased theft)
- Dan to share the report detailing the review of guardian angel that was presented to ELT today with the committee.
- Discussion around body cameras and if staff are wearing them. Believed to be used in Parks, City Safe, AEC and City Delivery. Research has shown they are a good deterrent but can also result in people seeing it as a challenge and can encourage undesirable behaviour due to knowing they are being captured on camera
- **Claire** – H3 have been looking at the fire down in Wellington and looking at the H3 venues to see what improvements could be made at the venues in response to evacuations. For example, a set of pallets are staked up next to the building. Emergency preparedness – opportunity for people to upskill and have a city that is more prepared. Would also encourage more people to take up the opportunity of further their Civil Defence training. Understand Kelvin came and spoke to ELT last week and looking at implementing this
- **Helen** – Worried about the workload for staff and seeing the pressure the senior leaders are under. This has been acknowledged by the HRBP's and seeing this in the businesses they are engaging in (Dan). Lance has put out the need to prioritise in his message to the wider Council
- **Eeva-Liisa** – Endorse the message Helen communicated. Wellbeing of staff, pressures in people's lives. Not seen this in the organisation before at this level. This topic is being discussed across a number of groups. ELT is aware and working on how to approach this across Council. A lot of the work in the transport area are now taking place at night to prevent disruption to the city during the day. Discussed the incident that took place recently where a drunk driver drove into the antenna truck. When speaking to people, they feel safer working during the day.
- **Dion** – As a general statement due to the union dealing with a lot of workers, there are positive messages coming back about HCC being ahead of the times. This has been from previous HCC workers who have gone to other organisations and looking back can acknowledge how ahead HCC is. Workers also appreciate the health insurance available.
- **Tim** – Vitae is going well on site, getting some great feedback from the team.

Meeting Minutes

- **Andrew (Broz)** – Coming into the Council, as new recruit can see Council are doing some really great stuff. Where we are behind in some areas, people are wanting to do better and moving forward things are going to be really good
- **Amanda** – Thank you to Eeva-Liisa and the support you have shown to the high priority the Bow-Tie risk assessment project has in the business
- **Dan** – Best thing that is taken from these meetings is the representation from the front line and helps us understand the work that happens
- **Greg** – Attended a webinar recently where the CEO of WorkSafe was present. WorkSafe is heavily under-resourced. Of the top priorities mental health does not fit into the top four of the projects, it sits at number five. If we need WorkSafe to assist with anything, we will be taking them away from being able to work on their top priorities and therefore delivery them.

8. Actions assigned from meeting

Action	Assigned To	Due Date	Comments	Status
Dan to share the report detailing the review of guardian angel that was presented to ELT today with the committee	Dan Finn	Next meeting		
Further amendments to be made to the TOR <ul style="list-style-type: none"> • Ollie's role is Māori representative/advisor, his title is required to be changed in the document • Would like to highlight that this committee reports through to the Strategic Risk and Assurance Committee (SRAC), so it is seen as a subcommittee of this committee (Safety Governance Committee) 	Marie	Next meeting		

9. Completed Actions Register

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

Meeting Minutes

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

Meeting Minutes

Lance to confirm with Ewan and Olly if they would like to stay on the Committee	Marie	Next Meeting	Confirmed that Ewan and Ollie will continue on the committee	Closed
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The meeting was declared closed at 4:11pm

Next Meeting: August/September

Council Report

Committee: Strategic Risk and Assurance Committee
Date: 28 September 2023
Author: Nicholas Whittaker
Authoriser: David Bryant
Position: Senior Risk and Resilience Advisor
Position: General Manager Business Services
Report Name: Risk Management Report

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

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

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

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

Executive Summary - *Whakaraapopototanga matua*

3. Hamilton City Council's strategic and organisational risks have been reviewed over the last quarter and where relevant, have been updated to reflect the changing risk environment.
4. There have been two changes to residual risk ratings.
 - i. Strategic Risk 4 has increased to Very High, following a review of the residual likelihood given the current cyber environment.
 - ii. Strategic Risk 7 has decreased to High following a review of the likelihood and current market conditions. Further information on these risks can be found in the report.
5. Strategic Risk 1 has two specific updates this quarter relating to risks to the water supply network. The first is an update on the Western Bulk Water Main and risks related to increased erosion at the site. Emergency repairs are currently underway and further updates to this work will be presented verbally at the Committee. The second update pertains to an alert on the Water Levels at Lake Taupo which are unseasonably low. Staff will continue to monitor these levels to ensure Hamilton is prepared for any significant risks to water supply.
6. Council continues to implement the relevant corrective controls for Strategic Risk 2 as we navigate a tough economic climate.
7. The economic outlook impacts the city's development cycle. Staff continue to monitor the rate of growth in the city (subdivisions, land use and building consents) and the impact for Council of a period where there is a lower level of activity in development work.

8. As the central government election draws nearer, staff will continue to understand the policy positions of Parties. In particular the impact of any changes in policy and/or government to Strategic Risk 6 – Political Changes Negatively Impact Strategic Direction.
9. KPMG have been appointed as Council's internal auditors. They will conduct a review of Council's risk appetite and are holding workshops with ELT and Elected Members in September. This will inform how we manage our strategic and organisational risks, guide investment decisions, and inform the internal audit programme for the coming year.
10. Staff consider the matters in this report have medium significance and that the recommendations comply with Council's legal requirements.

Background - *Koorero whaimaarama*

11. The Strategic Risk and Assurance Committee meeting of 16 May 2019 approved, for monitoring purposes, eight strategic risks and three organisational risks. At subsequent meetings, staff reported on the status of each risk and associated treatment plans. A ninth strategic risk relating to climate change was added in 2020.
12. The purpose of this report is to highlight significant activity over the last quarter for each risk. The attached Risk Register sets out more detail on all strategic and organisational risks including treatment plans.
13. A review of Council's strategic risks with the Executive Leadership Team took place in May 2022.
14. The outcome of this review included proposed changes to risk names and descriptions which were taken to the Strategic Risk and Assurance Committee Workshop on 8 June 2022. Changes to risk names and descriptions were discussed by the Committee and approved. Staff are currently looking into scheduling another full review in the near future.

Discussion - *Matapaki*

Strategic Risk 1 – Failure to Respond to a Disaster

15. This risk description is 'A lack of preparedness leads to **a failure to respond or an ineffective response to a natural or human induced disaster event** resulting in compromised community resilience.' This risk links to Strategic Risk 4 – Loss of information or access to systems, Strategic Risk 8 – Failure to respond to a crisis or emergency and Strategic Risk 9 – Failure to respond to climate change.
16. There is no change to the residual risk rating for this risk – it remains at very high.
17. **CDEM exercise** - Exercise Rua was held in mid-July and involved 80 staff, 40% of whom were having their first CDEM exposure. The disaster was premised on an 'Auckland type' significant rain event causing a large volume of flooding. The mayor and iwi/Maaori partners participated in the event. External assessments rated the response at 58% which is a 14% improvement on the 2022 score and just shy of the target of 60% ('Advancing' status). Areas identified as requiring further focus will be added to our workplan.
18. Sitting within Strategic Risk 1, there are two key operational risks which have been highlighted below to bring to the attention of the Committee. By managing both of these risks appropriately we ensure that HCC is in the best position to prepare for a potentially significant event. This preparation will enable a more effective response, if required. The risk to the western bulk water main is an urgent matter (reported to Elected Members on September 7th) and a verbal update on the progress of the improvements will be provided at the Committee.

Risk to the Western Bulk Water Main

19. Erosion on the Waikato riverbank around the western bulk water main pipes in the vicinity of the Mangakootukutuku Stream entrance to the river, has put a valve chamber and the twin bulk water main pipes at risk.
20. Urgent remedial erosion works are required to stabilise the bank and prevent damage to this critical infrastructure, which supplies the western side of the city (up to approximately 30,000 residential and commercial properties) from the Waiora Water Treatment Plant.
21. Emergency erosion work was previously undertaken immediately adjacent to this area in 2020 to stabilise the riverbank using rocks and building a structure to deflect river flow and current away from the riverbank and our critical infrastructure (stage 1).
22. During stage 1 it was identified that further erosion works adjacent to the site would be required in the future. The Three Waters team have been monitoring this site and working with engineers to develop a design for the further works (stage 2). Capital renewals budget were allocated this financial year to finish planning and complete stage 2 works.
23. Fluctuations in river level and high river flows in recent months have increased the rate of erosion to the riverbank. Frequent monitoring of the site has confirmed that the erosion is occurring more rapidly than anticipated. This has now escalated into a critical situation.
24. Staff are working quickly using emergency procurement and consenting provisions to finalise the design and commence work for stage 2. This is expected to take approximately four to six weeks to complete.
25. While the repairs are underway staff are monitoring this site daily and have established an incident management team to actively monitor and manage the situation. A contingency plan has been prepared to minimise any potential impacts to the supply of drinking water to the west side of the city. This includes isolating the at-risk section of the water mains and directing drinking water along the Eastern Bulk Water Mains to the north of the city and across the river at several bridges to supply the western side of the city. Modelling of water pressure and supply impacts of implementing the contingency plan has been completed.

Lake Taupo Levels

26. Lake Taupo is currently at a lower-than-expected level for this time of year and has been consistently trending downwards since June 2023. If the minimum operating level of Lake Taupo is reached, Mercury is required under their resource consent to operate the Waikato River hydro system so the outflows from the Karapiro dam match the inflows to Lake Taupo. This can result in the Waikato River level downstream of the Karapiro Dam dropping significantly.
27. The Waiora Water Treatment Plant's water inlet pipe is located set at a fixed level in the Waikato River. If river levels drop below the level of this pipe, the treatment plant would be unable to physically pump water from the river to the treatment plant. Since 2016, Council has had a low river contingency plan (pumping platform) that is able to be deployed, to pump water from the deeper part of the Awa into the water treatment plant during exceptionally low river levels. This contingency plan, if implemented, will ensure that the treatment plant can continue to treat and supply Hamilton with up to 90 million litres of treated drinking water per day.
28. The NIWA Seasonal Outlook is forecasting average temperatures in the Taupo area, however rainfall is expected to be below average levels. Generally, the risk period for low water levels in Lake Taupo occurs during April – June; however recent trends may be an early indication that there is an increased likelihood of needing to deploy the low river contingency pumping platform this summer.

29. Staff are in regular contact with Mercury and Waikato Regional Council and will continue to closely monitor both Lake Taupo and Waikato River levels to actively manage this risk to Hamilton's water supply.

Strategic Risk 2 – Significant Negative Impact on Financial Strategy

30. This risk description is 'A major economic or financial shock event **negatively impacts Council's financial strategy, fiscal and monetary position** resulting in significant financial pressure on Council.' This risk links to Strategic Risk 7 – Failure to deliver our work programmes.
31. There is no change to the residual risk rating for this risk – it remains at medium.
32. We expect revenue to fall in 2023/24 in response to lower levels of residential consenting. High financing costs, low house prices and high levels of uncertainty are keeping both buyers and developers cautious. We are expecting this to continue throughout the rest of the financial year.
33. Annual capital price inflation has fallen from a peak of 12.5% to 6.4% in the June 2023 quarter but remains high. Prices for transport were up 8.3% on a year ago and civil construction as a whole was up 6.6%.
34. Labour costs are also a significant contributor to the increased costs of capital projects, for example, it makes up an estimated 40% of the cost of roading projects. The labour cost index increased 4.3% in the year to June 2023. Cost escalation of major capex categories is expected for the next 18 to 24 months, though at a slower rate than seen in 2022.
35. The RBNZ has held the official cash rate at 5.5% since May 2023 and its latest Monetary Policy Statement (August 2023) suggests that rates may stay at this level until mid-2025. Banks had priced in a reduction in the OCR by 50bps by the end of 2024. The RBNZ statement will likely see increases in medium-term interest rates as banks readjust.
36. The possibility of a recession has faded, but an economic slowdown remains likely. Cost pressures on households and businesses have increased substantially, many businesses still expect input prices to continue to increase and expect to raise their own prices in response. Spending remains strong in Hamilton but has eased in the June 2023 quarter.
37. Staff will continue to actively monitor and report on economic conditions and their impact on Development Contribution revenue, capital expenditure and operational budgets.
38. Reflective of the controls for Strategic Risk 2 the pressures on Council's budget are being closely managed through forecasting to the end of 2023/24, and the Annual Plan process for the 2023/24 financial year. This work will continue through to the Long-Term Plan process, in particular as part of the development of the significant assumptions for the Long-Term Plan.

Strategic Risk 3 – Failure to Meet Compliance Standards

39. This risk description is 'Compliance requirements from Central Government and regional council or changes in community expectations leads to a **failure to meet compliance standards** resulting in increased exposure to litigation.' This risk links to Strategic Risk 6 – Political changes negatively impact strategic direction.
40. There is no change to the residual risk rating for this risk – it remains at high.
41. Central Government has passed several significant pieces of legislation in August. Staff continue to assess the requirements for compliance with changes – notably in the Waters and Resource Management area. Some legislation and policy direction may be rolled back following the national elections in October.

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

42. The risk description is 'In the event of a cyber-attack, IT service or technology asset failure there is a risk that **confidential information and / or Council services are compromised or fail and / or there is a loss of information** resulting in ongoing reputational, legal, and financial consequences.
43. Since the last report, Council have completed a further assessment of the current risk landscape. This review has caused us to shift the likelihood of this risk from unlikely to likely resulting in an increased residual risk rating. **Strategic Risk 4 is now rated as very high.**
44. Commentary and treatment plans relating to this risk contains confidential and commercially sensitive information and are covered in the Loss of Information or Access to Systems Report presented to the Committee in the public excluded part of this meeting.
45. Sitting within strategic risk 4 is the increasing risks surrounding the use of **Artificial Intelligence (AI)**. Risks associated with AI continue to be complex and evolving which Council will need to consider carefully before approving staff use. Further discussion regarding this risk are covered in the Loss of Information or Access to Systems Report

Strategic Risk 5 – Failure to Deliver Growth Outcomes

46. This risk description is 'Step-changes in growth requirements or demand or consequences of growth means **Council can't deliver expected growth outcomes** resulting in increased costs and the perception that growth delivers negative outcomes for the community.'
47. There is no change to the residual risk rating for this risk – it remains at high.
48. Residential consenting in Hamilton fell 6% to 1390 new dwellings granted in the year to June 2023.
49. This remains above our average growth assumption of 1200 new dwellings per year.
50. However, the number dwellings in consents lodged has fallen 27% in the year to June 2023, with the number lodged in both May and June extremely low. July and August were also very low and we could round out 2023 calendar year with under 1000 new dwelling consented if these trends continue.
51. The current economic environment is highly uncertain, coupled with an upcoming election and high financing costs mean many developers and buyers are taking a "watch and wait" approach before committing to projects.
52. The long-term outlook for growth remains positive with high levels of net migration, employment growth and investment in non-residential development likely to attract more people to Hamilton and increase demand for housing.
53. Plan Change 5 (Peacocke) is at the appeals stage, Industrial Land Supply Analysis has been completed to inform up-coming HBA analysis, hearings on PC12 have been delayed in order to address flood hazards through Plan Change 14 first. Decision deadline on PC12 has been extended by the Minister for the Environment for HCC till December 2024.

Strategic Risk 6 – Political Changes Negatively Impact Strategic Direction

54. This risk description is 'Political stakeholders make unanticipated changes or decisions or take actions that negatively impact Council's strategic direction resulting in significant changes to Council's form or function, resourcing and work programme.' This risk links to SR3 – Failure to meet compliance standards.
55. There is no change to the residual risk rating for this risk – it remains at very high.
56. The Central Government programme of legislative reform continues to progress and brings with it a high level of uncertainty for local government.

57. Since the last meeting, the Spatial Planning Act and Natural and Built Environments Act have been enacted, introducing a new resource management system for New Zealand. A small number of changes come into force straight away, however much of the RMA 1991 will stay in place as the new system is phased in over the coming years.
58. There is a high level of uncertainty regarding the future of the new Acts, with both the National and Act parties announcing that they will repeal the legislation prior to Christmas if they form a new government following the 14 October 2023 Election. It is prudent for Council to consider the implications of the new legislation on the function of the business; however the high level of uncertainty means that any detailed work programme to work to embed the new legislation will occur post-election.
59. The Water Services Entities Amendment Bill has also been passed. This changes the Water Services Entities Act 2022 to replace 4 water services entities with 10, allowing for greater community involvement in setting the direction of water entities while ensuring affordability of services for households. It has been scheduled that the 'go live' date for the Waikato entity (Entity B) will be 1 July 2025, with the date to be confirmed by Order in Council post the election.
60. The Future for Local Government Review has released its final report that proposed 17 recommendations to enable local government to better serve communities across New Zealand. The government has indicated that they will consider the report once the election is over and is interested in hearing from councils their initial views in the interim.
61. Council continues to engage with parties across the political spectrum in the lead up to central government elections to champion Hamilton's plans for the future and share a consistent story about our priorities. Council will seek to work with which ever parties make up the next government to deliver the best outcomes for Hamiltonians.

Strategic Risk 7 – Failure to deliver our Work Programmes

62. This risk description is 'An ongoing shortage of necessary resources (people and materials) means we are unable to deliver our work programmes resulting in constrained growth and negative long-term outcomes for the community.' This risk links to Strategic Risk 2 – Significant negative impact on financial strategy.
63. There is a reduction to the residual risk rating for this risk – it has been reduced from Very High to High.
64. The residual likelihood of this risk has been reduced from Likely to Possible to reflect the ease of the demand due to the rise in interest rates, the apparent slowing down of the economy, perceived increase in applicant numbers, and the uncertainty surrounding the future Central Government election. We continue to closely monitor as our ability to deliver our work programmes as it continues to be impacted by external factors (such as those mentioned above) even though we have been successful in obtaining Central Government funding.
65. Consistent poor weather over the traditional summer months has had an impact on the progress and cost of some projects and the national workload following the January -February 2023 cyclones. This poor weather has continued through into August 2023 and the impacts on cost and programme have been significant, particularly on some of the larger infrastructure projects like Peacocke and Borman Road. Any cost and time implications need to be worked through contractually.
66. Internal resourcing requirements continue to be reviewed as part of each long-term or annual plan process. Supply chain insights are routinely obtained through close relationships with the construction industry and ongoing collaboration with the NZ Infrastructure Commission, Construction Accord, and the Waikato Branch of Civil Contractors NZ (CCNZ) and provision of pipeline of work opportunities to CCNZ.

- 67. Through the 2023/24 Annual Plan deliverability has been a major consideration when developing the capital works programme. For this reason, it is expected that for the 2023/24 financial year the likelihood of this risk occurring will be reduced.
- 68. There are some supply chain issues remaining, impacting on delivery of our work programmes. Cost escalation continues to impact on the delivery of our work programmes. For commentary relating to cost escalation and the additional impacts of Cyclone Gabrielle, refer SR2 Significant negative impact on financial strategy.

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

- 69. The risk description is ‘A lack of Council’s preparedness leads to a **failure to respond or an ineffective response to a crisis (e.g. pandemic) or emergency** (e.g. security attack) resulting in compromised business resilience.’ Links to SR1 and SR4.
- 70. There is no change to the residual risk rating for this risk – it remains at very high.
- 71. Business Impact Analysis (BIA) workshops are continuing to be rolled out across council’s activities. These workshops will focus on critical business units and activities and is expected to be completed by December as part of the ongoing business continuity management work programme. These will then be used to inform business continuity planning.
- 72. A workshop was held recently with key stakeholders regarding Council’s crisis and emergency management activity. The purpose of the workshop was to identify gaps in our existing framework, strengthening this activity will be a key focus area for the risk management team over the next six months.
- 73. The treatment plans for this risk have been reviewed and updated to reflect the current risk and resilience management work programme.

Strategic Risk 9 – Failure to Respond to Climate Change

- 74. This risk description is ‘Climate change causes **changes to our community and City we have not anticipated or planned for** which will negatively impact on the wellbeing of our community.’ This risk links to Strategic Risk 1 – Failure to respond to a disaster.
- 75. There is no change to the residual risk rating for this risk – it remains at very high.
- 76. Climate change is being integrated into the key foundation documents for the 2024-2034 Long Term Plan, this includes the Activity Management Plans, which include the relevant risks from the Council Climate Change Risk Assessment, Activity Statements, and growth area summary documents.
- 77. A recent high court ruling on the Lawyers for Climate Action NZ Incorporated v Minister of Climate Change has resulted in the government making changes to emissions trading scheme settings and a subsequent rise in the price of emissions units. Litigation on climate change related issues in New Zealand and globally are increasing, with more scrutiny on decision making processes and the legitimacy of climate related claims being made which in this latest case resulted in changes to government policy.

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

- 78. This risk description is ‘Ineffective or inadequate health, safety and wellbeing management at our work sites leads to a **failure to provide a safe and healthy work environment for Council staff or workers** (inc. contracted or volunteer workers) resulting in a serious injury incident or fatality and increased exposure to litigation.’
- 79. There is no change to the residual risk rating for this risk – it remains at HIGH.
- 80. A separate report is taken to the Strategic Risk and Assurance Committee which provides further details about the Organisation’s Health and Safety strategic direction and improvement schedule.

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

81. This risk description is 'Ineffective or inadequate safety and security management at our community attractions and facilities might mean **we fail to provide and maintain a safe environment for the community** resulting in a serious injury incident or fatality and increased exposure to litigation.'
82. There is no change to the residual risk rating for this risk – it remains at high.
83. Following the recent changes to the groups within HCC, the Visitor Destinations Unit now sits in Venues, Tourism and Events rather than as part of the Customer and Community Group.
84. Staff from both of these areas will review this risk going forwards.

Organisational Risk 3 – Failure of Critical Assets

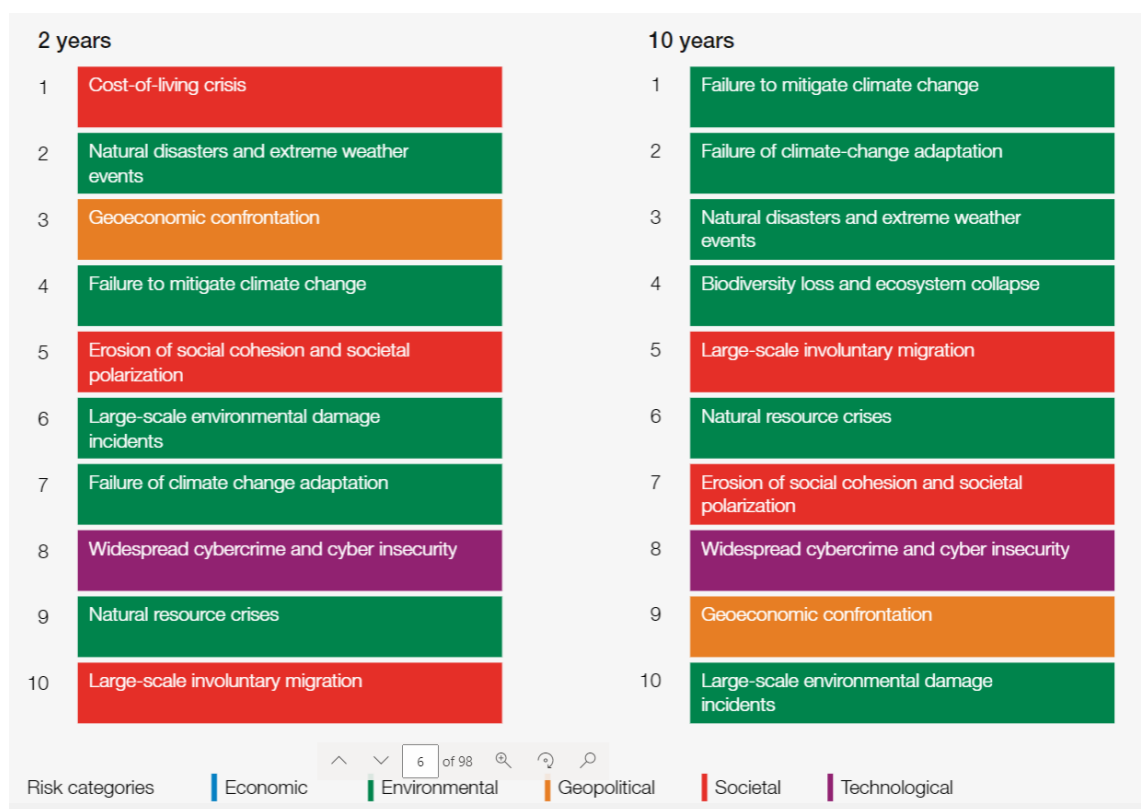
85. This risk description is 'Incorrect investment (timing and/or amounts) results in the unexpected **failure of critical assets** (loss of levels of service).
86. There is no change to the residual risk rating for this risk – it remains at very high.
87. Baseline AMPS have been completed which include a 'critical assets' section.
88. Investment requirements for critical assets is being discussed as part of the LTP process and ensuring these decisions are appropriate is a critical control to this risk.
89. Sitting within Organisational Risk 3 is a key operational risk which has been highlighted below to bring to the attention of the Committee.

Potential Impact of Golden Clams on Infrastructure

90. There have been a couple of recent developments recently in relation to the invasive gold clam (*Corbicula Fluminea*) that was identified in the Waikato River earlier this year. For context, the clam is an invasive shellfish that breeds rapidly and could detrimentally impact native ecosystems and cause blockages and reduced efficiency of water infrastructure and treatment processes. Note that there are no health risks associated with our treated water due to clams being present in the river.
91. Biosecurity NZ have categorised the clam as an unwanted organism under the biosecurity act and issued us with a Section 52 General Permission document that allows us to continue taking water from the river and discharging to the river as per our resource consents, but just outlines some high-level conditions seeking to minimise risk of spreading the organism.
92. Recently diver inspections of our intakes and outfalls at Pukete WWTP, Waioara WTP and Hamilton Gardens were completed and there were no clams found.
93. Staff will continue to monitor for golden clams to ensure that we can respond efficiently and effectively to reduce the impact on our three waters network.

Global Risk Landscape

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



Financial Considerations - *Whaiwhakaaro Puutea*

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

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

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

Climate Change Impact Statement

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

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

98. 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').
99. 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.
100. The recommendations set out in this report are consistent with that purpose.

Social

101. 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

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

Environmental

103. 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

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

Risks - *Tuuraru*

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

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

Significance

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

Engagement

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

Attachments - *Ngaa taapirihanga*

Attachment 1 - Strategic and Organisational Risk Register - September 2023



Strategic & Organisational Risk Register





Q1 2023/24

How to read this document

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

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









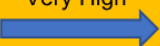


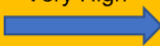
Pages 3 provide a summary of strategic and organisational risks. Movement from the previous quarter is shown by the following indicator

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

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

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

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

Strategic Risk Name	Risk Description	Risk Owner	Residual Risk Rating
SR1 Failure to respond to a disaster	A lack of preparedness leads to a failure to respond or an ineffective response to a natural or human induced disaster event resulting in compromised community resilience. Links to SR4 and SR8	Helen Paki	Very High 
SR2 Significant negative impact on financial strategy	A major economic or financial shock event negatively impacts Council's financial strategy, fiscal and monetary position resulting in significant financial pressure on Council. Links to SR7	David Bryant	Medium 
SR3 Failure to meet compliance standards	Compliance requirements from central government and regional council or changes in community expectations leads to a failure to meet compliance standards resulting in increased exposure to litigation. Links to SR6	David Bryant	High 
SR4 Loss of information or access to systems and services	In the event of a cyber attack, IT service or technology asset failure there is a risk that confidential information and / or Council services are compromised or fail and / or there is a loss of information resulting in ongoing reputational, legal, and financial consequences. SR4 links to SR1 and SR8	David Bryant	Very High 
SR5 Failure to deliver growth outcomes	Step-changes in growth requirements or demand or consequences of growth means Council can't deliver expected growth outcomes resulting in increased costs and the perception that growth delivers negative outcomes for the community.	Blair Bowcott	High 
SR6 Political changes negatively impact strategic direction	Political stakeholders make unanticipated changes or decisions or take actions that negatively impact Council's strategic direction resulting in significant changes to Council's form or function, resourcing and work programme. Links to SR3	Blair Bowcott	Very High 
SR7 Failure to deliver our work programmes	An ongoing shortage of necessary resources (people and materials) means we are unable to deliver our work programmes resulting in constrained growth and negative long-term outcomes for the community. Links to SR2	Andrew Parsons	High 
SR8 Failure to respond to a crisis or emergency	A lack of Council's preparedness leads to a failure to respond or an ineffective response to a crisis (e.g. pandemic) or emergency (e.g. security attack) resulting in compromised business resilience. Links to SR1 and SR4.	David Bryant	Very High 
SR9 Failure to respond to climate change	Climate change causes changes to our community and City we have not anticipated or planned for which will negatively impact on the wellbeing of our community.	Blair Bowcott	Very High 
Organisational Risk Name	Risk Description	Risk Owner	Residual Risk Rating
OR1 Failure to provide a safe and healthy work environment	Ineffective or inadequate health, safety and wellbeing management at our work sites leads to a failure to provide a safe and healthy work environment for Council staff or workers (including contracted or volunteer workers) resulting in a serious injury incident or fatality and increased exposure to litigation.	Sean Hickey	High 
OR2 Failure to provide a safe environment for the community	Ineffective or inadequate safety and security management at our community attractions and facilities might mean we fail to provide and maintain a safe environment for the community resulting in a serious injury incident or fatality and increased exposure to litigation.	Helen Paki	High 
OR3 Failure of critical assets	Incorrect investment (timing and/or amounts) results the unexpected failure of critical assets (loss of levels of service). Resulting in loss of service delivery, financial impact, environmental damage.	Andrew Parsons	Very High 

Strategic Risk 1

SR1 Failure to respond to a disaster

A lack of preparedness leads to a failure to respond or an ineffective response to a natural or human induced disaster event resulting in compromised community resilience. Links to SR4 Loss of information or access to systems and SR8 Failure to respond to a crisis or emergency.

Risk Owner	Helen Paki	Category	Disaster Recovery/Business Continuity Strategic
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Risk Cause

1. Natural disaster event without warning or build up
2. Severe weather events that increase in intensity, including those events that are a result of climate change
3. Critical asset failure that impacts the safety of Hamiltonians – water, energy, telecommunications, financial, transportation
4. Disaster caused by failure of human-made structure
5. Pandemics

Inherent Risk Rating 4 - Very High - Possible x Catastrophic

Existing Controls

1. Annual external (NEMA) capability assessments
2. Collaboration on emergency management response approach
3. Co-located EOC in a dedicated leading-edge centre
4. Early warning processes are in place at a national and regional level
5. Emergency Management Framework
6. Emergency management training program
7. Robust emergency exercise schedule in place
8. Council has established an Incident Management Team
9. Availability of technical expertise
10. Regional and national emergency services relationship management
11. Council has responsibility for climate change response
12. District Plan
13. Asset Management. 2021-2051 Infrastructure Strategy is in place.
14. Asset Management. 2021-31 Activity Management Plans int. ext. reviewed
15. Asset Management. Manage, monitor, operate and maintain critical assets
16. Asset Management. Plan policy in place to set standards

Residual Risk Rating 4 - Very High - Possible x Major

Responsible Manager(s)	Kelvin Powell Helen Schlegel	Risk Treatment Option	Mitigate
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Treatment Plans

Treatment Plan	Previous Update	Update – September 2023
Implement workplan to address findings raised in Capability Assessment by December 2023	March 2023 Major weather events - Auckland Weather Bomb, Cyclone Gabrielle. HCC CDEM staff deployed to affected areas across North Island to support the response and recovery efforts in affected areas of the North Island. To date 40 staff (1,240 hours) have been deployed to Auckland, Thames,	September 2023 Workplan continues to be on track. Two major items require LTP funding (Hazard Research and Public Engagement). Applications have been completed.

	<p>Hawkes Bay and to the Waikato Regional Operations Centre. Half of the staff had not previously been deployed.</p> <p>June 2023 Seven recommendations from the Auckland Flood Response Review assessed as having direct relevance to Hamilton and have been added to the workplan for addressing with urgency. Workplan is on track but extra added work will make it a challenge to achieve</p>	
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Strategic Risk 2			
SR2 Significant negative impact on financial strategy			
A major economic or financial shock event negatively impacts Council's financial strategy, fiscal and monetary position resulting in significant financial pressure on Council. Links to SR7 Failure to deliver our work programmes.			
Risk Owner	David Bryant	Category	Financial
Risk Cause			
1. Global financial or pandemic crisis 2. Rapid increases in inflation, **finance sector credit contraction, ** interest rates, oil prices, or a rapid decline in NZD leading to significantly higher construction input costs, debt costs, and significant pressure on household rates affordability 3. Critical infrastructure failure 4. Major construction industry failure 5. Major government policy changes negatively impact Council's income streams or cost base 6. Natural or manmade disaster (including deliberate attacks on critical infrastructure or pandemic) has an impact on the economy (e.g. affects national imports/exports, which has a flow on effect) 7. **Recession (two successive quarters of negative GDP growth)**			
Inherent Risk Rating	4 - Very High - Likely x Major		
Existing Controls			
1. KPMG, as Council's treasury partner 2. Financial forecasting cycles at the Finance & Monitoring Committee 3. Monitoring of macro trends 4. Additional \$100M bank facility 5. Financial scenario modelling 6. Council's ability to urgently reprioritise and reduce capital spending 7. Ability to urgently reprioritise and reduce community LOS spending 8. Financial Policies			
Residual Risk Rating	2 - Medium - Possible x Moderate		
Responsible Manager(s)	Tracey Musty Greg Carstens Virginie Maene	Risk Treatment Option	Accept

Strategic Risk 3

SR3 Failure to meet compliance standards

Compliance requirements from central government and regional council or changes in community expectations leads to a failure to meet compliance standards resulting in increased exposure to litigation. Links to SR6 Political changes negatively impact on strategic direction.

Risk Owner	David Bryant	Category	Compliance and Regulatory Environmental Political Reputation
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Risk Cause

1. Central government changes the regulatory standards for compliance: including resource management, environmental (including climate change and pollutant management), corporate (including health and safety, human resources and financial), growth, consultation requirements, health and infrastructural (including traffic and transport) compliance. This might also include changes to the required frequency of Council actions (such as the 10 Year Plan). This also includes wide-ranging regulatory changes in response to an incident such as a pandemic or natural disaster
2. Continued or serious breaches leading to increased compliance requirements and regulation
3. Community service-level expectations in management of water quality, recycling, climate change and other services not being met
4. Failure to plan long term for consenting requirements (both as a regulator and a regulated entity)
5. Regional Council changes its policies to ensure legislative compliance (e.g. Healthy Rivers policy)
6. External audit identifying major non-compliance within HCC operations (e.g. by IANZ)
7. Legal challenge to HCC policy or practice resulting in findings of non-compliant practices
8. Change in stakeholder partner expectations for environmental performance
9. Changes to our own District Plan impacting other parts of the business (e.g. changes to resource consents affect consented Three Waters activities)
10. Increased cost of compliance
11. Compliance standards at odds with each other

Inherent Risk Rating	3 - High - Possible x Serious
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Existing Controls

1. Advice available from external legal service providers - ad hoc basis
2. Central oversight of bylaw and Council policy programme at HCC
3. Competency assessments and training in place for staff
4. Council has access to a legal database
5. Council has established an Incident Management Team
6. External experts – for example advice on HR, taxation matters.
7. Internal legal advisor resource
8. Internal programme for continuous improvement in place
9. Internal resource allocated for specific compliance changes
10. Key stakeholders engaged for central government submissions
11. Local and regional council relationships established
12. Notification protocols in place for unforeseen events
13. Regular legal services advice and input from other specialist experts
14. Regular reporting, accreditation and auditing by independent providers

Residual Risk Rating	3 - High - Possible x Serious
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Responsible Manager(s)	Anna Hildyard Mish Hawthorne	Risk Treatment Option	Mitigate
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Treatment Plans

Treatment Plan	Previous Update	Update – September 2023
Legislative Compliance - Implement organisational monitoring and reporting by August 2023	March 2023 No update - ongoing treatment plan June 2023 No update - ongoing treatment plan	September 2023 Compliance Policy review, and testing/piloting of SHIELD use to monitor compliance reporting underway
Develop additional Compliance Training modules by August 2023	March 2023 LGOIMA training has been created and is currently awaiting final approval before roll-out. No other updates - ongoing treatment plan June 2023 Fraud and Corruption Policy is currently under review. Once the policy has been approved by BSLT this will form the basis of the Fraud and Corruption online module.	September 2023 Fraud and Corruption Management Policy review completed, options for online training content is being explored, delayed due to sickness of key staff.

Strategic Risk 4

SR4 Loss of information or access to systems and services

In the event of a cyber attack, IT service or technology asset failure there is a risk that confidential information and / or Council services are compromised or fail and / or there is a loss of information resulting in ongoing reputational, legal, and financial consequences.

What does the above mean to us? We have taken all necessary measures to protect ourselves from credible Cyber threats. We have created resilience and redundancy in our environment to support continuation of our services and information. Our Business Continuity and Disaster Recovery activities support rapid recovery of our services and prevent / minimize data loss and service disruption.

SR4 links to SR1 (Failure to respond to a disaster) and SR8 (Failure to respond to a crisis or emergency).

Risk Owner	David Bryant	Category	Disaster Recovery/Business Continuity Technology
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Risk Cause

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

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

A separate public excluded report is taken to the Strategic Risk and Assurance Committee which provides further details about the Organisation's Cyber Security and Risk.

Residual Risk Rating	4 – Very High - Likely x Major
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Responsible Manager(s)	Karl Bout Monjur Ahmed DJ Jordan Allan Lightbourne Tony Oxley	Risk Treatment Option	Mitigate
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Treatment Plans

A separate public excluded report is taken to the Strategic Risk and Assurance Committee which provides further details about the Organisation's Cyber Security and Risk Improvement Schedule.

Strategic Risk 5

SR5 Failure to deliver growth outcomes

Step-changes in growth requirements or demand or consequences of growth means Council can't deliver expected growth outcomes resulting in increased costs and the perception that growth delivers negative outcomes for the community.

Risk Owner	Blair Bowcott	Category	Community and Wellbeing Service Delivery Strategic
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Risk Cause

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

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

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

17. Monitoring the broader environment
18. HCC Growth and Development Contributions model

Residual Risk Rating			
3 - High - Possible x Serious			
Responsible Manager(s)	Karen Saunders Greg Carstens Mark Davey Hannah Windle Nicky Swan Tunde Balvanyos	Risk Treatment Option	Mitigate
Treatment Plans			
Treatment Plan	Previous Update	Update – September 2023	
Actively respond to opportunities to secure growth funding to enable growth (e.g. IAF, IFF), ONGOING	<p>March 2023 Handed over from GF&A to team established to deliver and report on IAF grant programme, led by Growth Programmes and City Development</p> <p>June 2023 Continuing to pursue new funding opportunities e.g. IFF in parallel with the LTP</p>	<p>September 2023 Continuing to pursue IFF in parallel with the LTP. Met with CEO of CIP, agreed to progress. Preference for citywide IFF and Peacocke component on hold.</p>	
Progress and notify District Plan Change Programme in response to Government Direction from NPS-UD and RMA Bill, by late 2023	<p>March 2023 Plan Change 12 hearings commenced. Next tranche of hearings due September 2023.</p> <p>June 2023 Plan Change 5 (Peacocke) is at the appeals stage, Industrial Land Supply Analysis has been completed to inform up-coming HBA analysis, expert conferencing sessions for Three Waters for PC12 have been held with the other topics to be held in June with hearings scheduled for September 2023.</p>	<p>September 2023 Plan Change 5 (Peacocke) is at the appeals stage, Industrial Land Supply Analysis has been completed to inform up-coming HBA analysis and Emerging Areas investigations are continuing, hearings on PC12 have been delayed in order to address flood hazards through Plan Change 14 first (due to be notified early 2024). Decision deadline on PC12 has been extended by the Minister for the Environment for HCC till December 2024.</p>	

Strategic Risk 6

SR6 Political changes negatively impact strategic direction

Political stakeholders make unanticipated changes or decisions or take actions that negatively impact Council's strategic direction resulting in significant changes to Council's form or function, resourcing and work programme. Links to SR3 Failure to meet compliance standards.

Risk Owner	Blair Bowcott	Category	Political Service Delivery Strategic
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Risk Cause

1. Political changes including central government strategic direction and legislative changes creates risk or opportunities
2. Local political changes, including potential misunderstanding of Council's intent
3. Political personalities, trust and relationships and change of key personnel – positive & negative
4. Failure to manage stakeholder relationships, communication and engagement tactics, including due to a lack of resource or need to balance priorities
5. Short term focus overshadows long term cost benefit outcomes
6. Political sovereignty/patch protection, lack of alignment or willingness to compromise ie boundaryless approach vs localism
7. Financial strategy misaligned with wider context
8. International events, trends or decisions influence NZ
9. Major projects or initiatives for the benefit of Hamilton accelerating or slowing down
10. Relationships with neighbouring territorial authorities are ineffective or adversarial due to differences of opinion or priorities

Note Political risk is essentially the probability that a political action/decision will significantly affect Council's strategic direction - whether positively or negatively.*

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

1. Collaborative governance group meetings
2. Culture, expectation and policies of HCC organisation
3. Monthly SLT discussion to ensure awareness of strategic initiatives
4. Participation in national and regional advisory groups
5. Participation in processes to influence government policy direction
6. Proactive steps taken at the start of each local government triennium
7. Regular Council briefings
8. Regular engagement with stakeholders at political and executive level
9. Regular meetings with Government Ministers and MPs
10. Future Fit Programme Established

Residual Risk Rating	4 - Very High - Likely x Major
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Responsible Manager(s)	Hannah Windle Mish Hawthorne Nicky Swan	Risk Treatment Option	Mitigate
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Treatment Plans

Treatment Plan	Previous Update	Update – September 2023
Feed the implications of Resource Management Reform into the Future Fit Programme by July 2024	June 2023 Ensure that structural and staffing changes needed to deliver on RM reforms are accommodated and addressed in outcomes of the Future Fit programme	September 2023 Spatial Planning Act and Natural and Built Environment Act now passed into law. Implications of these on council being explored, however impact will be dependent on who makes up the incoming government.

Work with Future Proof Partners on the implications of RM reform to ensure sub-regional voice is championed by October 2023	June 2023 Continue to advocate and collaborate at a sub-regional level to ensure metro interests are championed in new legislation, and in delivery models.	September 2023 Working with Future Proof councils to develop thinking around how we may partner with incoming government to collectively partner to deliver strategic infrastructure (prospectus and white paper)
3 Waters Reform Treatment Plan	June 2023 Established an internal council team to manage the impacts of the 3 Waters reform programme on council and the local government sector. Proactively engaging with the DIA on the reform implications. Collaborating with partner councils on the impacts of waters reform	September 2023 Additional legislation passed to provide clarity on future waters entities. Implications for council still unclear due to uncertainty from general election in October.
Future for Local Government Treatment Plan	June 2023 Established an internal council lead for managing input into the review, and to ensure that political stakeholders have opportunities to feed into the review process. In the process of advocating for Hamilton's interests to the Local Government Panel carrying out the review process	September 2023 Final recommendations from the FFLG panel now released and council considering its position on the recommendations. Government not progressing any of the 17 recommendations until after the general election in October.

Strategic Risk 7

SR7 Failure to deliver our work programmes

An ongoing shortage of necessary resources (people and materials) means we are unable to deliver our work programmes resulting in constrained growth and negative long-term outcomes for the community. Links to SR2 Significant negative impact on financial strategy.

Risk Owner	Andrew Parsons	Category	Financial People Service Delivery
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Risk Cause

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

Inherent Risk Rating	5 - Extreme - Almost Certain x Catastrophic
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Existing Controls

1. Adjustment of cost escalation provisions in the 2021/31 Long Term Plan
2. Established procurement planning frameworks
3. Forward works pipeline visibility and supply chain engagement
4. Procurement optimisation
5. Utilising panel arrangement for procurement and engagement
6. Portfolio Framework in place
7. Resource management tool for Project Management
8. Annual Plan 23/24 Capital Portfolio

Residual Risk Rating	3 - High - Possible x Serious
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Responsible Manager(s)	Alexis Chavez Anita Oliver Kelly Stokes Chris Allen Liz Pearson Maria Tipene	Risk Treatment Option	Mitigate
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Treatment Plans

Treatment Plan	Previous Update	Update – September 2023
Optimise procurement processes and contracts to enable HCC to be a construction industry client of choice.	<p>March 2023 Project Management staff have started the Clever Buying Course and benefits are evident in contracting processes. Workshops with Procurement to streamline processes.</p> <p>June 2023 No update this quarter</p>	<p>September 2023 No update this quarter</p>

Strategic Risk 8

SR8 Failure to respond to a crisis or emergency

A lack of Council's preparedness leads to a failure to respond or an ineffective response to a crisis (e.g. pandemic) or emergency (e.g. security attack) resulting in compromised business resilience. Links to SR1 and SR4.

Risk Owner	David Bryant	Category	Environmental People Service Delivery
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Risk Cause

1. Large scale physical attack on people in public places (e.g. a terrorist attack)
2. Physical attack on city critical infrastructure, e.g. Waste Water Treatment Plant, Water Treatment Plant, reservoirs designed to compromise integrity of service
3. Civil unrest – political or social unrest resulting in a security or safety threat to people or assets
4. Chemical or biochemical attack, contamination or similar event
5. Fire or water damage within our premises or working environments
6. Significant shortage of key staff in one or more areas
7. Death or injury to staff, residents or customers
8. Disruption to supply chains
9. Denial of access to our facilities (e.g. a bomb threat)
10. Power or water outages
11. Natural or man-made hazards including those requiring us to evacuate staff from our facilities
12. Pandemics

Inherent Risk Rating 4 - Very High - Possible x Catastrophic

Existing Controls

1. Business Continuity Management Policy and plans
2. Business continuity and disaster recovery (BCDR) processes
3. Council has established an Incident Management Team
4. Security Risk Assessments

Residual Risk Rating 4 - Very High - Possible x Catastrophic

Responsible Manager(s)	Michelle Hawthorne Nicholas Whittaker	Risk Treatment Option	Mitigate
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Treatment Plans

Treatment Plan	Previous Update	Update – September 2023
Adopt and implement accepted recommendations from SRAs by December 2023	<p>March 2023 A review on progress of Community Group SRA recommendations is underway. This will feed into the organisation wide review of SRA recommendations for reporting back to the June 2023 SRAC meeting.</p> <p>June 2023 The review on progress of Community Group SRA recommendations is still being done. This will feed into the organisation wide review of SRA recommendations for reporting back to the SRAC at a later date</p>	<p>September 2023 A full review of Council's SRA recommendations is underway. The outcome of this review will be brought to the next SRAC meeting. The treatment plan's due date has been edited to reflect this.</p>
Review of Organisational Security Risk Assessment (OSRA) by December 2023	<p>March 2023 Will be completed as part of broader organisation-wide review of SRAs for</p>	<p>September 2023 A full review of Council's SRA recommendations is underway. The</p>

	<p>reporting back to the June 2023 SRAC meeting.</p> <p>June 2023 This has commenced (plan and terms of reference completed) and once completed will be reported back to the SRAC at a later date</p>	<p>outcome of this review will be brought to the next SRAC meeting. The treatment plan's due date has been edited to reflect this.</p>
Develop and deliver Crisis, Emergency & Incident Management guidelines and procedures by 23 December 2022	<p>March 2023 Draft Incident Management Manual has been completed and reviewed by the working group and BSLT. Next steps are ELT approval, SRAC input (June) then finalise and implement.</p> <p>June 2023 The templates contained in the Manual have been split out into separate documents. A proposed approach for finalising and operationalising the Manual will be presented to ELT then SRAC.</p>	<p>September 2023 A pilot workshop was run with Hamilton Gardens to test the Incident and Emergency Management Plan/Manual. The pilot was successful in gathering information about the site's ability to respond to an incident/emergency and also created meaningful conversations about resilience and incident and emergency management response. Following the learnings from this pilot, further review is required. Once the review has taken place, this will be rolled out to critical business units and activities over the next 6 months.</p>
Develop a Resilience Management Policy by 31 March 2023	<p>March 2023 Development of a Resilience Management Policy is underway in preparation for the June SRAC workshop/meeting.</p> <p>June 2023 Put on hold to align with review of Risk Management Policy.</p>	<p>September 2023 Put on hold to align with review of Risk Management Policy.</p>
Refresh the BCP template by March 2024	<p>March 2023 First operational level BIA and BCP update is scheduled for April. An updated BCP template will be developed and used for this and subsequent operational level BIA and BCP updates.</p> <p>June 2023 Updated BCP template will follow BIA workshops.</p>	<p>September 2023 Updated BCP templates will follow Business Impact Analysis (BIA) workshops. The treatment plan's due date has been amended to reflect this</p>
Establish resilience working and governance groups by 30 June 2024	<p>March 2023 Some thinking underway. Will update again in June.</p> <p>June 2023 Deferred due to change in risk management team and resource constraints</p>	<p>September 2023 Deferred due to change in risk management team and resource constraints. The due date has been amended to reflect this.</p>
Align operational-level BIA with enterprise-level BIA as part of routine BCM reviews and updates by December 2023	<p>March 2023 Currently working with business units to develop a schedule for updating operational level BIAs and BCPs. Working toward end of June for Tier 1, Tier 2 and critical internal functions supporting Tier 1 and Tier 2, and end of September for all other business units.</p> <p>June 2023 Workshops are underway to get operational BIAs completed. Updated BCP templated and BCPs will follow.</p>	<p>September 2023 To date, 13 Business Impact Analysis workshops have been booked in or completed and a further 14 workshops are yet to be booked in. It is anticipated that this workstream will be completed by December 2023.</p>

Develop and implement a resilience training and testing programme by 28 June 2024	March 2023 Not yet started.	September 2023 No update.
	June 2023 No update.	

Strategic Risk 9

SR9 Failure to respond to climate change

Climate change causes changes to our community and City we have not anticipated or planned for which will negatively impact on the wellbeing of our community.

Risk Owner	Blair Bowcott	Category	Climate Change
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Risk Cause

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

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

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

Residual Risk Rating	4 - Very High - Likely x Major
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Responsible Manager(s)	Charlotte Catmur Cathy Kopeke Poppy Barran	Risk Treatment Option	Mitigate
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Treatment Plans

Treatment Plan	Previous Update	Update – September 2023
Undertake a risk assessment for Hamilton City Council following the Ministry for the Environment Guidance by June 2023	March 2023 Risk identification workshops were completed in February and risk assessment workshops are scheduled for March. The final report is due in early April. This will then be shared with staff to inform Activity and Asset Management Plans for the next long term plan. June 2023	September 2023 The title of the treatment plan has been updated to separate the transition risk for the City from the Council physical risk assessment. A new treatment plan will be created for the citywide risk assessment (both physical and transitional) if funding through the Long Term Plan is confirmed.

	The physical climate change risk assessment for Council operations and services has been completed. The finalised risk workbook has been provided to the Asset Management Plan (AMP) owners to incorporate into their AMPs. Funding to undertake the transition risk assessment and citywide risk assessment will be requested through the Long Term Plan 2024-2034.	
Establish an understanding of emission reduction pathway for the city by June 2023	<p>March 2023 Consultants have delivered a draft model of the emissions trajectory for Hamilton. A workshop with key staff is scheduled for March to test the model and will be finalised in early April to support long term plan discussions.</p> <p>June 2023 A finalised emissions trajectory has been provided and presented to the Executive Leadership Team and to the Climate Strategy Advisory Group. The trajectory will now be used as part of the 2024-34 Long Term Plan discussions.</p>	<p>September 2023 The model has now been completed for the emissions trajectory. It will be updated as new policy announcements are made and following decisions on the 2024-34 Long Term Plan.</p>
Staff learning and development programme for climate change developed and implemented by June 2024	NEW TP	<p>September 2023 The first two learning and development modules are under development, the first is a high level introduction to climate change and the second outlines the climate change strategy, Our Climate Future, in an interactive and accessible format.</p>
Integration of climate change considerations into the Long Term Plan by June 2024	NEW TP	<p>September 2023 The climate change team have reviewed the Activity Management Plans and Activity Statements to provide strategic input on how climate change can be integrated into the 2024-34 Long Term Plan.</p>

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

Organisational Risk 2

OR2 Failure to provide a safe environment for the community

Ineffective or inadequate safety and security management at our community attractions and facilities might mean we fail to provide and maintain a safe environment for the community resulting in a serious injury incident or fatality and increased exposure to litigation.

Risk Owner	Helen Paki	Category	Community and Wellbeing
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Risk Cause

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

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

- 1. Communication plans for new projects around safety requirements
- 2. Community education support for ongoing Community safety
- 3. Condition assessments for assets
- 4. Emergency and safety response training drills
- 5. Emergency response and Pandemic plans
- 6. Incorporated risk assessments and safety in design planning
- 7. Maintenance and monitoring plans – buildings
- 8. Management drop-ins and Unit Audits
- 9. Operational asset maintenance (trees and operational infrastructure)
- 10. Specific staff training programmes in facilities & service management
- 11. Subject matter expert support – internal and external
- 12. Traffic management plan adoption per requirements
- 13. Mechanism for public to report issues that require action to us
- 14. Activity Management Plans (AMPs)

Residual Risk Rating	3 - High - Unlikely x Major
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Responsible Manager(s)	Jo Keall Helen Schlegel Donna Burt Irene James Claire Toko	Risk Treatment Option	Mitigate
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Treatment Plans

Treatment Plan	Previous Update	Update – September 2023
Design and implement an appropriate monitoring and reporting framework for risks relevant to OR2	March 2023 The insights from the dashboard are being shared at CLT on a quarterly basis. We need another three	September 2023 Following the recent changes to Groups within HCC it is appropriate to start afresh looking at what monitoring and reporting is needed to support

	<p>months to develop this further before we move this to a control.</p> <p>June 2023 The dashboard is still being refined and it will need to be updated following completion of the deep dive into the security risk assessments. Until that is completed this action needs to remain open.</p>	<p>management of risks related to OR2 as the risks that feed into OR2 no longer solely within the Customer and Community Group. This treatment plan will be closed and a new one will be added early in 2024 to complete this work. This timeframe will align with further changes to the organisaitonal structure which are due to be agreed late in 2023.</p>
Deep dive into security risks by Feb 2024	<p>March 2023 Deep dive into security risks to ensure risks and areas requiring action are understood. Reporting of these risks needs to commence to ensure there is alignment across the organisation.</p> <p>June 2023 Review of outstanding risks is underway. Risks requiring funding to progress will be included as potential projects for the next LTP.</p>	<p>September 2023 An initial review has been completed which identified that little work has been progressed on the security risks. A complete review of all security risks is now required to establish what is needed to complete and close these risks. The due date for this has been moved out to February 2024.</p>
Updated Business Continuity Plans by December 2023	<p>March 2023 BCPs to be updated. Yearly review cycle to be established and business practices embedded to ensure that relevant staff refresh on their contents ahead of significant known events.</p> <p>June 2023 There has been a delay to starting these due to workload and resourcing pressures. The due date has been shifted out to 29 December 2023.</p>	<p>September 2023 BIA Workshops are continuing to take place across the organisation. Once these have been completed BCPs will be updated. We still anticipate that these will be completed by the end of the year.</p>

Organisational Risk 3			
OR3 Failure of critical assets			
Incorrect investment (timing and/or amounts) results the unexpected failure of critical assets (loss of levels of service). Resulting in loss of service delivery, financial impact, environmental damage.			
Risk Owner	Andrew Parsons	Category	Compliance and Regulatory Environmental Financial Reputation Service Delivery
Risk Cause			
<div>1. Misalignment in the timing of investment with the required levels of service or that key deliverable dates not identified appropriately</div> <div>2. Insufficient skilled, knowledgeable and experienced staff and low investment in the ongoing building of staff capability to ensure critical assets remain functional, resilient and levels of service remain</div> <div>3. Poor or incomplete asset data</div> <div>4. Assets being operated outside of design scope or change in demand or that the operation of the asset exceeds design assumptions.</div> <div>5. Stakeholder specifications and expectation of asset increase making the asset no-longer fit for purpose</div> <div>6. Critical manufacture service agents unavailable to resolve major failure of critical assets</div> <div>7. Critical resources unavailable due to supply chain shortages</div> <div>8. Utility service and third-party critical impacts (stakeholder relationships)</div> <div>9. Limited anomaly detection capability and poor identification of vulnerabilities</div> <div>10. Failure to identify threat actors who wish to exploit technology vulnerabilities</div> <div>11. Failure to identify all critical assets</div> <div>12. Failure to accurately forecast capacity limits or inaccurate demand forecasting on critical assets</div> <div>13. Failure to accurately forecast useful life on critical assets</div> <div>14. Failure to future proof asset to allow for pending changes in requirements</div> <div>15. Failure to procure/renew the asset with an appropriate replacement</div> <div>16. Failure to install asset correctly (including poor procurement processes to begin with)</div> <div>17. Failure to carry out and prioritise planned maintenance and renewal of critical asset</div> <div>18. Failure to deliver renewal of the asset within scheduled timeframe</div> <div>19. Inadequate budget allocated for maintenance and renewal of critical assets</div> <div>20. Incorrect analysis in development of maintenance and renewal requirements</div> <div>21. Insufficient resources to deliver renewal of assets on time and within allocated budgets</div> <div>22. Failure to adequately consider climate change in critical asset investment</div>			
Inherent Risk Rating	4 - Very High - Likely x Major		
Existing Controls			
Asset Management Controls			
<div>1. 3 yearly Independent asset management maturity</div> <div>2. Regular monitoring and submission on industry change</div> <div>3. Resourcing for Activity Management Plan (AMP) funded</div> <div>4. 2021-2051 Infrastructure Strategy is in place.</div> <div>5. Modelling and master planning of strategic assets</div> <div>3. Asset Management Plan policy in place to set standards</div> <div>7. 2021-31 Activity Management Plans int. ext. reviewed</div> <div>3. Asset Strategy Team in place to drive org consistency</div> <div>3. Manage, monitor, operate and maintain critical assets</div>			
Operational Controls:			
<div>10. Processes in place Re: supervision design and test</div> <div>11. Quarterly Threat and Risk assessments</div>			

12. Training and development plans in place for staff
 13. Business Continuity and Essential Maintenance Plans
Planning Controls:
 14. Annual review of build/Facilities capital programme
 15. Anomaly detection and vulnerability scanning capability
 16. Solutions for redundancy (physical and process) in place
 17. Project management and procurement processes are in place
 18. Staff have project management skills and experience
Procurement Controls:
 19. Robust procurement process followed to identify/scope
 20. Maintenance and service agreements in place with the supplier
 21. Speciality contracts in place to maintain critical assets
 22. Stakeholder engaged before procure/replacement of asset

Residual Risk Rating

4 - Very High - Possible x Major

Responsible Manager(s)	Risk Treatment Option
Maria Tipene, Liz Pearson Anita Oliver Jo Keall, Claire Toko, Mandy Smith, Eeva-Liisa Wright, Maire Porter, Deidre Jackson, Gordon Naidoo, Andrew Smith, Tania Hermann	Mitigate

Treatment Plans

Treatment Plan	Previous Update	Update – September 2023
Implement the Organisational Asset Management Improvement Plan by June 2024	<p>March 2023 The Organisational Asset Management Improvement was adopted by ELT in October 2021 and contains 32 organisational improvements to be undertaken. This Plan has a horizon out to June 2024. The improvements have been organised into 4 streams of work with one of the streams relating to Resilience and Criticality. Of the 6 tasks relating to Resilience and Criticality, 3 are complete and one is in progress.</p> <p>June 2023 The Organisational Asset Management Improvement was adopted by ELT in October 2021 and contains 32 organisational improvements to be undertaken. This Plan has a horizon out to June 2024. The improvements have been organised into 4 streams of work with one of the streams relating to Resilience and Criticality. Of the 6 tasks relating to Resilience and Criticality, 3 are complete and one is in progress.</p>	<p>September 2023 Little change to the above. The Organisational Asset Management Improvement was adopted by ELT in October 2021 and contains 32 organisational improvements to be undertaken. This Plan has a horizon out to June 2024. The improvements have been organised into 4 streams of work with one of the streams relating to Resilience and Criticality. Of the 6 tasks relating to Resilience and Criticality, 3 are complete and one is in progress.</p>
Implement Asset Criticality Framework by June 2024	<p>March 2023 Asset Criticality Framework document (excluding asset groups of Waters and Transport whom have existing frameworks) has been developed and workshopped.</p>	<p>September 2023 Baseline AMPs have been completed including the section on 'managing critical assets' which contains mitigation measures</p>

	<p>As part of the update of AMPs, identification and management of critical assets will be updated</p> <p>June 2023 Asset Criticality Framework document (excluding asset groups of Waters and Transport whom have existing frameworks) has been developed and workshopped. As part of the update of AMPs, identification and management of critical assets will be updated</p>	
Critical assets are considered as part of the 2024-54 Infrastructure Strategy	<p>June 2023 AMPs are currently being written. These will be used to inform the Infrastructure Strategy</p>	<p>September 2023 Baseline AMPs have been completed including the section on 'managing critical assets' which contains mitigation measures</p>

Council Report

Item 9

Committee: Strategic Risk and Assurance Committee

Date: 28 September 2023

Author: Tracey Musty

Authoriser: David Bryant

Position: Finance Director

Position: General Manager Business Services

Report Name: Internal Audit Update

Report Status	Open
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Purpose - *Take*

1. To inform the Strategic Risk and Assurance Committee on the internal audit progress to 14 September 2023.

Staff Recommendation - *Tuutohu-aa-kaimahi*

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

Executive Summary – *Whakaraapopototanga matua*

3. With effect from 1 July 2023, KPMG was appointed as the new Internal Audit Service Provider for Hamilton City Council.
4. KPMG's approach to developing the Internal Audit plan is in **Attachment 1**.
5. Staff consider the matters in this report to have low significance and that the recommendations comply with Council's legal obligations.

Discussion – *Matapaki*

6. With effect from 1 July 2023, KPMG was appointed as the new Internal Audit Service Provider for Hamilton City Council.
7. The contract between HCC and KPMG is valid for a minimum period of three years.
8. In August 2023, a planning meeting was held between KPMG and the Hamilton City Council to discuss internal audit activity.
9. It was agreed that KPMG will kick off the internal audit engagement by providing risk management support to the Council. As part of that, KPMG facilitated a risk appetite workshop with the ELT on 11 September 2023.
10. The workshop for the Elected Members is scheduled for the 28th September 2023.
11. The next step for KPMG is to develop an Internal Audit Plan which will be presented to the Committee in December 2023.

Financial Considerations - *Whaiwhakaaro Puutea*

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

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

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

Climate Change Impact Statement

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

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

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

Risks - *Tuuraru*

18. No known risks have been identified relevant to the matters in this report.

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

Significance

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

Engagement

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

Attachments - *Ngaa taapirihanga*

Attachment 1 - KPMG IA paper for Strategic Risk and Assurance Committee Meeting - September 2023

Approach to developing the Internal Audit plan

The following provides an overview of KPMG's approach to developing an Internal Audit Plan.



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Document Classification: KPMG Confidential

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Council Report

Committee: Strategic Risk and Assurance Committee
Date: 28 September 2023
Author: Tracey Musty
Authoriser: David Bryant
Position: Finance Director
Position: General Manager Business Services

Report Name: Organisational Improvement Report

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

1. To inform the Strategic Risk and Assurance Committee on the status of Council's Organisational Improvement Register as of 31 August 2023.

Staff Recommendation - *Tuutohu-aa-kaimahi*

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

Executive Summary - *Whakaraapopototanga matua*

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

Discussion – *Matapaki*

Organisational Improvement Register

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

Auditors	Complete	In progress	Delayed or not yet started	Not due yet	Total
PwC Internal Audits	0	4	4	4	12
Total	0	4	4	4	12

Risk	Complete	In progress	Delayed or not yet started	Not due yet	Total
High	0	4	4	4	12
Total	0	4	4	4	12

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

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

Financial Considerations - *Whaiwhakaaro Puutea*

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

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

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

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

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

Risks - *Tuuraru*

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

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

Significance

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

Engagement

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

Attachments - *Ngaa taapirihanga*

Attachment 1 - Organisational Improvement Register August 2023 High Risk

ID Number	Description	Audit Recommendation	Risk	Date raised	Owner	Status	Status Update
FN-E 2137	PWC open or outstanding matters						
Dat-E 3018	IBIS Breeze System D-3845480						
Ent-E 3024	Refresh alerts to indicate batch status	Breeze to be further developed to either force a refresh on change of assumptions, or display an alert to the user clearly and prominently within the system, indicating that a refresh is required before outputs can be relied upon. Alternatively, a status bar that tracks at what stage the batch set is at be included, so that the user knows what stage the batch set is at (e.g. inputs loaded/assumptions set/refresh run).	High	Jun-21	Sarah Vaz	Delayed, not started	IBIS have confirmed a display alert is a more suitable solution for this. A ticket with IBIS has been logged as a medium priority and is expected to be addressed by the end of the year.
Dat-E 3060	Business Continuity Management D-4469401						
Ent-E 3061	Development of a Resilience Management Policy	Develop a Resilience Management Policy incorporating business continuity, crisis, emergency and incident, and protective security management.	High	Oct-22	Nicholas Whittaker	Delayed, not started	Put on hold to align with review of Risk Management Policy.
Ent-E 3062	Establish resilience working and governance groups	Establish resilience working and governance groups	High	Oct-22	Nicholas Whittaker	Delayed, not started	Deferred due to change in risk management team and resource constraints. The due date has been amended to reflect this.
Ent-E 3063	Development and implement a resilience training and testing programme	Development and implement a resilience training and testing programme.	High	Oct-22	Nicholas Whittaker	Not yet due	This action is not due until 2024, as yet no work has been completed on this action.
Ent-E 3065	Align operational-level BIA with enterprise-level BIA as part of routine BCM reviews and updates.	Align operational-level BIA with enterprise-level BIA as part of routine BCM reviews and updates.	High	Oct-22	Nicholas Whittaker	In progress	To date 13 Business Impact Analysis workshops have been booked in or completed and a further 14 workshops are yet to be booked in. It is anticipated that this workstream will be completed by December 2023.
Ent-E 3066	Refresh the BCP template	Refresh the BCP template	High	Oct-22	Nicholas Whittaker	Not yet due	Updated BCP templates will follow Business Impact Analysis (BIA) workshops. The treatment plan's due date has been amended to reflect this.
Ent-E 3067	Establish resilience working and governance groups	Establish resilience working and governance groups	High	Oct-22	Nicholas Whittaker	Delayed, not started	Deferred due to change in risk management team and resource constraints. The due date has been amended to reflect this.
Ent-E 3068	Development and implement a resilience training and testing programme.	Development and implement a resilience training and testing programme.	High	Oct-22	Nicholas Whittaker	Not yet due	This action is not due until 2024, as yet no work has been completed on this action.
Dat-E 3100	GST & FBT Compliance Evaluation						
Ent-E 3114	Adoption of pooled alternate rate method for FBT returns	Adopt pooled alternate rate method for Q4 2023 FBT calculations	High	Feb-23	Sarah Vaz	Not yet due	Will be adopted Q4 2023
Dat-E 3120	Vendor Analytics Internal Audit D-4634623						
Ent-E 3124	Segregation of duties in PO process	Investigate how the PO's were raised and approved by the same person.	High	Mar-23	Igor Magud	In progress	In progress but requires further action
Ent-E 3125	Segregation of duties and Authority access	Ensure delegated authority workflows are in place and in line with access to Authority	High	Mar-23	Igor Magud	In progress	Procure to Pay specialist examining
Ent-E 3126	Duplicate Invoices Controls	Investigate the duplicate invoices identified and request refunds from vendors where needed	High	Mar-23	Matt Bell	In progress	Confirmed Authority 7.1 has controls in place to stop duplicate invoices being entered against the same creditor. Additional P2P staff now in place to assist with oversight and monitoring of the purchasing processes. Integrity reports are to be developed.

Council Report

Committee: Strategic Risk and Assurance Committee

Date: 28 September 2023

Author: Tracey Musty

Authoriser: David Bryant

Position: Finance Director

Position: General Manager Business Services

Report Name: 2023 Annual Report Update

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

1. To inform the Strategic Risk and Assurance Committee on the 2023 Annual Report audit progress.

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

2. That the Strategic Risk and Assurance Committee:
 - a) receives the report; and
 - b) recommends that the Council approves Mayor Southgate to sign the Audit Fees Letter for the 2023 Annual Report on behalf of the Council.

Executive Summary - *Whakaraapopototanga matua*

3. The interim audit has been completed and Audit NZ has provided the Management Letter with their findings to date.
4. Following significant engagement with Audit NZ and the Office of the Auditor General, a revised audit fee is \$349,354 plus GST for the year ending 30 June 2023. This represents a fifteen percent reduction on the amount originally proposed.
5. The fee for the 2024 & 2025 audits is yet to be finalised.
6. Audit New Zealand have agreed to have an open book discussion with management after the 2023 audit to work to find further areas where cost efficiencies can be achieved.
7. Staff consider the matters in this report have low significance and that the recommendations comply with the Council's legal requirements.

Discussion - *Matapaki*

Interim Audit Findings

8. The Interim Audit has been completed.
9. The Report to Council on the Interim audit from Audit NZ with their findings and management comments is included in **Attachment 1**.

Audit Fees

10. The Chair and Deputy Chair of the Strategic Risk and Assurance Committee and staff have engaged with Audit NZ to challenge the assumptions for drivers of audit fee increases.
11. Key cost drivers are said to be external factors relating to rising wage costs and an historical lag in keeping abreast with audit and fiscal requirements.
12. Audit NZ have provided an amended fee proposal letter (see Attachment 2).
13. The original fee proposal for this current year's audit was \$411,005 (plus \$6,000 disbursements).
14. This has been reduced by fifteen percent to \$349,354 plus GST (plus \$6,000 disbursements).
15. The fee for the 2024 & 2025 audits is yet to be finalised.
16. Audit NZ have agreed to have an open book discussion with management after the 2023 audit to work to find further areas where cost efficiencies can be achieved.

Final Audit Update

17. Audit NZ is due onsite for commencement of the final audit from 11 September 2023.
18. The annual report will be available in full at the commencement of the final audit.

Financial Considerations - *Whaiwhakaaro Puutea*

19. The final audit fee is \$86,785 more than the 2022-23 Annual Plan budget of \$268,569.

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

20. The Auditor General is the appointed auditor of Local Authorities under the Public Audit Act 2001.
21. Staff have also considered the key considerations under the Climate Change Policy and have determined that an adaptation assessment and emissions assessment is not required for the matter(s) in this report.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

22. 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').
23. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report.
24. The recommendations set out in this report are consistent with that purpose.

Risks - *Tuuraru*

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

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

Item 11

Significance

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

Engagement

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

Attachments - *Ngaa taapirihanga*

Attachment 1 - Audit NZ Interim Report to Council for year ending 30 June 2023

Attachment 2 - Audit NZ Fee Letter (2023-2025)

Report to the Council on the interim audit of

Hamilton City Council

For the year ended 30 June 2023

Item 11

Attachment 1

Contents

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Key messages

We have completed our interim audit for the year ended 30 June 2023. The focus of the interim audit was to evaluate the system of internal control and follow-up progress on our recommendations from previous years. This report sets out our findings from the interim audit.

System of internal control environment

We have not identified any significant deficiencies in the internal control environment. For further detail, refer to section 2.

Matters identified during the interim audit

Minor issues

We identified two minor issues which were discussed with management, and it was agreed for these to be corrected. We have therefore not raised these issues as a recommendation. We will follow up on these matters at our final audit.

Customer perceptions and satisfaction best practice

To align to best practice, we recommend that Council consider in their decision making and planning for the upcoming LTP 2024-34 whether further satisfaction/perception metrics would be important information for stakeholders, and it would be beneficial to add these. Council should also consider whether this is a key selection/measurement judgement under PBE FRS 48. For further detail please refer to section 3.1 below.

Update on planning decisions:

Reduction in material performance measures

In our Audit Plan issued 16 June 2023, we identified 15 performance measures that we considered material. As part of our interim audit, we gained further information that allowed us to reduce these performance measures to 10 material measures. These 10 measures will be a focus point at our final audit.

The list below reflects the five measures that we consider to be no longer material:

- Water supply: The percentage of real water loss from the water network infrastructure in the city.
- Water supply: The median resolution time of urgent callouts from the time that Council receives notification of the fault or unplanned interruption to the time that service personnel confirm resolution of the fault or interruption.
- Wastewater: Median resolution time as above for water supply.

- Stormwater: The number of complaints received by the TA about the performance of its stormwater system, expressed per 1000 properties connected to the TA's stormwater system.
- Transport: The change from the previous financial year in the number of fatal and serious injury crashes on the local road network.

Thank you

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



Clarence Susan
Appointed Auditor
15 August 2023

1 Recommendations



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

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

1.1 New recommendations

The following table summarises our recommendations and their priority.

Recommendation	Reference	Priority
Council considers in their decision making and planning for the upcoming LTP 2024-34 whether further satisfaction/perception metrics would be important information for stakeholders.	3.1	Necessary
Council should improve on its process for reviewing the valuation report for completeness.	3.2	Necessary

1.2 Status of previous recommendations

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

Priority	Priority			
	Urgent	Necessary	Beneficial	Total
Open	-	5	-	5
Implemented or closed	-	1	-	1
Matters that will be followed up during our final audit visit	-	1	-	1
Total	-	5	-	5

2 Assessment of internal control



The Council, with support from management, is responsible for the effective design, implementation and maintenance of the system of internal control.

The system of internal control includes the processes designed, implemented and maintained by those charged with governance, management and other personnel to provide reasonable assurance over the reliability of financial and non-financial performance reporting.

2.1 Control environment

The control environment reflects the overall attitudes, awareness and actions of those involved in decision-making in the organisation. It encompasses the attitude towards the development of accounting and performance estimates and its external reporting philosophy and is the context in which the accounting system and control procedures operate.

The control environment provides the foundation for the other components of the system of internal control. The attitudes and actions of “those at the top” significantly influences the effectiveness of the other components of the system of internal control, and deficiencies in the control environment can undermine the effectiveness of the other components.

We obtained an understanding of the system of internal control relevant to the preparation of the financial statements and non-financial performance information. This included control activities within key financial systems and the systems in place for collecting, recording and reporting of results for each material measure.

We consider that the elements of the control environment provide an appropriate foundation for the other components of internal control.

Based on the audit work performed to date, we have not identified any significant deficiencies in the system of internal control. The elements of the control environment provide an appropriate foundation for the other components of internal control.

We review internal control relevant to the audit to design audit procedures that are appropriate in the circumstances. Our findings relate to our normal audit work and may not include all weaknesses in internal control that are not relevant to the audit.

3 Matters identified

3.1 Performance measure - customer perceptions and satisfaction best practice

PBE FRS 48 *Service Performance Reporting* applies for the first time this year and therefore entities and auditors need to assess whether the planned performance measures meet the expanded requirements of this new standard. As part of assessing Council's compliance with the requirements of this standard, we needed to consider whether Council has provided an appropriate and meaningful mix of performance measures and/or descriptions. From this work, we noted that Council does not perform a general residents and ratepayers' satisfaction. We did identify that Council measures and reports on:

- the satisfaction of libraries users;
- the satisfaction of aquatics users;
- the satisfaction of community parks users;
- the perception of safety in the central city;
- the perception of key community stakeholders on community and social development services.

In addition, Council measures and reports on three key community outcome perceptions – the community's perception of their overall pride in the city, of Hamilton being a great place to live, and on Council making decisions that are in the best interest of the city.

We consider that the satisfaction and perceptions of users, the community, and other stakeholders is an important dimension of performance for Council, and that Council's current approach could be further enhanced by extending the satisfaction and/or perception measures to other services. To align to best practice, we recommend that Council consider in their decision making and planning for the upcoming LTP 2024-34 whether further satisfaction/perception metrics would be important information for stakeholders, and it would be beneficial to add these. One way of doing this would be through a general residents and ratepayers satisfaction survey. Council should also consider whether its decisions on which service satisfaction measures to report is a key selection/measurement judgement that should be disclosed in the annual report under PBE FRS 48.

Management comment

Council currently uses a range of tools and surveys to seek perception and data on the communities view of our services and delivery of our outcomes. These tools include the 'how did we do' point of interaction surveying, Voice of Hamilton Kirikiriroa (citizens panel), six monthly pulse surveys across our five key outcome measures, and extensive surveying on services across the year e.g. Parks survey, our community profile survey etc. A limited select of the performance measure information is reported in the LTP, focusing only on key performance measures.

To meet the future requirements of PBE FRS 48 Service Performance Reporting, Council will reconsider as part of the LTP development, the performance measures to be included in the 2024-34 LTP. Once the performance measures are agreed, Council will then determine the most efficient and best practice tool to collect the performance data.

3.2 Investment properties

We identified that the property 77 Norton Road which is one of the investment properties of the Council has been omitted in the revaluation listing, thereby understating the value of investment properties as at year end.

An adjustment has been proposed to record this property. We will follow up on this matter at the final audit.

We recommend that the Council should improve its process for reviewing the valuation report for completeness.

Management comment

Acknowledge and accept the recommendation.

Appendix 1: Status of previous recommendations

Open recommendations

Recommendation	First raised	Status
Necessary		
Sensitive expenditure approvals Sensitive expenditure transactions are approved on a one-up basis.	2022	Started We identified two instances for the current year where the Mayor's expenditure was not approved on a one-up basis, indicating that the issue remains unresolved or outstanding. We have also identified another two instances with appropriate approval, therefore we consider that this issue as started as Council has made progress towards fully addressing this issue.
Condition data available for valuer Condition data is included in asset registers and available for valuers.	2022	Open This will be assessed during the final audit.
Manual processing of weekly timesheets Council implements an online timesheet function for processing weekly timesheets. Alternatively, the responsibility for capturing weekly timesheets could be delegated to an individual within the various departments, and the payroll staff members could then just perform a review of the captured information.	2019	Open We noted that the new system was not implemented and has been postponed until 2024.
No organisational business continuity plan or IT disaster recovery plan Council prioritises development and testing of Organisational Business Continuity and IT Disaster Recovery plans.	2015	Pending In the prior year we identified that Datacom had been commissioned to develop and document Council's IT disaster recovery plan. We will further assess the status of the proposed plan during the final audit.

Implemented or closed recommendations

Recommendation	First raised	Status
<p>Improvements for payroll systems</p> <p>Council maintains updated supporting documentation which includes:</p> <ul style="list-style-type: none"> Ensuring supporting documentation is saved in a way that makes it easy to retrieve. Supporting documentation that is required to be reviewed includes evidenced of this fact. Work completed by new employees needs to be more closely monitored/reviewed. 	2021	<p>Closed</p> <p>We confirmed that the requested recommendations have been addressed by Council.</p>

Appendix 2: Disclosures

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

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7 September 2023

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

Copy:

Ref: EN/LCA/4-0004 - H600
Manager, Auditor Appointments
Office of the Auditor-General
PO Box 3928
Wellington 6140

Tēnā koe Paula

Proposal to conduct the audit of Hamilton City Council on behalf of the Auditor-General for the 2023, 2024, and 2025 financial years

1 Introduction

As required by the Office of the Auditor-General (OAG), I set out below information relating to the audit of your organisation for the three financial years ending 30 June 2023, 2024, and 2025.

The purpose of this proposal is to provide information on:

- the statutory basis for the audit and how audit fees are set;
- the entities covered by this proposal;
- key members of the audit team;
- the hours we plan to spend on the audit and reasons for any change in hours;
- our proposed fees for the audit for the financial years ending 30 June 2023, 2024, and 2025 and reasons for any changes;
- assumptions relating to the proposed audit fees, including what we expect of your organisation;
- what the OAG Audit Standards and Quality Support charge provides;
- certification required by the Auditor-General; and
- our commitment to conduct the audit in accordance with the Auditor-General's Auditing Standards.

2 Statutory basis for the audit and how audit fees are set

The audit of your organisation is carried out under section 15 of the Public Audit Act 2001, which states that “the Auditor-General must from time to time audit the financial statements, accounts, and other information that a public entity is required to have audited”.

Fees for audits of public entities are set by the Auditor-General under section 42 of the Public Audit Act 2001. However, your Council and I can reach agreement first and recommend those fees for approval. The Auditor-General, with assistance from the OAG, will set audit fees directly only if we fail to reach agreement.

The Public Audit Act 2001 requires the Auditor-General to make sure that audit fees are “reasonable”, for the auditors and for each of the entities audited. Parliament has indicated that it expects the cost of annual audits under the Act (which includes an OAG Audit Standards and Quality Support fee) to be funded by public entities.

Over recent years, audit fees for many public entities have not kept pace with the real costs of the audit for a range of reasons, including the effect of new accounting and auditing standards and the changing scale and complexity of many public entities’ activities. A general concern about low fees impacting on auditors’ ability to maintain consistent audit quality has also been raised by regulatory bodies here in New Zealand and overseas.

Low fees are unsustainable and need to be rectified. The Auditor-General has decided to allow fee increases to a level that reflects the real time and cost of the audit. The size of increases will vary depending on the reasonableness of the current fee paid by each entity and any changes that have occurred since the last fees were agreed. We acknowledge that in many instances significant increases will be required, and in those instances we are open to discuss how to phase in the increases in a manner that is fair for both parties.

Our fees will take account of the nature and extent of the audit requirements for each Council. The audit hours in this proposal reflect the time required to complete a high-quality public sector audit efficiently.

The fees are based on charge-out rates that will ensure we can maintain the capacity needed to complete your audits. The global and local auditor shortage is having a continuing impact and has resulted in significant salary inflation. The current economic uncertainty and general inflation have also contributed to charge out rates increasing significantly.

Our proposed audit fees are set out in this letter and include an estimate of the reasonable cost of disbursements (including travel and accommodation where necessary).

The Office of the Auditor-General will be monitoring the outcome of the negotiations to ensure that fees are reasonable.

Councils can take actions to ensure the efficiency of their audit. This includes being well prepared for audit, ensuring complex judgement issues are addressed early, regularly communicating with your auditor about any changes that might impact your reporting or the audit, having tidy systems and controls, and ensuring that relevant people are available to assist the auditors as they carry out their audit work. I welcome further discussion with you on opportunities for reducing the time and costs of your audit.

3 Entities covered by this proposal

This proposal covers the audit of Hamilton City Council.

4 Key members of the audit team

Appointed Auditor	Clarence Susan
Engagement Quality Reviewer	Karen McKenzie
Information Systems Director	Dieter Röhm

5 Estimated audit hours

We estimate that the following hours will be required to carry out a quality public sector audit efficiently (compared to budgeted and actual data from the previous financial year):

Audit team member	2022 budget	2022 actual*	2023	2024	2025
Appointed Auditor	120	175	160	160	160
Engagement quality reviewer	20	35	35	35	35
Audit Manager	170	275	220	220	220
Other CA qualified staff	557	812	626	626	626
Non-CA qualified staff	440	500	540	540	540
Other specialists: Sector specialist support	13	13	13	13	13
Information Systems	65	66	78	78	78
Specialist assurance Services	16				
Tax	4	1	3	3	3
Total audit hours	1,405	1,877	1,675	1,675	1,675

***Note** – actual hours have been adjusted to eliminate any hours that were due to auditor inefficiencies. Total hours spent in the 2022 year was 2,595 hours. The actual hours that remain are the reasonable hours that were attributable to the audit in that year.

Actual hours for the 2021 year was 1,838 hours, adjusted for auditor inefficiencies to 1,725 hours. The main difference was the experienced in charge and more of audit NZ's own staff.

In addition, since the audit fee was last agreed, there also continues to be increased professional requirements, quality expectations and changes in auditing standards that have resulted in more audit work being required with a different staff mix (more senior audit hours).

It is also clear from our analyses of actual hours in the past, that the hours agreed was not sufficient to conduct a quality audit. This resulted in unsustainable write-offs. There has been a reset in audit fees and hours across audit service providers and audit sectors as they have not kept pace with the audit requirements to conduct a quality audit in a sustainable way.

The main reasons for the actual hours in 2022 being different to budget were:

- Additional work required for the drinking water performance measure as the drinking water assessors previously used no longer existed.
- The impact of growth occurring within the Council's area.
- Additional discussions required around the greenhouse gas emissions performance measure included in the statement of service performance information.
- Additional discussions with the City Council's valuers to gain assurance over the assumptions and methodology used by the valuers to determine the fair value of the assets valued.
- Additional time spent on managing secondees.
- Due to the nature of our resourcing we had a lot of unnecessary review questions.
- Quality improvements done on the workpapers.

5.1 Reasons for changes in audit hours

The major reasons for the changes in hours for your organisation's audit are:

Reasons for increased or decreased audit hours compared to previous period <i>budgeted</i> hours:	2023	2024	2025
Changes to financial reporting standards which result in additional audit work:			
<ul style="list-style-type: none"> PBE IFRS 48 - PBE FRS 48 <i>Service Performance Reporting</i> replaced that part of PBE IPSAS 1 Presentation of Financial Statements that deals with service performance reporting requirements and is effective for annual reporting periods beginning on or after 1 January 2022, that is, for the Council, it is for the year ending 30 June 2023. This will result in additional audit work as we will need to review compliance with this standard. 	20	0	0
<ul style="list-style-type: none"> PBE IPSAS 41 – PBE IPSAS 41: <i>Financial Instruments</i> is effective for periods beginning on, or after 1 January 2022. Because Council has early adopted this standard, there are a handful of differences that we will need to consider this year resulting in additional audit work. 	16	0	0
<ul style="list-style-type: none"> ISA (NZ) 315 – ISA (NZ) 315 (Revised 2019), Identifying and Assessing the Risks of Material Misstatement, is effective for the audit of your financial statements for the first time this year. There will be additional work required on your audit compared to previous years. 	66	0	0
Changes within the entity, or in its environment :			
<ul style="list-style-type: none"> Areas of or additional work on high-risk accounting estimates – the additional work around revaluation and fair value assessments has increased our work to get assurance. This is across infrastructure and other PP&E that is revalued. 	48	0	0
<ul style="list-style-type: none"> The impacts of growth – over the past few years Council is experiencing significant growth in the District. This has resulted in additional audit work performed being performed on non-financial measures (and in particular greenhouse gas measures), revenue, expenditure and capital expenditure. 	27	0	0
The increase in hours also reflects an adjustment to the base hours which was clearly not sustainable to complete a quality audit (required significant investment and write-off in hours previously). We need to re-set audit hours to ensure they are sufficient to complete a quality audit.	93	0	0
Total increase in audit hours	270	0	0

5.2 Other matters that may impact the scope of the audit and actual audit hours

There are several emerging reporting and auditing challenges in the sector that will potentially require additional audit effort and cost over the next three years. At this point the impact of these on your Council is unknown, so we have not included any allowance in our audit hours or fees.

They include:

- the impact of extreme weather events including the January 2023 flood events;
- the impact of implementation of new legislation, including that relating to three waters reform, and/or Resource Management Act reforms;
- the impact of any climate reporting requirements, or Greenhouse Gas (GHG) performance measures;
- CCO performance measures related to climate change or GHG that are material to a group;
- out of cycle, additional revaluations, including as a result of continued movements in property values and infrastructure construction costs;
- the impact of future growth of your Council, including changes within your Council's group structure; and
- changes in the number of material measures, for example, new water loss measures; and
- where costs related to these issues cannot be absorbed within the agreed fee, we will inform management and seek additional fee recoveries through our normal processes.

6 Proposed audit fees (Refer to section 7 for agreed fees)

Our proposed fees for the next three audits (compared to budgeted and actual data from the previous financial year) are:

Structure of audit fees	2022 budget fees	2022 actual fees charged (*)	2023	2024	2025
	\$	\$	\$	\$	\$
Net audit fee (excluding OAG Audit Standards and Quality Support charge and disbursements)	255,622	507,742	379,148	409,452	442,087
OAG Audit Standards and Quality Support charge	20,438	20,438	31,857	33,290	34,788
Total audit fee (excluding disbursements)	276,060	528,180	411,005	442,742	476,875
Costs absorbed by Audit New Zealand	0	(252,120)	0	0	0
Estimated disbursements	6,000	2,081	6,000	6,500	7,000
Total billable audit fees and charges	282,060	278,141	417,005	449,242	483,875
GST	42,309	41,721	62,551	67,386	72,581
Total (including GST)	324,369	319,862	479,556	516,628	556,456

*** Note** – 2022 actual audit fees charged were \$528,180, compared to our 2023 audit costs of \$411,005. We have shown in table 5 and the paragraph below it where the additional audit effort was required, and any expected effect on the audit hours required in future years.

Total audit costs for the past two were \$528,180 in 2022 and \$332,154 in 2021. In 021 our agreed fee was \$235,622 and actual hours spend was 1838. Over time we expect that the audit fee charged will more fairly reflect our actual costs of performing the audit.

The audit fees allow for the audit team to carry out specific tasks identified in the OAG Sector Brief and for the OAG Audit Standards and Quality Support charge.

We have also estimated the reasonable cost of disbursements (including travel and accommodation where necessary).

We may also need to engage external experts to assist with certain specialist areas of valuation or estimation (such as greenhouse gas emissions and valuation of Property Plant and equipment). These costs will be included as a disbursement. While these are the usual audit areas where we would use experts there may be other complex estimates where additional expertise may be necessary. If this is the case, we will discuss this with management.

Disbursement costs are indicative only and will be charged on an actual and reasonable basis.

6.1 Reasons for changes in audit fees

In table 5.1 we showed the factors that have resulted in a change of audit hours. The cost impacts of those changes are shown in the table below:

Reasons for increased or decreased audit fees compared to previous period <i>budgeted</i> fees.	2023	2024	2025
Changes to financial reporting standards which result in additional audit work:			
<ul style="list-style-type: none"> PBE IFRS 48 - PBE FRS 48 <i>Service Performance Reporting</i> replaced that part of PBE IPSAS 1 Presentation of Financial Statements that deals with service performance reporting requirements and is effective for annual reporting periods beginning on or after 1 January 2022, that is, for the Council, it is for the year ending 30 June 2023. This will result in additional audit work as we will need to review compliance with this standard. 	7,000	0	0
<ul style="list-style-type: none"> PBE IPSAS 41 – PBE IPSAS 41: <i>Financial Instruments</i> is effective for periods beginning on, or after 1 January 2022. Because Council has early adopted this standard, there are a handful of differences that we will need to consider this year resulting in additional audit work. 	7,000	0	0
<ul style="list-style-type: none"> ISA (NZ) 315 – ISA (NZ) 315 (Revised 2019), Identifying and Assessing the Risks of Material Misstatement, is effective for the audit of your financial statements for the first time this year. There will be additional work required on your audit compared to previous years. 	21,000	0	0
Changes within the entity, or in its environment –Council is moving their accounting and financial reporting systems from on-premises servers to SaaS environment which will result in additional complexities and increased audit work:			
<ul style="list-style-type: none"> Additional areas of or additional work on high-risk accounting estimates – the additional work around revaluation and fair value assessments has increased our work to get assurance. This is across infrastructure and other PP&E that is revalued. 	18,500	0	0

Reasons for increased or decreased audit fees compared to previous period <i>budgeted</i> fees.	2023	2024	2025
<ul style="list-style-type: none"> The impacts of growth – over the past few years Council is experiencing significant growth in the District. This has resulted in additional audit work performed being performed on non-financial measures (and in particular greenhouse gas measures), revenue, expenditure and capital expenditure. 	6,000	0	0
The increase in hours also reflects an adjustment to the base hours which was clearly not sustainable to complete a quality audit (required significant investment and write-off in hours previously). We need to re-set audit hours to ensure they are sufficient to complete a quality audit.	15,445	0	0
Predicted charge out rate movements. (Based on 2022 APL hours for 2023).	60,000	31,675	34,069
Total increase (decrease) in audit fees	133,573	31,675	34,069

7

Agreed fees

After discussions with management and the chair of the strategic risk and assurance committee we agreed to allow a 15% reduction in the fee as below:

Structure of audit fees	2023	2024	2025
	\$	\$	\$
Net audit fee (excluding OAG Audit Standards and Quality Support charge and disbursements)	379,148	TBC	TBC
OAG Audit Standards and Quality Support charge	31,857	TBC	TBC
Total audit fee (excluding disbursements)	411,005	TBC	TBC
Phased in adjustment	15%		
Cost absorbed by Audit New Zealand	(61,651)		
Total audit fee (excluding disbursements) after phased in adjustment	349,354	TBC	TBC

We have agreed to have an open book discussion after the 2023 audit to work with management to find further areas where efficiencies can be gained.

8 Assumptions relating to our audit fee

You are responsible for the production of your financial statements and anything else that must be audited. Our proposed audit fees are based on the assumption that:

- you will provide to us, in accordance with the agreed timetable, the complete information required by us to conduct the audit;
- your staff will provide us with an appropriate level of assistance;
- your organisation's annual report and financial statements (including Statements of Service Performance) will be subject to appropriate levels of quality review by you before being submitted to us for audit;
- your organisation's financial statements will include all relevant disclosures;
- we will review up to two sets of draft annual reports, one printer's proof copy of the annual report, and one copy of the electronic version of the annual report (for publication on your website);
- there are no significant changes to the structure and/or scale of operations of the entities covered by this proposal (other than as already advised to us);
- there are no significant changes to mandatory accounting standards or the financial reporting framework that require additional work (other than as specified in tables 5.1 and 6.1);
- there are no significant changes to mandatory auditing standards that require additional work other than items specifically identified in the tables above; and
- there are no significant changes to the agreed audit arrangements (set out in the audit plan) that change the scope of, timing of, or disbursements related to, this audit.

If the scope changes and/or the amount of work we do increases, we will discuss this with you and potentially seek additional fees from you. The Office of the Auditor-General will be monitoring these recoveries to ensure that they are reasonable.

9 What the OAG Audit Standards and Quality Support charge provides

Parliament has indicated that it expects the cost of annual audits under the Public Audit Act (including an OAG Audit Standards and Quality Support charge) to be funded by public entities.

The OAG Audit Standards and Quality Support charge partially funds a range of work that supports auditors and entities, including:

- development and maintenance of auditing standards;
- technical support for auditors on specific accounting and auditing issues;
- ongoing auditor training on specific public sector issues;
- preparation of sector briefs to ensure a consistent approach to annual audits;
- development and maintenance of strategic audit plans; and
- carrying out quality assurance reviews of all auditors, and their audits and staff on a regular (generally, three-year) cycle.

Appointed Auditors are required to return the OAG Audit Standards and Quality Support charge portion of the audit fee, to the OAG.

10 Certifications required by the Auditor-General

We certify that:

- the undertakings, methodology, and quality control procedures that we have declared to the OAG continue to apply;
- our professional indemnity insurance policy covers this engagement; and
- the audit will be conducted in accordance with the terms and conditions of engagement set out in the audit engagement agreement and schedules.

11 Conclusion

As the Appointed Auditor, I am committed to providing you and the Auditor-General with the highest level of professional service. I intend to work with you, the OAG, and the Auditor-General in a partnership environment to resolve any issues that may arise.

If you require any further information, please do not hesitate to contact me.

Please counter-sign this letter (below) to confirm that you, and the governing body of your organisation, agree with its contents. This letter will then form the basis for a recommendation to the Auditor-General on the audit fee that should be set. The schedules of audit hours and fees will also be incorporated into my audit engagement agreement with the Auditor-General to carry out the audit of your organisation as the agent of the Auditor-General.

Nāku noa, nā



Clarence Susan
Appointed Auditor

I accept the audit fees for the audit of the three financial years as stated above.

Full name:	Paula Southgate	Position:	Mayor
Authorised signature:		Date:	
Entity name:	Hamilton City Council		

Actions to take when agreement has been reached:

- 1 Make a copy of this signed proposal and keep it for your file.
- 2 Email a copy to: Clarence Susan
Clarence.Susan@auditnz.parliament.nz

Council Report

Committee: Strategic Risk and Assurance Committee
Date: 28 September 2023
Author: Michelle Hawthorne
Authoriser: David Bryant
Position: Governance and Assurance Manager
Position: General Manager Business Services
Report Name: Compliance Reporting Update

Report Status	<i>Open</i>
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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.
3. To inform the Strategic Risk and Assurance Committee of the status of Council's policy reviews. In particular this quarter, the review of the Compliance Policy.

Staff Recommendation - *Tuutohu-aa-kaimahi*

4. That the Strategic Risk and Assurance Committee:
 - a) receives the report; and
 - b) requests staff incorporate feedback received at this meeting into the draft Compliance Policy (**Attachment 2**).

Executive Summary - *Whakaraapopototanga matua*

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

Background - *Koorero whaimaarama*

Protected Disclosures

9. Council has a current Protected Disclosures Management Policy. The purpose of the Protected Disclosures Policy is to set out procedures enabling employees (defined broadly in the policy) to disclose allegations of serious wrongdoing to designated officers, without fear of reprisal.
10. At each meeting the Strategic Risk and Assurance Committee is advised of any protected disclosures that have been made since the Committee last met. The Strategic Risk and Assurance Committee is also advised of any reports on investigations into past disclosures that have been completed since the Committee last met.

Fraud and Corruption

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

Discussion - *Matapaki*

Protected Disclosures

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

Fraud and Corruption

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

Privacy Act 2020

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

Compliance Policy

19. The draft Compliance Policy now follows the theme in the Fraud and Corruption Management Policy and the Protected Disclosures Policy of 'speaking up'. This theme is intended to form the basis of an online module for all staff and an annual organisational campaign on the related policies.
20. Attached to the report is the updated Compliance Management Policy (**Attachment 2**) and previous Compliance Management Policy (**Attachment 3**).

Council and Management Policy Schedule

21. The Strategic Risk and Assurance Committee chair has requested a list of current Council and Management Policies for review. These are attached to the report as **Attachment 1** and is current as of 01 September 2023. The details of the list can be discussed at the Committee meeting.

Options

22. The option available to the Committee is to consider feedback to staff on the draft Compliance Policy, and other policy work.

Financial Considerations - *Whaiwhakaaro Puutea*

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

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

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

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

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

Attachment 1 - Policy List for SRAC Compliance Reporting - 7 Sept 2023

Attachment 2 - Draft Compliance Management Policy

Attachment 3 - Compliance - Management Policy 2019

Strategic Risk and Assurance Committee – Policies Update as at 7 September 2023

Item 12

Attachment 1

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

COUNCIL POLICIES						
Committee	Policy	Sponsor/ Group	Last reviewed date	Next review date	Status	Related Legislation
Council	Corporate Hospitality and Entertainment Policy	GM Business Services	Jul-15	Jul-18	In progress	n/a
Infrastructure and Transport	Hamilton Gateways Policy	GM Infrastructure and Assets	Dec-15	Oct-18	In progress	n/a
Infrastructure and Transport	Streetscape Beautification and Verge Maintenance Policy	GM Infrastructure and Assets & GM Customer and Community	Nov-12	Nov-18	In progress	n/a
Community & Natural Environment	Citizens Initiated Referenda Policy	GM Business Services	Jul-16	Jul-19	In progress	Local Electoral Act 2001
Community & Natural Environment	Community Occupancy Policy	GM Customer and Community	Nov-18	Apr-21	In progress	n/a
Community & Natural Environment	Open Space Provision Policy	GM Customer and Community	Jun-18	Jun-21	In progress	n/a
Community & Natural Environment	TAB Venue Policy	GM Strategy, Growth and Planning	Dec-18	Dec-21	In progress	Racing Industry Act 2020
Economic Development	Business Improvement District (BID) Policy 2019	GM Strategy, Growth and Planning	Jun-23	Jun-26	Current	n/a
Strategic Growth and District Plan	Sale and Disposal of Council Land Policy	GM Strategy, Growth and Planning	May-23	May-26	Current	n/a
Community & Natural Environment	Class 4 Gambling Venue Policy	GM Strategy, Growth and Planning	Sep-19	Sep-22	In progress	Gambling Act 2003
Council	Delegations to Positions Policy	GM Business Services	Jun-23	Jun-26	Current	n/a
Economic Development	Appointment and Remuneration of Board Members of COs, CCOs and CCTOs Policy	GM Business Services	Jun-21	Nov-22	Due for review	Local Government Act 2002
Community & Natural Environment	Dog Control Policy	GM Customer and Community	May-15	Feb-23	Due for review	Dog Control Act 1996
Infrastructure and Transport	Dangerous and Insanitary Buildings Policy	GM Customer and Community	Aug-23	Aug-26	Current	Building Act 2004
Strategic Growth and District Plan	Growth Funding Policy	GM Strategy, Growth and Planning	Jun-21	Jun-23	Current	n/a
Strategic Risk & Assurance	Risk Management Policy	GM Business Services	Aug-20	Jun-23	Current	n/a
Community & Natural Environment	Community Assistance Policy	GM Partnerships, Communication and Maaori	Apr-21	Jul-23	In progress	n/a
Council	Significance and Engagement Policy	GM Partnerships, Communication and Maaori	Aug-20	Aug-23	Current	Local Government Act 2002
Economic Development	Municipal Endowment Fund Policy	GM Strategy, Growth and Planning	Sep-20	Sep-23	Current	n/a
Community & Natural Environment	Smokefree and Vapefree Outdoor Areas Policy	GM Customer and Community	Sep-20	Sep-23	Current	n/a
Infrastructure and Transport	Three Waters Connections Policy	GM Infrastructure and Assets	Sep-20	Sep-23	In progress	n/a
Community & Natural Environment	City Honours Policy	GM Partnerships, Communication and Maaori	Oct-20	Oct-23	Current	n/a
Community & Natural Environment	Psychoactive Substances (Local Approved Products) Policy	GM Strategy, Growth and Planning	Oct-18	Oct-23	Current	Psychoactive Substances Act 2013
Community & Natural Environment	Domain Endowment Fund Policy	GM Customer and Community	Nov-20	Nov-23	Current	n/a
Community & Natural Environment	Trading in Public Places Policy	GM Customer and Community	Dec-20	Dec-23	Current	n/a
Economic Development	International Relations Policy	GM Business Services	Mar-21	Mar-24	Current	n/a
Strategic Growth and District Plan	Development Contributions Policy	GM Strategy, Growth and Planning	Jun-22	Jun-24	Current	Local Government Act 2002
Finance and Monitoring	Funding Needs Analysis Policy	GM Business Services	Jun-21	Jun-24	Current	Local Government Act 2002
Finance and Monitoring	Investment and Liability Management Policy	GM Business Services	Jun-21	Jun-24	Current	Local Government Act 2002
Finance and Monitoring	Rates Remissions and Postponements Policy	GM Business Services	Jun-22	Jun-24	Current	Local Government Act 2002
Finance and Monitoring	Rating Policy	GM Business Services	Jun-21	Jun-24	Current	Local Government Act 2002; Local Government Rating Act 2002
Finance and Monitoring	Revenue and Financing Policy	GM Business Services	Jun-21	Jun-24	Current	Local Government Act 2002
Community & Natural Environment	External Funding Applications Policy	GM Partnerships, Communication and Maaori	Jun-21	Jun-24	Current	n/a

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Economic Development	Freeholding of Council Endowment Land Policy	GM Strategy, Growth and Planning	Aug-21	Aug-24	Current	Hamilton Domain Endowment Act 1979
Council	Delegations to officers specific to the Resource Management Act 1991	GM Strategy, Growth and Planning	Oct-21	Oct-24	Current	Resource Management Act 1991
Community & Natural Environment	Monuments and Memorial Art Policy	GM Customer and Community	Nov-21	Nov-24	Current	n/a
Community & Natural Environment	Permanent Public Art Policy	GM Customer and Community	Nov-21	Nov-24	Current	n/a
Economic Development	Event Sponsorship Policy	GM Venues, Tourism and Events	Mar-22	Mar-25	Current	n/a
Community & Natural Environment	Naming of Roads, Open Spaces and Council Facilities Policy	GM Infrastructure and Assets	Jun-22	Jun-25	Current	n/a
Infrastructure and Transport	Hamilton Parking Policy	GM Infrastructure and Assets	Aug-22	Aug-25	Current	n/a
Community & Natural Environment	Disability Policy	GM Customer and Community	Sep-22	Sep-25	Current	n/a
Council	Elected Members Support Policy	GM Business Services	Nov-22	Nov-25	Current	Local Government Act 2002
Council	Climate Change Policy	GM Strategy, Growth and Planning	Jun-22	Jun-27	Current	n/a
Finance and Monitoring	(Proposed) Procurement Policy	GM Business Services	new proposed	new proposed	Under consideration	n/a
Community and Natural Environments OR Council	(Proposed) Te Reo Maaori Policy	GM Partnerships, Communication and Maaori			Under consideration	
Council	(Proposed) Te Tiriti o Waitangi Policy / Statement	GM Partnerships, Communication and Maaori	proposed	proposed	Under consideration	Local Government Act 2002
Community & Natural Environment	(Proposed) Tree Policy	GM Customer and Community	proposed	proposed	Under consideration	n/a
Community & Natural Environment	(Proposed) Local Alcohol Policy	GM Customer and Community	under consideration	under consideration	Under consideration	Sale and Supply of Alcohol Act 2012

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

MANAGEMENT POLICIES						
Management Policy Title	Purpose	Last reviewed and approved	Next Review Date	Status	Sponsor	Policy Owner Name
Records Management	Defines the role and functions of Records Management and establishes the principles and responsibilities of Hamilton City Council and its officers to ensure appropriate management of records..	Dec-14	Dec-17	In progress	Information Systems	Susan Souren/Chris Mardon
Herbicide Use	To provide high level guidelines around the use of herbicides in the management of unwanted vegetation.	Mar-15	Mar-18	In progress	Customer and Community	Maria Barrie
Smoke Free Workplace	To provide a healthy work environment for workers and visitors to our facilities and open spaces. It is an additional requirement that sets our minimum standard above current legislation to prevent the detrimental effects of smoking on the health of people who do not smoke, or who do not wish to smoke.	Oct-16	Mar-20	In progress	People, Safety & Wellness	Marie Snowball
Gifts and Hospitality	To explain the principles and procedures for Council Staff to follow when considering whether to accept or decline offers of Gifts or Hospitality.	Mar-17	Jul-20	In progress	Finance	Igor Magud
Asset Management	To outline the organisation’s approach to asset management to ensure the City’s physical infrastructure is managed in a way that delivers the desired level of service in a sustainable, well planned and cost effective manner.	Jun-18	Jun-26	Current	Programme Manager, Assets Strategy	Paul Gower
Treasury	To outline approved policies and procedures in respect of all treasury activity to be undertaken by Hamilton City Council (“HCC”). The formalisation of such policies and procedures will enable treasury risks within HCC to be prudently managed.	Jun-18	Jun-21	In progress	Finance	Tracey Musty
Museum Collection	To guide the growth, development and management of the Museum's collection.	Jun-18	Jun-21	In progress	Museum	Lee-Ann Jordan

Unreasonable Customer Conduct Policy	To set out Council's commitment to fair, transparent and appropriate dealings with customers and the principles that guide this commitment and provide a management framework for dealing with unreasonable customer conduct	Aug-23	Aug-26	Current	Customer Services	Michelle Kerbers
Surveillance Camera	To outline the guidelines for Councils collection, storage and use of images collected.	Oct-18	Oct-21	In progress	City Safe	Kelvin Powell Paul Blewman
Execution of Documents	To provide procedure for execution and signing of documents having legal significance.	Nov-19	Nov-21	Due for review	Governance and Assurance	Michelle Hawthorne
Acceptable Use	To ensure that all computer systems and networks owned or managed by HCC are operated in an effective, safe, ethical and lawful manner and it is the responsibility of every computer user to know these requirements and to comply with them.	Jan-18	Nov-21	In progress	Information Systems	Susan Souren
Intellectual Property and Ownership Rights	To ensure Council retains ownership and rights of use of its assets, information, and intellectual property.	Dec-18	Dec-21	Due for review	People, Safety & Wellness	Dan Finn
Fencing	To provide guidance for how Council will apply their obligations under the Fencing Act 1978 in regard to contributions towards fences that share a boundary	Feb-19	Feb-22	In progress	City Infrastructure	Robyn Denton
Capitalisation	To provide guidance to council officers around the recognition and treatment of capital costs, revaluation, depreciation, impairment, disposal and accounting for assets.	Mar-19	Mar-22	In progress	Finance	Tracey Musty
Organisational Compliance	To provide the principles and set the expectations for how the Council will manage and achieve compliance in all areas of its operations.	Apr-19	Apr-22	Due for review	Governance and Assurance	Michelle Hawthorne
H3 Venue Conditions of Entry	To provide guidelines and support for the implementation of Conditions of Entry at Hamilton City Council event venues managed by H3.	Aug-19	Jun-22	Due for review	H3	Claire Toko
Sensitive Development	To guide staff in identifying sensitive developments that could be of interest to Elected Members and SLT and sets out a mechanism to inform elected members of such sensitive developments.	Aug-19	Aug-22	In progress	Strategy, Growth and Planning	Blair Bowcott
Encroachment Policy	To enable Council to reasonably control encroachments into Road Reserves and Reserves	Aug-19	Aug-22	Due for review	City Transportation	Eeva-Liisa Wright
Business Continuity	This policy provides the principles and sets the expectations for how Hamilton City Council will provide business continuity management with respect to its critical functions. It should be read alongside the Business Continuity Management Standards and Guidelines, which provide guidance for staff on how to meet those expectations in practice.	Aug-19	Aug-22	In progress	Governance and Assurance	Michelle Hawthorne/ Nick Whittaker
Domestic Violence Leave	To set out Council's commitment in protecting the wellbeing of all staff who may be subject to or perpetrators of Domestic Violence.	Sep-19	Sep-22	Due for review	People, Safety & Wellness	Dan Finn
Visitor Control	To control visitors exposure to work place hazards and to control visitor access for all council buildings.	Oct-14	Oct-22	Due for review	Facilities	Anita Oliver
Energy and Carbon Management	To minimise energy consumption and greenhouse gas emissions across the organisation in accordance with our sustainability principles.	Nov-19	Nov-22	Due for review	Facilities	Anita Oliver
Remuneration	Our remuneration supports our strategy to attract and retain talented people to achieve key community outcomes that help to improve the wellbeing of Hamiltonians.	Jun-20	Jun-23	Due for review	People, Safety & Wellness	Dan Finn
Flexible Working Arrangements	To support the achievement of organisational goals and objectives by supporting staff to balance their work and personal lives. In turn, this is expected to enhance the attraction, retention and productivity of our people.	Oct-20	Oct-23	Current	People, Safety & Wellness	Dan Finn
Leave	To provide guidance on how HCC manages Leave. This policy should be read in conjunction with the relevant employment agreement.	Oct-20	Oct-23	Current	People, Safety & Wellness	Dan Finn
Hamilton City Libraries Collection	To provide a framework for the development and management of Hamilton City Libraries' collections.	Nov-20	Nov-23	Current	Hamilton Libraries	Rebecca Whitehead
Procurement Policy and Procedures Manual	This Policy is to provide Council staff with clear guidelines relating to procurement and ensure any Hamilton City Council procurement is made appropriately and in line with good public sector practice.	Dec-21	Dec-24	Current	Procurement	Igor Magud
Child Protection	To take all practicable measures to protect young people under the age of 18 years by providing a safe environment for children attending council-owned and operated facilities. Hamilton City Council will work in partnership with government and social development agencies to ensure the safety and wellbeing of children whilst meeting the requirements of the Vulnerable Children's Act (2014).	Jan-22	Jan-25	Current	People, Safety & Wellness	Dan Finn
Health and Safety	To contribute to all aspects of Hamilton City Council's organisational health and safety performance as part	Jan-22	Jan-25	Current	People, Safety & Wellness	Dan Finn

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Recruitment and Selection	of a demonstratable commitment to continuous improvement in health and safety. To ensure that the recruitment and selection of HCC staff is undertaken in a fair, consistent, transparent, and cost effective way.	Jan-22	Jan-25	Current	People, Safety & Wellness	Dan Finn
Litter Enforcement	To provide guidance to Council officers on issuing infringement notices under the Litter Act 1979.	Jan-22	Jan-25	Current	Sustainable Resource Recovery Team (Infrastructure)	Tania Hermann
Civil Defence and Emergency Management	To ensure that Hamilton City Council (HCC) meets the requirements of the Civil Defence Act 2002 and is able to effectively and efficiently respond to and recover from an emergency event.	Mar-22	Mar-25	Current	Risk & Emergency Management	Kelvin Powell
Staff Election Protocols	To help employees understand and balance their role in a politically neutral public organisation, with their right to participate in the local democratic process and local elections.	Mar-22	Mar-25	Current	Governance and Assurance	Michelle Hawthorne
Media and Social Media	to ensure Council staff understand our process to take a coordinated and consistent approach to communicating with the public and media.	Jun-22	Jun-25	Current	Communications	Nicole Nooyen
Revaluation	To outline the organisations approach to revaluations to ensure that the value and depreciation held for the City assets is accurate.	Jun-22	Jun-25	Current	Finance	Tracey Musty
Workplace Diversity and Inclusion Policy	To ensure all Council employees work in an environment where diversity and inclusion (D&I) is encouraged, respected and embraced in day-to-day operations; individuals are supported. Recognised as valuable. Treated with respect, positively included and feel safe; and Council's commitment to D&I in the workplace helps us to be inclusive in our engagement with the community and delivery of services. Note this includes the Rainbow Policy and, in future, Religion Policy, ethnicity Policy etc.	Aug-22	Aug-25	Current	People, Safety & Wellness	Dan Finn
LGOIMA Charging Policy	To provide guidance on when and how HCC will charge for LGOIMAs and the considerations in doing so.	Aug-22	Aug-25	Current	Governance and Assurance	Michelle Hawthorne
Fleet	To ensure that Council fleet is operated and managed in a manner that is fit for purpose, cost efficient, safe, lawful, and reduces carbon emissions.	Oct-22	Oct-25	Current	Facilities	Anita Oliver
Cash Handling	To ensure that there is consistent cash management practices which minimise risk and hazards and enable cash handling processing to be carried out in a safe and secure manner.	Oct-22	Oct-25	Current	Finance	Tracey Musty
Membership of Professional Organisations	To specify the circumstances when Council will pay for/reimburse the cost of professional membership fees for Council employees.	Oct-22	Oct-25	Current	Finance	Tracey Musty
Study Assistance Policy	To support staff who wish to continue to develop their personal and/or professional skills through further study, in support of their career development whilst working at Council. The purpose of this Policy is to outline relevant information in support of staff pursuing further study through approval, which is relevant and beneficial to both the staff member and Council.	Nov-22	Nov-25	Current	People, Safety & Wellness	Dan Finn
Drug and Alcohol	To: show our responsibility and commitment to ensure a safe and healthy workplace for our staff; ensure that our staff can work in an environment free of alcohol and drug use or abuse; outline Council's expectations and requirements for creating and maintaining an alcohol and drug-free work environment and for dealing with substance abuse in the workplace; and provide an opportunity to staff members with a substance use problem to get well.	Nov-22	Nov-25	Current	People, Safety & Wellness	Dan Finn
Bullying, Harassment and Discrimination	To provide a safe and supportive working environment for all its employees and customers. To promote awareness of the issues and define workplace harassment, bullying, discrimination and conflict.	Dec-22	Dec-25	Current	People, Safety & Wellness	Dan Finn
Performance Management and Disciplinary	To ensure that HCC has a performance management and disciplinary process that is fair, transparent and applied consistently.	Dec-22	Dec-25	Current	People, Safety & Wellness	Dan Finn
Code of Conduct	To set out the rules and expectations of staff while they are employees at Hamilton City Council.	Dec-22	Dec-25	Current	People, Safety & Wellness	Dan Finn

Website	???	N/A	N/A	In progress	Transformation	Murray Heke
Customer Feedback	This customer feedback policy sets out how Council will adhere to good governance obligations in relation to complaints, compliments, and customer insights about our services as the territorial authority for the people of Hamilton.	Aug-23	August 202	Current	Customer	Michelle Kerbers
Records Management	Defines the role and functions of Records Management and establishes the principles and responsibilities of Hamilton City Council and its officers to ensure appropriate management of records.	Dec-14	Dec-17	In progress	Information Systems	Susan Souren/Chris Mardon
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Gifts and Hospitality	To explain the principles and procedures for Council Staff to follow when considering whether to accept or decline offers of Gifts or Hospitality.	Mar-17	Jul-20	In progress	Finance	Igor Magud
Asset Management	To outline the organisation's approach to asset management to ensure the City's physical infrastructure is managed in a way that delivers the desired level of service in a sustainable, well planned and cost effective manner.	Jun-18	Jun-26	Current	Programme Manager, Assets Strategy	Paul Gower
Treasury	To outline approved policies and procedures in respect of all treasury activity to be undertaken by Hamilton City Council ("HCC"). The formalisation of such policies and procedures will enable treasury risks within HCC to be prudently managed.	Jun-18	Jun-21	In progress	Finance	Tracey Musty
Museum Collection	To guide the growth, development and management of the Museum's collection.	Jun-18	Jun-21	In progress	Museum	Lee-Ann Jordan
Unreasonable Customer Conduct Policy	To set out Council's commitment to fair, transparent and appropriate dealings with customers and the principles that guide this commitment and provide a management framework for dealing with unreasonable customer conduct	Aug-23	Aug-26	Current	Customer Services	Michelle Kerbers

MANAGEMENT POLICY WITH STRATEGIC RISK AND ASSURANCE COMMITTEE OVERSIGHT						
Management Policy Title	Purpose	Last reviewed and approved	Next Review Date	Status	Sponsor	Policy Owner Name
Conflicts of Interest	To ensure staff are aware of and declare actual and potential conflicts of interest between their employment and their activities outside of work.	Nov-22	Nov-25	In progress	People, Safety & Wellness	Dan Finn
Sensitive Expenditure	To provide Council staff with clear guidelines relating to Sensitive Expenditure and ensure any HCC expenditure is made appropriately and in line with good public sector practice.	Sep-22	Sep-25	Current	Finance	Igor Magud
Protected Disclosure	If an employee discovers information which they believe shows serious wrongdoing within the organisation, there should be established procedures which enable the employee to disclose such information without fear of reprisal	Sep-22	Sep-25	Current	Governance and Assurance	Michelle Hawthorne
Fraud and Corruption	To prevent fraud and/or corruption and ensure the overall integrity and performance of Council. This policy provides a consistent and transparent approach to all allegations of fraud and/or corruption.	Sep-19	Sep-22	In progress	Governance and Assurance	Michelle Hawthorne

DELEGATIONS MANAGEMENT POLICIES						
Delegations Management Policy Title	Purpose	Last reviewed and approved	Next Review Date	Status	Sponsor	Policy Owner Name
Delegations to Officers under the Public Works Act 1981	To set out the delegations from the Chief Executive to Council Officers under the Public Works Act 1981.	Apr-14	Apr-17	In progress	Strategy, Growth and Planning	Nicolas Wells

Financial Delegations to Officers	To ensure consistency in carrying out activities and to ensure that the authority to commit (or bind) Council to arrangements with third parties (suppliers, vendors, contractors, tenants, event promoters, sales agencies, CCO’s, government departments and statutory organisations, etc.) is properly delegated and correctly monitored.	Mar-17	Oct-20	In progress	Finance	Tracey Musty
Delegations to Officers under the Trespass Act 1980	To set out the delegations from the Chief Executive to Council Officers under the Trespass Act 1980.	Dec-20	Dec-23	Current	Customer and Community Strategy, Growth and Planning	Kelvin Powell
Delegations to Growth Officers and City Safe Unit Officers (excluding delegations under the RMA)	To set out the delegations from the Chief Executive to Council officers in Growth and the City Safe Unit.	Jul-21	Jul-24	Current		Blair Bowcott
Delegations to City Infrastructure Officers	To set out the delegations from the Chief Executive to Council Officers in City Infrastructure.	new	new	In progress	Infrastructure and Assets	Eeva-Liisa Wright

Date approved by BSLT:	
Next review date:	
Document number:	
Associated documents:	Refer to references below
Sponsor/Group:	Business Services
Policy Owner:	Group Manager Business Services

Management Policy – Compliance

Ko te Puutaketanga Purpose

1. The Council seeks to operate within a culture of integrity, compliance and continuous improvement. This includes consistently meeting its legislative obligations to provide certainty for, and meeting the expectations of, its communities and other stakeholders.
2. This Policy provides the principles and sets the expectations for how the Council will manage and achieve compliance in all areas of its operations. It should be read alongside any specific business unit Promapp procedures that provide guidance for staff on how to meet those expectations in practice.

Ko ngaa Tikanga Whakahaere Kaupapahere Principles of the Policy

3. The guiding principles for this Policy are that the Organisation will:
 - Consistently meet its legislative obligations, including those derived from the Treaty of Waitangi.
 - Support a culture of integrity and compliance;
 - Support a culture of 'Speaking Up' and continuous improvement;
 - Provide a framework for meeting legislative obligations; and
 - Support the organisation to minimise instances of non-compliance and related risks.

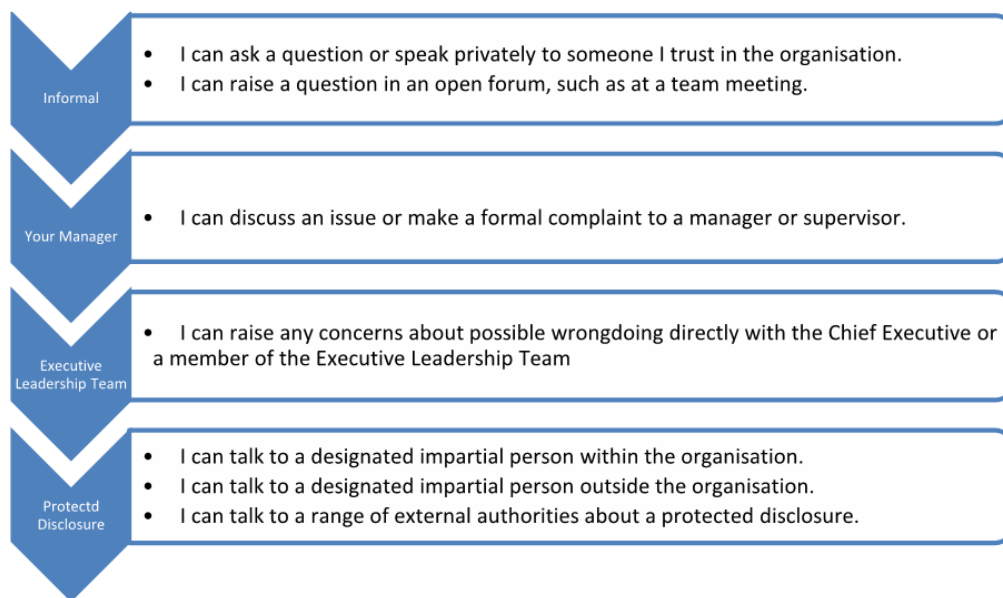
Ko te Whaanuitanga Scope

4. This Policy applies to all Council functions and all Council staff and contractors delivering those functions.

Ko ngaa Tikanga Policy

Speaking up

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



Compliance Management

6. Council needs to comply with all New Zealand legislation, staff have a responsibility to ensure that their activities, on behalf of the Council, to comply with relevant laws.
7. The manner in which compliance is achieved across the organisation is dependent on the function and nature of the legislative obligations.
8. Council will manage the practicalities of compliance management through a range of standards, guidelines, procedures and best practice methods that can include but are not limited to electronic platforms – such as Promap and SHIELD.

Non-compliance and reporting

9. Non-compliance could expose the Council to:
 - A risk of a financial penalty or criminal offence;
 - Loss of income;
 - An inability to fulfil the Council's strategic objectives;
 - Negative publicity or reduced public regard; and/or
 - Legal action arising from non-compliance.
10. A legislative compliance programme is an on-going process. Non-compliance is identified 'by omission', and by building on existing practices, i.e. using internal audit, policy guidelines, monitoring, reviews, administrative and other risk assessment processes to identify areas of non-compliance.

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

11. Anyone can raise any concerns about compliance with our obligations with their People Leader in the first instance, Unit Manager, or General Manager.
12. If individuals don't feel comfortable raising a concern with them, you can approach any one of the following officers:
 - People, Safety and Wellness Manager;
 - Legal Services Lead

- General Manager Business Services; or
 - the Chief Executive.
13. Concerns can also be raised with oversight bodies such as the Privacy Commissioner, Ombudsman's Office or the Office of the Auditor General as examples.
14. If individuals think their concerns may amount to fraud, corruption or a serious wrongdoing, there are further options for disclosure under Council's [Fraud and Corruption Management Policy](#) or [Protected Disclosures Management Policy](#).

Is the information and investigation confidential?

15. Information received about actual or potential non-compliance may be kept confidential where there is a risk of civil litigation or other risk of loss or reputational damage, noting that the Protected Disclosures (Protection of Whistleblowers) Act 2022 and [Council's Protected Disclosure Management Policy](#) require certain information to remain confidential.
16. This means that:
- Information will be supplied to individuals on a 'need to know' basis as part of any investigation.
 - Individuals will be expected to keep information confidential.
 - Information may also be withheld following an assessment against the [Local Government Official Information and Meetings Act 1987](#).

Roles and Responsibilities

Role	Responsibilities
Chief Executive	The Chief Executive has overall responsibility and accountability for the operations of Council.
General Managers	General Managers are responsible for demonstrating leadership and commitment to the Compliance Management Framework
People Leaders	People Leaders are responsible for: <ul style="list-style-type: none"> • ensuring that a culture of continuous improvement such that employees are not discouraged from questioning events or processes and reporting suspected non-compliance. • ensuring compliance within their area of operation, including remaining up to date with and reporting on its evolving compliance obligations. • Providing appropriate delegated authority and adequate resources to its business units undertaking compliance functions, including sufficient financial and training resources to enable these units and staff to understand and meet the Council's compliance obligations.
Employees	All employees, are responsible for: <ul style="list-style-type: none"> • Being aware of, and complying with, this Policy; • Completing training as directed by Council; • Acting honestly, fairly and with integrity in undertaking Council tasks and activities; • Being aware of, and complying with, their obligations under relevant Council management policies and legislation.
Representatives	All representatives, contractors, consultants, and/or volunteers are expected to adhere to the requirements of this Policy. Where the Council relies on a service or product delivered by a third party, in order to maintain Council's services to customers, its contractual arrangements with the third party will specify the required compliance obligations that the third party must satisfy.

Ko te Aroturukitanga me te Whakatinanatanga

Monitoring and Implementation

17. Council's Strategic Risk and Assurance Committee is responsible for monitoring the effectiveness of this Policy, and for receiving reports of incidents of significant or material non-compliance.
18. The General Manager of Business Services will monitor the implementation and application of this Policy.
19. This Policy will be reviewed either every three years, at the request of Council, or in response to an event, or legislative requirement.

Ko ngaa Tohutoro References

Management Policies

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

[Fraud and Corruption Management Policy](#)

[Protected Disclosures Management Policy](#)

Legislation

[Local Government Act 2002](#)

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

Other resources

Taituara - <https://taituara.org.nz/government-regulatory-practice-initiative>

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

Date Approved by BSLT:	10/04/2019
Next review date:	10/04/2022
Document number:	D-2549537
Associated documents:	D-34146 Compliance and Enforcement Policy
Sponsor/Group:	GM Corporate
Policy Owner:	Governance

Compliance Management Policy

Introduction

1. The Council seeks to operate within a culture of integrity and compliance. This includes consistently meeting its legislative obligations to provide certainty for, and meeting the expectations of, its communities and other stakeholders.
2. This Policy provides the principles and sets the expectations for how the Council will manage and achieve compliance in all areas of its operations. It should be read alongside any specific business unit Promapp procedures that provide guidance for staff on how to meet those expectations in practice.

Definitions

Definition	Detail
Audit	Systematic, independent and documented process for obtaining evidence and evaluating it objectively to determine the extent to which specified audit criteria are fulfilled
Compliance	Meeting all Council's legislative compliance obligations
Compliance Management Framework	This Policy, guidance, documents, systems and procedures that together provide an accepted approach to managing the Council's compliance obligations.
Corrective Action	Action to remove or mitigate the cause of a non-compliance and prevent re-occurrence
Monitoring	Determining the status of a system, a process or an activity
Non-compliance	Non-fulfilment of a compliance obligation

Purpose

3. The purpose of this Policy is to:
 - a) enable the Council to comply with all its legislative obligations, including those derived from the Treaty of Waitangi.
 - b) support the Council to provide sound leadership and effective management, and to fulfil its governance responsibilities.
 - c) safeguard the Council's organisational integrity, maintain its efficiency, and minimise instances of non-compliance and related risks.
 - d) provide certainty for staff as to the level of compliance expected from them in their roles, and from the organisation, as well as guidance as to how this is to be achieved.
 - e) provide certainty for third party suppliers of the level of compliance expected from them in delivering goods and services to the Council.
 - f) enable the Council to demonstrate its commitment to compliance to its communities and other stakeholders.

- g) integrate with the Council's other policies, standards and operational procedures, those relating to risk, finance (including procurement), the environment, employment, and health and safety management.
- h) Ensure a consistent approach to delivery of Council's compliance responsibilities.

Scope

- 4. This Policy applies to all Council functions and all Council staff delivering those functions.
- 5. The Council must comply with all New Zealand legislation and with common law obligations, and all Council staff have a responsibility to ensure that their activities, on behalf of the Council, comply with applicable law.
- 6. There is numerous legislation which impact on the Council, representing differing levels of risk. Adherence to this Policy will minimise the Council's risk exposure. The legislative compliance issues of particular relevance are those specific to the local government sector, or to the Council in its diverse roles.

Key Legislation

- 7. The Risk Manager and/or Legal Services Manager will establish and maintain a Register of Key Legislation, to identify the Council's significant compliance obligations and to reflect the material functions undertaken by the Council.
- 8. The responsibility for compliance with each Key Legislation is assigned to a General Manager, while recognising that some legislation falls across different functions and groups.
- 9. For clarity, the Register of Key Legislation does not remove the need for the Council, and staff acting on behalf of the Council, to comply with all applicable legislation.
- 10. The Register of Key Legislation can be accessed on the Velocity Intranet.
- 11. The Council also acknowledges its responsibility to give effect to, and take account of, the principles of the Treaty of Waitangi in all aspects of its operations.

Principles of Compliance Management

- 12. The guiding principles for this Policy are:
 - a) The Council will consistently meet its legislative obligations, including those derived from the Treaty of Waitangi.
 - b) The Council's Compliance Management Framework will be approved by the GM Corporate.,
 - c) The Council will ensure its Compliance Management Framework align with its vision, strategic priorities, plans and business objectives.
 - d) The Council's Compliance Management Framework will be developed and implemented in an integrated manner with the Council's other policies, standards and procedures; particularly those relating to risk, finance (including procurement), the environment, employment and health and safety management.
 - e) The Council will ensure that a Compliance Group made up of staff from areas within Council that undertake compliance functions is established and meet on a regular basis. The Compliance Group's purpose is to:

- ensure that there is focus on compliance across the organisation to raise awareness of compliance amongst the Council staff; and
- promote best practice consistent with the purpose of this Policy.

Compliance Management Framework

13. The Council will always have an up-to-date Compliance Management Framework. This framework will include:

- This Policy and its associated standards;
- Any documents, procedures, guidance or systems that record compliance actions or compliance risk mitigation measures, generated pursuant to this Policy or the associated standard;
- Establishing a Legislative Compliance and Audit Programme, and any systems, procedures and documentation relating to it;
- Any agreements or other documentation setting out the Council's compliance expectations with its third-party suppliers or other external stakeholders;
- Clear roles and responsibilities of staff involved in delivering the Council's compliance services that promote the use of discretion and good judgement at an operational level;
- Regular compliance review and monitoring regime by Council's Compliance Group to capture and reflect the Council's changing compliance obligations;
- Compliance changes, updates and amendment communications to Council staff; and
- ISO 19600:2015 Compliance management systems and guidelines.

Compliance processes and guidelines

14. The Council will manage the practicalities of compliance management through a range of standards, guidelines, Promapp procedures and best practice methods that can include but are not limited to electronic platforms.

15. The Council's business units will conduct regular compliance self-assessments to ensure they have correctly identified their legislative compliance obligations, including any new or emerging obligations, and have procedures in place to comply with them. The assessments will be regularly audited.

Non-compliance and Reporting

16. Non-compliance could expose the Council to:

- A risk of a financial penalty or criminal offence;
- Loss of income;
- An inability to fulfil the Council's strategic objectives;
- Negative publicity or reduced public regard; and/or
- Legal action arising from non-compliance.

17. A legislative compliance programme is an on-going process. Non-compliance occurrences will be reported, as part of the Council's Legislative Compliance and Audit Programme. Non-compliance is identified 'by omission', and by building on existing practices, i.e. using internal audit, policy

guidelines, careful monitoring, reviews, administrative and other risk assessment processes to identify areas of non-compliance.

18. The Council assigns ownership and accountability for any non-compliance to the relevant staff member to ensure action is taken. Should non-compliance be identified by any staff members:
 - a) non-compliance is brought to the attention of relevant manager or the Policy sponsor immediately;
 - b) the cause of non-compliance is analysed;
 - c) appropriate corrective action is recorded and effected to rectify non-compliance (e.g. through system changes or training);
 - d) six-monthly reporting to the Senior Leadership Team and the Council's Audit & Risk Committee, as appropriate, of non-compliance and steps taken to address any instances of non-compliance.

These activities are intended to provide reasonable assurance to the Audit and Risk Committee that the Council is complying with all applicable legislation.

Leadership Commitment and Culture of Compliance

19. The Council and its Senior Leadership Team will demonstrate commitment to compliance and will lead and foster a strong compliance culture within the organisation.
20. All staff will be made aware and understand the compliance obligations applicable to their business units and core services provided to the Council's customers.

Responsibility

21. Compliance management is the responsibility of all Council staff with specific responsibilities assigned to individual staff members and business units, as described in job descriptions and Promapp procedures. (by way of example only).

Third Parties

22. Where the Council relies on a service or product delivered by a third party, in order to maintain Council's services to customers, its contractual arrangements with the third party should specify the required compliance obligations that the third party must satisfy.
23. The Council will ensure the third party will provide evidence to ensure the service or product being provided meets the Council's compliance requirements.

Resources

24. The Council will provide appropriate delegated authority and adequate resources to its business units undertaking compliance functions, including sufficient financial and training resources to enable these units and staff to understand and meet the Council's compliance obligations.

Implementation, Monitoring and Review

25. Each business unit and service area are responsible for ensuring compliance within its area of operation, as defined by this Policy and its associated standards, including remaining up to date with and reporting on its evolving compliance obligations.

Role	Responsibility
Senior Leadership Team	To demonstrate leadership and commitment to the Compliance Management Framework
General Managers	To ensure that the Policy and its purpose are established and are consistent with the values, objectives and strategic direction of the organisation
Business Unit Manager	To be responsible for compliance within his/her area of responsibility.
All Council Staff	To ensure that their activities, on behalf of the Council, comply with applicable laws and any related Council policies and procedures.

26. The GM of Corporate will monitor the implementation of this Policy.

27. The Policy will be reviewed every three years, or at the request of the Senior Leadership Team.

References

28. ISO 19600:2015 Compliance management systems – Guidelines
29. NZSOLGM Managers Legal Compliance Modules www.solgm.co.nz
30. Promapp – Water Compliance
31. Promapp – Building Control Unit – Compliance and Monitoring
32. Promapp – Planning – Compliance Monitoring and Enforcement
33. Promapp – DC Assessment – Building Consent and Code of Compliance
34. Promapp – Compliance Management Standard
35. Council Assurance Framework Guideline
36. Register of Key Legislation – Velocity

Appendix A – Register of Key Legislation to HCC

	Key Legislation	Primary Responsibility
1	Local Government Act 2002	GM Corporate and GM Strategy & Communications
2	Local Government (Rating) Act 2002	GM Corporate
3	Health and Safety at Work Act 2005	GM Corporate
4	Public Records Act 2005	GM Corporate
5	Employment Relations Act 2000	GM Corporate
6	Civil Defence Emergency Management Act 2002	GM City Growth
7	Local Government Official Information and Meetings Act 1987	GM Corporate
8	Privacy Act 1993	GM Corporate
9	Resource Management Act 1991	GM City Growth
10	Building Act 2004.	GM City Growth
11	Dog Control Act 1996	GM City Growth
12	Land Transport Act 1998	GM Infrastructure Operations
13	Litter Act	GM City Growth
14	Vulnerable Children's Act 2014	GM Corporate
15	Reserves Act 1977	GM Community
16	Burial and Cremation Act 1964	GM Community
17	Sale and Supply of Alcohol Act 2012	GM City Growth
18	Food Act 2014	GM City Growth
19	Health Act 1956	GM City Growth/ Infrastructure Operations
20	Impounding Act 1955	GM City Growth
21	Public Works Act 1981	GM Development and GM City Growth
22	Local Electoral Act 2001	GM Corporate
23	Hazardous Substances and New Organisms Act 1996	GM City Growth
24	Protected Disclosures Act 2000	GM Corporate
25	Rates Rebate Act 1973	GM Corporate
26	Rating Valuations Act 1998	GM Corporate
27	Waikato Raupatu Claims Settlement Act 1995	GM Strategy & Communications
28	Waikato-Tainui Raupatu Claims (Waikato River) Settlement Act 2010	GM Strategy & Communications

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

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

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