

Notice of Meeting:

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

Date: Thursday 5 March 2020
Time: 12.30pm
Meeting Room: Committee Room 1
Venue: Municipal Building, Garden Place, Hamilton

Richard Briggs
Chief Executive

Strategic Risk and Assurance Committee OPEN AGENDA

Membership

Chairperson: External appointee - Keiran Horne

Deputy Chairperson External appointee - Bruce Robertson

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

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

Quorum: Four members (including one external appointee)

Becca Brooke
Governance Manager

28 February 2020

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Purpose:

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

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

Terms of Reference:*Risk*

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

Internal Audit

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

External Audit

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

Statutory Reporting

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

Other Matters

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

The Committee is delegated the following recommendatory powers:

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

Special Notes:

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

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

Recommendatory Oversight of Policies and Bylaws:

- *Risk Management Policy*

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1 Apologies

2 Confirmation of Agenda

The Committee to confirm the agenda.

3 Declaration of Interest

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

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:** 05 March 2020
Author: David Bryant **Authoriser:** David Bryant
Position: General Manager Corporate **Position:** General Manager Corporate
Report Name: Chief Executive Report - Verbal Update

Report Status	<i>Open</i>
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Purpose

1. For the Chief Executive to provide a verbal update of the key risks faced by Hamilton City Council.

Staff Recommendation

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

Attachments

There are no attachments for this report.

Council Report

Item 6

Committee: Strategic Risk and Assurance Committee
Date: 05 March 2020
Author: Carmen Fortin
Authoriser: Amy Viggers
Position: Governance Advisor
Position: Governance Team Leader
Report Name: Strategic Risk and Assurance Committee Draft Schedule of Reports 2020

Report Status	<i>Open</i>
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Purpose

1. To inform the Strategic Risk and Assurance Committee regarding the draft 2020 Schedule of Reports.

Staff Recommendation

2. That the Strategic Risk and Assurance Committee:
 - a) receives the draft 2020 Schedule of Reports; and
 - b) notes that the Schedule of Reports is intended to be a living document that will be updated as necessary and will be made available to Elected Members and Maangai Maaori on Diligent.

Background

3. The Chief Executive undertook to provide Elected Members with schedules for the tasks and responsibilities to be undertaken each calendar year by the Council and the Council Committees.
4. The purpose of the schedules is to provide Committee Members with oversight of the planned and upcoming activities for which they are responsible as members of the Strategic Risk and Assurance Committee. The schedules set out the key reports and pieces of work assigned to the Strategic Risk and Assurance Committee as well as the intended meeting dates where these will be presented.
5. The schedules have been developed by the Principal Advisors and Chair of the Committee in conjunction with key staff, the Strategy Unit, and the Governance Unit. Content covers:
 - Standing agenda items and regular reports;
 - The development, review, and status reporting of strategic plans and policies;
 - Anticipated submissions and legislative reports;
 - Items relating to the Annual Plan and 10 Year Plan;
 - Reporting of joint organisations, stakeholder groups, and established taskforces; and
 - Business as usual matters identified by staff as requiring governance decisions or oversight.

Item 6

6. In order for Members to have a current view of Strategic Risk and Assurance Committee activities throughout the year, the schedules will need to be updated when new items arise or when timing or circumstances change. Members will have access to the updated schedules on Diligent.
7. The Governance Unit and the Principal Advisors' Executive Assistants will take responsibility for maintaining up-to-date documents.
8. 2020 Report Schedules for all Committees will be presented at each of their first meetings of 2020.

Attachments

Attachment 1 - Draft Strategic Risk and Assurance Schedule of Reports 2020

Strategic Risk and Assurance Committee Report Schedule 2020

Standard Reports	5-Mar-20	9-Jun-20	3-Sep-20	3-Dec-20	13-Oct-2020 (Annual Report)	22-Oct-2020 Council	Date TBC
Schedule of Reports							
Health and Safety Update							
Risk Management Report							
Organisation Improvement Report							
Annual Credit Rating Report							
Annual Insurance Update							
Annual SRA Committee Self Review							
Tax Risk Management report							
Risk Management Policy Review							
Verbal Reports							
CE Introduction - Strategic Risk Overview							
Cyber Risks/Issues							
Emerging Legal Risks/Issues							
SRA Committee/CE							
SRA Committee/Internal Audit							
SRA Committee/External Audit							
Annual Plan/LTP Reports							
Accounting Treatment Review							
Annual Report Planning Update							
Final Review and Approval of Annual Report							
Annual Report (Recommendation to Council)							
Stakeholder Liaison Reports							
Internal Audit reporting (PWC):							
Draft Internal Audit Plan							
Internal Audit Update and Reports							
External Audit reporting (Audit NZ):							
Audit Engagement/Audit Arrangements Letter							
Interim Management Report							
Clearance to SRA Committee							
Issue of Audit Opinion							
Final Management Report							
Workshops							
Insurance Strategy							
Strategic Risk Review							
Review of Draft Financial Statements							
Topic to be determined							

Council Report

Item 7

Committee: Strategic Risk and Assurance Committee

Date: 05 March 2020

Author: Dan Finn

Authoriser: David Bryant

Position: People, Safety & Wellness Manager

Position: General Manager Corporate Manager

Report Name: Safety and Wellbeing Report - 1 November 2019 to 31 January 2020

Report Status	<i>Open</i>
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Purpose

1. To inform the Strategic Risk and Assurance Committee on safety and wellness performance and activities for the period covering 1 November 2019 to 31 January 2020.

Staff Recommendation

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

Attachments

Attachment 1 - Safety and Wellness Report - February 2020

THINK SAFE
WORK SAFE
HOME SAFE EVERYDAY

Safety and Wellness

STRATEGIC RISK AND ASSURANCE REPORT

November 2019 – January 2020

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Attachment 1

1.0 Executive Summary

Attachment 1

1.1 Overview

As an organisation we continue to establish and promote programmes, initiatives and relationships that allow us to respond positively to our changing work environment and those unplanned events that impact on the health and safety of our people. Focussed on continuous improvement through good safety and design, safer work practices and continued learning from previous events to prevent reoccurrence remains fundamental.

Improved systems enablement, the managed introduction of supporting guidelines that are aligned to our new Safety Management System (SMS) and improved awareness and understanding of human factors and how they interlink with work practices are part of our strategic plan to help us in becoming a high-performance organisation.

As well as safety, we continue to focus our effort on the health and wellbeing of our people and this year the mental health and wellbeing of employees continues to be one of our key priorities.

We are in the process of identifying reliable and valid health and safety indicators and measures for effective monitoring that aligns with our Safety Management System and assurance framework.

Item 7

2.0 Safety Performance

2.1 Graphs

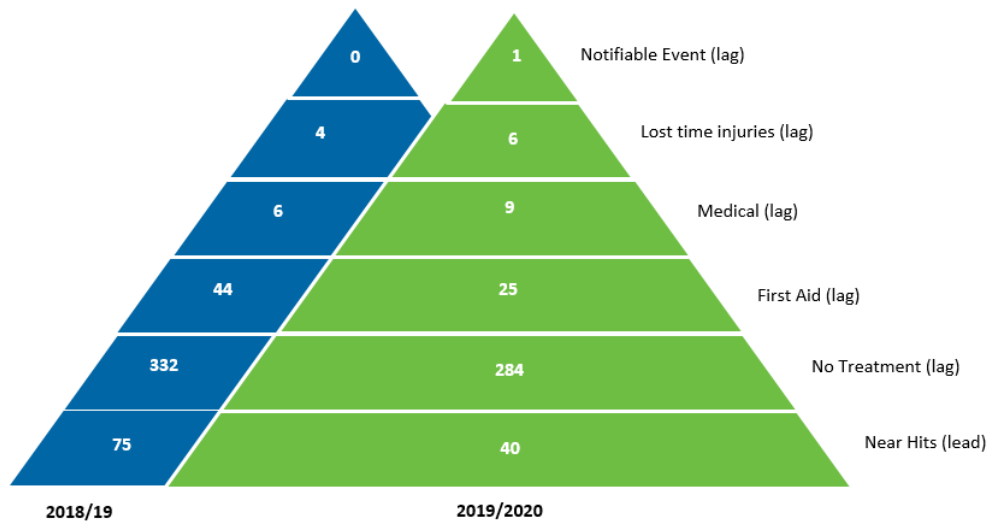


Figure 1: Performance Indicators for events reporting period 1st November – 31st January 2020

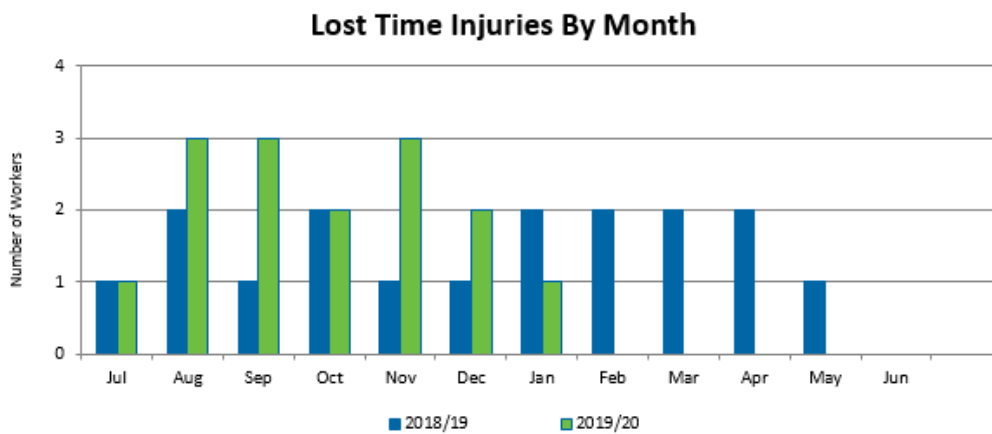


Figure 2: Lost time injuries by month for previous two performance/financial years

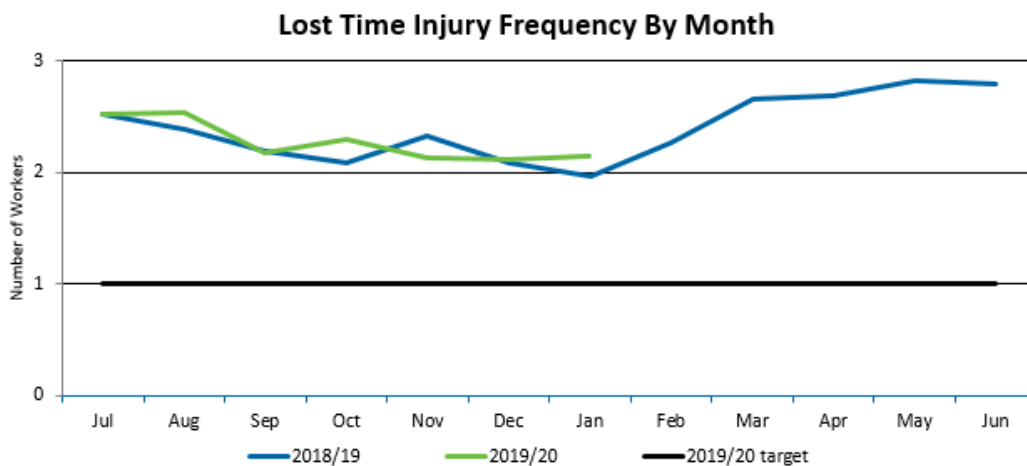


Figure 3: Lost time injury frequency rate per 200,000 work hours for FY18, FY19 and FY20

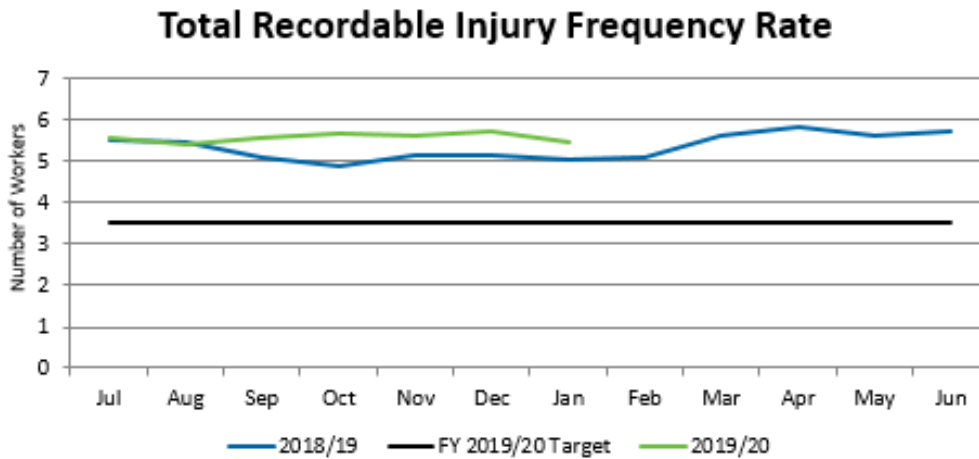


Figure 4: Total recordable injury frequency rate per 200,000 work hours for rolling 12 months

3.0 Health & Safety Trends

3.1 Trend Summary

During this reporting period (1 November 2019 to 31 January 2020) we incurred 6 LTI's Vs 4 LTI's for the same period last year. The large majority of LTI's are the result of soft tissue injuries, which are categorised by sprain or strain. Our LTIFR remains static.

Timely reporting, early intervention and injury management practices are fundamental in supporting those injured and the required performance improvement. For these things to be impactful there also needs to be a continued focus on appropriate safety risk management practices that are undertaken across all business units.

3.2 Notifiable Events

Between 1 November 2019 to 31 January 2020 there was 1 event notified to WorkSafe involving a Council employee. An internal investigation was carried out and no further action was taken by WorkSafe.

Date Notified	Vault #	Business Unit/Location	Incident	Action Taken
31.01.2020	17808	HCC Duke Street Depot	Staff member received an electric shock, when he fell against an electric fence on a workshop roof, during a roof inspection.	WorkSafe were notified and have advised Council that they will not be investigating this event. Council is investigating this event. Initial findings remain draft.

Further to the brief above, emergency services were mobilised and responded to the event immediately and the employee concerned was taken to hospital as a precautionary measure and was later discharged the same day. Both Council and NZ Police reported the event to WorkSafe, who later advise that no further action would be taken. A draft report has been completed and a final report is being prepared that will consider and identify the

contributing factors as well as the corrective actions to prevent this type of event from reoccurring.

There were also 5 Notifiable Events reported to WorkSafe by Contractors who were engaged to undertake work on our behalf during this period.

Date Notified	Vault #	Contractor	Incident	Action Taken
11.11.2019	17297	Waipa Civil & Capital Projects	Contractor initially found gas lateral as shown on drawings. As work proceeded lateral gas line strike occurred.	First Gas was contacted to repair live gas main. Capital Projects will continue ongoing safety meetings with Waipa Civil. Independent Investigation completed by Waipa Civil.
20.12.2019	17588	Contractor & Venues, Tourism & Major Events	Contractor turned off light switch in room and received an electric shock from a water leak in roof cavity.	Facilities immediately investigated the source of the leak and immediate repairs were made. The electrical system was thoroughly checked and found no further damage. Worksafe advised the Contractor that no further action would be taken.
10.01.2020	17703	Spartan Construction & Capital Projects	Contractor removing a 200mm culvert pipe from the ground with a large pry bar. Bar was placed up inside culvert when it bounced back and hit their right leg above the knee causing a laceration.	Medical treatment received. Investigation completed by Spartan Construction.
22.01.2020	17873	Fulton Hogan, Capital Projects	Contractor struck 33kV duct when placing trench shield into position	Investigation is in draft and being undertaken by Fulton Hogan/Camex.
22.01.2020	17750	Waipa Civil & Capital Projects	Contractor hooked a 15mm gas lateral with a digger.	First Gas was contacted to repair live gas lateral. Investigation completed by Waipa Civil which showed that work instructions agreed to with Council had not been followed.

Service strike incidents continue to be common practice based on the frequency of events being reported, however they are a major cause for concern across the service industry due to their high risk and the potential consequences. WorkSafe and CHASNZ (Construction Health and Safety NZ) are now working together with members of the Construction Industry to better understand and manage strikes on underground services and utilities.

WorkSafe and CHASNZ are jointly hosting a design-thinking workshop in March 2020 which we will be attending. This will be the first in a series of workshops designed to understand what is failing (not who), determine the changes needed to reduce strikes on underground services and to pilot initiatives to reduce these types of events.

Additionally, the Health and Safety Team will also be hosting its own 'ground disturbance forum' in conjunction with Waikato/Bay of Plenty Local Authority Shared Services to raise awareness on this topic, which effects both contractors and employees.

Reporting Events

To ensure we mobilise the most appropriate response to the event being reported the Health and Safety Team have documented a triage system that that is underpinned by our Safety Management System. The triage of events takes place in two steps:

Step 1 - Triage of events

This involves the assessment of the safety event against three criteria:

- Realised consequences for Personal Injury Level (PIL)
- Realised consequences for Infrastructure¹ Damage Level (IDL)
- Potential consequence² is determined by the effectiveness of safety controls that were available at the time of the event, preventing escalation to the most credible outcome that may have arisen (PRL)

Step 2 - Resulting actions

This defines the actions based on the three classification levels determined in Step 1

3.3 Lost Time Injuries

Between 1 November 2019 to 31 January 2020 we recorded 6 LTI's compared to 4 LTI's in the same period last year. At the end of 31 January 2020 our LTIFR was 2.15 per 200,000 work hours Vs our target of 1.0.

Date	Department	Description and Findings
4.11.2019	Venues, Tourism and Major Events	Staff member lifted gates and sprained lower back. This resulted in three lost work days and continued physio treatment required
11.11.2019	City Delivery	Staff member was checking and clearing screens and turned wrong way resulting in a lumbar sprain. The event was reported, and the employee went to the doctor next day and was supplied with a medical certificate advising that they were unfit for work for 5 days.
27.11.2019	Nursery	Staff member strained back after working on the potting machine. Visited doctor and received a medical certificate advising unfit for work for 2 days. Continued monitoring required for this particular work task
02.12.2019	City Parks	Staff wearing latex gloves under gardening gloves, hot weather and friction caused both hands to become swollen and infected. Went to the doctor and medical certificate issued advising unfit for work for 5 days.

06.12.2019	Strategy and Communications	Staff member part-taking in activities at a work event outside of normal working hours sustained a fractured wrist. Doctor advised initially unfit for 5 days although revised to 20 followed by a gradual return to work programme.
08.01.2020	Nursery	Staff member strained back after undertaking manual clearing duties. Staff member notified manage who advised to rest the next day and recover. Waikato Occupational Health Consultants around back strengthening exercises to help staff with movement.

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Table 1: Lost time injury 1st November 2019 to 31st January 2020

3.4 Medical Treatment and First Aid Injuries

Between 1 November 2019 to 31 January 2020 we recorded 9 medical treatment injuries and 25 first aid injuries. At the end of 31 January 2020 our TRIFR was 5.45 Vs our target of <3.5.

3.5 Near Hit Reporting

Between 1 November 2019 to 31 January 2020 we recorded 40 near hits, which is a significant reduction in the reporting of near hits compared to 75 for the same period last year. With the introduction of mobile apps that are available to us, we should see a rise in near hit reporting.

3.6 Assurance

Between 1 November 2019 to 31 January 2020 there were 208 health and safety audits carried out that were made up of 123 manager audits and 85 worksite/contractor audits.

During this reporting period there were 333 safety observations recorded across Council, made up of 260 safe observations and 72 unsafe observations. These observations provide workers and managers with an opportunity to have positive safety conversations as well as addressing any unsafe practices that may be observed in real time.

Base Civil investigation

Work Safe are investigating an incident that occurred late last year on the corner of London and Harwood Street where a contractor from Base Civil Limited was injured when attempting to identify underground services located at the site above.

As the principle, Hamilton City Council have been asked to provide documentation regarding specific aspects of the contracted work.

Zoo Safety Assessment

A safety assessment has been undertaken as part of a wider review of safe work practices at the Hamilton Zoo with a draft report currently being finalised. The purpose of the assessment was to determine the safety practices at the Zoo in relation to the requirements and duties required by the Health and Safety at Work Act (2015) and Associated Regulations. The Health and Safety Team identified opportunities for improvement and are now working through the findings with the team at the Zoo.

Business Continuity Plan (BCP) test - Zoo

Attachment 1

The People Safety and Wellness Team assisted the Risk and Insurance Unit with a Business Continuity Plan test at the zoo. This BCP test is a requirement for Councils business continuity management framework. We tested the BCP and included elements of emergency response to a low probability/high impact event. This test was beneficial for all units involved and key learnings are being considered as part of operational activities.

3.7 Site Visits – Emerging Issues

Pandemic plan

We have recently updated our Pandemic Plan to ensure that we are prepared if there was to be a Coronavirus outbreak in New Zealand. The main objective of this plan is to minimise exposure of the virus to Council staff while they are at work. Other objectives for the Pandemic Plan are:

- to secure and protect, wherever possible, the provision of essential services to the community
- to support the community and staff to cope with the consequences of a pandemic
- to design and provide a recovery process for the organisation.

In meeting the above objectives, Council will:

- provide for the best possible planning, reaction and response to any influenza pandemic affecting Hamilton communities, and
- meet the requirements of the Medical Officer of Health and the Civil Defence and Emergency Management Controller, once a pandemic emergency has been declared

The following is a list of activities that we have undertaken to raise awareness and in preparation should an outbreak occur in New Zealand:

1. Targeted communications have been provided to the SLT, all People Leaders and Health and Safety Representatives
2. Hygiene posters have been distributed for all bathrooms across Council
3. On order 300 (500ml) containers of hand sanitiser to be distributed across the Council
4. Additional supplies of hand soap and paper towels have been ordered from OCS, our cleaning provider
5. Hand sanitiser will be made available in public foyers where appropriate
6. Enhanced cleaning of hard surfaces in public areas is being arranged, current guidance suggests the Coronavirus can survive in excess of 4 hours on hard surfaces.

We will continue to provide communications to all staff in response to updates from the World Health Organisation and the DHB, or in the development of cases in New Zealand.

3.8 Worker Participation and Engagement

Health and Safety Representative meeting

The Health and Safety Representatives and the Peer Support Group were invited to an end-of-year wrap up which was opened by the GM of Infrastructure Operations. Updates from the Health and Safety Team were also provided.

We also reflected and celebrated some great safety initiatives that were introduced throughout the year.

Halo Safety Light

The Illumagear Halo Safety Light, is an award winning lightweight safety light, which fits easily onto hard hats:

- Visible over 500m away in all directions, at all times



Engaging the team with health & safety

City Safe Officer Gideon wanted to get creative with how his team engage with health and safety. Every week he receives the health and safety brief, he thinks about the underlying message, then jumps on Google to see if there's a relevant game or ice-breaker.

He said "I wanted the team to be able to learn something new and remember what we talked about, and it's been working," says Gideon.

Gideon has also started trialling "I feel safe or unsafe" approach with the team as their role sometimes involves de-escalating aggressive situations. The Safety Officer lets the camera operator know if they feel safe or unsafe to approach and they discuss a plan of engagement so staff then feel safe.

Gideon & Ben (Tagbusters H&S Rep) introduced a Health & Safety certificate for staff who "work together" to keep their team safe.




We also had arranged for a guest speaker - Bridget Jelley from 'the Effect', who spoke to the group about looking after your mental health during stressful situations and what were common risk factors during certain times of the year. Key takeaways to help support improved wellbeing included:

- Sleep
- Nutrition
- Be active
- Talking/communication
- Looking after yourself

Elected Member Inductions

Towards the end of 2019 the Health and Safety Team presented important information as part of the wider induction programme for newly Elected Members. This was to provide an overview of the Health and Safety at Work Act 2015 and obligations required of Elected Members under the legislation. Further information sharing will be arranged to help support Elected Members exercise their due diligence.

Southern Cross BeingWell Conference

This annual conference was attended by members of the Health and Safety Team and focussed on mental health and wellbeing within our community and organisations. There

were several speakers who covered a wide range of topics with further workshop sessions providing a deeper dive into those areas.

3.9 Engagement with Regulatory Agencies

Council hosted a meeting between WorkSafe, our building inspectors and our corridor access coordinators to further strengthen relationships. The focus of this meeting was so that the three entities could discuss improvements into how we can better manage traffic and pedestrian safety around building sites, hazardous substances and silicosis.

The Health and Safety Leads continue to participate and engage with the Waikato Local Authority Shared Services on health and safety matters through the respective working groups.

3.10 Engagement with other Organisations

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

Auckland Council

A meeting was held with Auckland City Councils Risk and Insurance Manager which allowed the Health and Safety Team to benchmark our Safety Management System against theirs and to discuss emerging issues and trends. We also discussed Auckland's strategic approach to managing risk in a Local Government setting, contractor management and other relevant activities.

Tauranga City Council

The Health and Safety Team regularly network with our counterparts at Tauranga City Council to explore new ways of working and to benchmark ourselves against a similar size Council. Tauranga Council has engaged a consultant to look at the structure of Health and Safety within the Council, how it fits and where there might be opportunity's for improvement. This is something we will keep a close eye on to see if there are any learnings that might be worthwhile implementing.

Air New Zealand

The Safety Engagement Lead was invited to the annual Air New Zealand Health and Safety Representative Forum held at Eden Park. This was a great Forum and several initiatives that were showcased will be adapted and implemented across Council. Council will look to hold a similar Forum with their Health and Safety Representative's in 2020.

4.0 Key Health and Safety Initiatives

4.1 Safety Management System (SMS)

We have a further suite of documents in the SMS to be sent out to the Organisation for consultation shortly.

4.2 Health and Safety Indicators (KPI's)

Along with the Safety Management System we will be developing a new set of indicators and measures that cover safety, health, wellbeing and mental wellness. Working closely with other Councils to ensure that we can benchmark against others, the new indicators will be designed to measure the following categories:

- Safety Risk
- Relationships
- Resources

These indicators will assist in measuring the performance of the SMS and will be incorporated into the reporting function contained within our safety software system.

4.3 Lone Working

Work continues around the implementation of the lone worker devices across Council, with a further 22 devices purchased by the Infrastructure Operations Group. Training in the use of these devices will be underway shortly with staff.

Feedback from staff currently using the devices has been positive with staff feeling safer in their workplaces.

4.4 Health and Safety Software Solution

The business case for a new safety software solution is currently being reviewed by our Project Management Office and Information Services before being presented to the GM of Corporate.

This replacement software solution best supports our high-performance way of working and aspiration to be world class. The system is also a critical piece of work to ensure we deliver on the Corporate Groups critical few as identified in our Strategic Plan.

- Lead the challenge
- simplify systems and processes
- and be more digital and consolidate core business systems

4.5 Wellness Programme – WorkWell

We are continuing to refine our WorkWell action plans to deliver improvements and initiatives that are focussed on the most important things identified by our people: mental health and wellbeing, physical activity and whanau friendly.

Working closely with the District Health Board, the People, Safety and Wellness Team are working collaboratively to achieve the goals that have been set and to ensure that there is appropriate alignment with our people practices and processes.

4.6 White Ribbon Campaign

In November last year we formalised our commitment in helping to prevent family violence through our accreditation with White Ribbon, following the introduction of a new Domestic Violence Leave Policy. Hamilton City Council is now New Zealand's largest Council to receive this accreditation.

Along with our accreditation, we have two White Ribbon Ambassadors whose role is to influence and support White Ribbon kaupapa. We are also committed to training key people in supporting staff affected by violence and will be providing ongoing sessions.

Eliminating violence in all forms is something that we take very seriously, and we will continue to promote programmes like White Ribbon to ensure that we play our part in improving the wellbeing of our communities and to help Council in becoming a high-performance organisation.

4.7 Assisting Employees through Vitae

To ensure that we can appropriately respond and provide support for our people during times of crisis, we have formalised an arrangement with a secondary provider based in Hamilton to assist employees getting immediate help when required.

We have teamed up with Vitae Services to supplement our existing EAP service provider and to further enable our Leaders and employees to access appropriate and timely professional services.

The services that Vitae will be specifically providing to Council include:

- Critical incident response – provide trauma support services in preparation for and response to traumatic events.
- Manager support - support our people leaders in their role promoting wellbeing at work and assisting them in having challenging conversations
- Tailored onsite support for Business Units – i.e. councillor regularly on site at the following facilities with an intention to roll this out across the organisation:
 - Parking wardens
 - Building Inspectors
 - City Delivery

4.8 Training and Competency

Leading Healthy Workplaces - Psychosocial Risks.

We have been providing an increased focus on the importance of good mental health and wellbeing at work – it's even a key part of our high-performance way of working and a way to better engage with our people. Influencing how work impacts our staff's mental wellness is a key part of the role of a people leader and is one of our critical risks for Council.

To better equip our people leaders, we are rolling out a new training programme to equip our people leaders with the knowledge and skills to be able to identify and manage psychosocial risks in work environments and the inter-relationship these have on our employees' mental wellbeing. The training will also offer some practical tools in how to approach both the process and person aspects of psychosocial health and safety.

The 2-hour workshop will take place in March and April and will touch on some of the following areas:

- Causes of psychological injury in the workplace
- How to identify psychological hazards
- How to assess psychological risks
- How to manage psychological risks
- Psychological health promotion and how to put in place controls
- How to have a conversation with an employee that may be at risk

Resilience training

During the reporting period we provided employees with a quick 1-hour session on resilience and was intended for anyone who might have to deal with challenging people or situations.

Other training completed included:

Courses Provided Between November – January 2020	Number Attended	Month
Mental Health First Aid	20	November
Mental Health First Aid (Duke Street)	17	November
Aging Positively in the Workplace	9	November
Looking After Yourself (Wellness)	11	November
Refresher Warrant Officer Training x 2 sessions	17	November
Refresher Warrant Officer Training	22	November
Health & Safety Representatives	12	November

Table 2: Health, Safety and Wellness training completed November - January 2020

4.9 Return to Work

Return to work workshops have commenced across key Business Units and are being hosted by Lisa Taylor, Councils Business Customer Solutions Partner from ACC. The purpose of these presentations looks to focus on educating workers before they become injured and how important it is getting back to work, encouraging a more hands on approach to actively support and manage our injuries.

Some of the topics discussed included:

- Creating a supportive workplace environment
- Working with injured workers to identify suitable duties
- How to engage with the worker for the best outcome
- Ensuring the worker has sufficient information

5.0 Health and Wellbeing

5.1 Bullying and Harassment Monitoring

Our high-performance culture and way of working reflects our effort and focus towards safety and wellbeing.

Bullying and harassment remains an area that requires continued awareness and repeated messaging to ensure our people feel safe to speak up. We continue to report incidents relating to alleged bullying and harassment which are captured and categorised under the following three areas:

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

	Peer Support	Informal Reports	Formal Reports
Total for period 1st November 2019 to 29th January 2020	0	1	0

Table 3: Harassment and Bullying

The Safety Team continue to work closely with the HR Business Partners along with individual business units where required to align and address issues relating to stress, bullying and fatigue. The approach is conducted in a consistent and procedurally fair manner, respecting the rights and obligation of all parties.

During the reporting period, we received 1 informal report, which was resolved.

5.2 Employee Assistance Programme (EAP)

Our safety metrics continue to show a high uptake and use of the Employee Assistance Programme (EAP).

For the period 1 November 2019 to 31 January 2020 there were 64 cases handled through EAP, which is up 7 cases from the previous reporting period. Most of these cases continue to be through self-referrals and the primary presented issues relate to relationship issues (20), workplace stress (13) and mental health (12).

EAP Use	1 Feb – 16 April 2019	1 May – 31 July 2019	1 August – 31 October	1 Nov – 31 Jan 2020
New Cases	31	22	34	35
Reopened Cases	5	2	0	2

Pre-existing cases seen during period	22	24	23	27
Total Cases	58	48	57	64
Contact Hours for the Period	110	97	87	104.50
Average Hours per Client	2.1	2.2	1.6	1.8

Table 4: EAP Usage * NOTE reporting period set by EAP

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Council Report

Committee:	Strategic Risk and Assurance Committee	Date:	05 March 2020
Author:	Mothla Majeed	Authoriser:	David Bryant
Position:	Legal Services Manager	Position:	General Manager Corporate
Report Name:	Risk Management Report		

Report Status	<i>Open</i>
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Purpose

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

Staff Recommendation

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

Background

3. At its 16 May 2019 meeting, the Audit and Risk Committee approved, for monitoring purposes, eight strategic risks and three key organisational risks (as set out below). At subsequent meetings, staff reported on the status of each risk and associated action plans. This report provides an update on the same matters. Such a report will continue to be provided at each meeting of the Strategic Risk and Assurance Committee.
4. Each of the reportable risks is listed below, along with key commentary for discussion.

Discussion

Strategic risk 1 - A disaster event

5. This risk relates to a natural or human-induced disaster event.
6. Council's emergency management framework is supported by local emergency services, National Emergency Management Agency (NEMA), the Civil Defence Group, Regional Hazards Group and the local Emergency Operations Centre structure (capable of responding to a variety of disasters).
7. Council continues to have an active training programme in place with actions in place to create a mandatory training pathway for new employees. An exercise plan is in place that tests response capabilities at both the local and regional level. The most recent was a regional earthquake exercise in September in which 75 Council staff participated.

8. At the time of the Committee's last meeting on 11 December 2019, Council was taking part in the emergency response to the eruption of Whakaari on 9 December 2019. Following the eruption, Hamilton's Civil Defence emergency management group was activated, which focused on ensuring families of those injured and receiving treatment at Waikato Hospital were supported.
9. Since the Committee last met, the Covid-19 virus has emerged as a potential risk to New Zealand. Council has developed an internal pandemic response plan, which is in the process of being finalised. Further comment is provided below under *Emerging Risks*.
10. While the residual rating for this risk remains very high, the rating is due to the unknown impact a disaster event could have on the city and the community.

Strategic risk 2 - Major economic or financial shock

11. There are no indicators showing any material or adverse change in this risk area since the matter was last reported to the Committee in September 2019.
12. This risk identifies external factors that could significantly negatively impact the Council and Hamilton city, and also identifies the relevant controls and mitigations in place. Staff are monitoring the impact of the Covid-19 virus on the economic and financial landscape that Council is operating in.
13. The Council has some short-term financial resilience should this risk materialise; however, the size of the shock will determine what actions Council may take. A significant shock could require Council to urgently review and reduce its capital and operating spending.
14. Council continues to monitor external threats and trends.

Strategic risk 3 - Increasing compliance standards due to stakeholder expectations

15. While there are several risks in this area, we already have in place a range of existing controls and mitigations to ensure the Council is reasonably ready to comply with changes in compliance standards.
16. Staff continue to explore options for reporting and monitoring of key areas of compliance, including software options. These options could allow an efficient and effective approach to compliance management across Council. This could in turn allow us to minimise unforeseen impacts through legislative non-conformances and penalties. Efforts in this space continue. Staff have also been offered privacy compliance workshops in recent months.

Strategic risk 4 – Cyber attack

17. This risk is being continually managed. There are no indicators showing material or adverse change to this risk rating of very high. This is primarily due to the volatile environment of the internet and rapid changes occurring in technology.
18. Council has recently improved its cyber detection and monitoring capabilities for adverse attacks. Staff will provide a verbal report in the public excluded section of this committee meeting.

Strategic risk 5 – Growth

19. There are no indicators showing any material or adverse change in this risk area. Work continues on ensuring Council has access to high quality data to inform decisions in this space.
20. Growth in neighbouring regional areas, including Tauranga, is being monitored by the Council through local government information sharing initiatives.

Strategic risk 6 - Political changes or decisions impact Council's strategic direction

21. This risk focuses on external stakeholder relationship management, monitoring of potential impacts to Council's strategic objectives and engagement/communication.
22. The risk has a very high rating because of the dynamic and complex nature of Council's significant stakeholder relationships and the number of material issues which are progressing or under action at any point of time. Engagement, communication, executive team and elected member competency, and clarity of strategy are key factors in this risk.
23. Council needs to maintain close relationships with Government and its neighbouring Councils. These relationships are enhanced because of several collaborative fora (such as the Mayoral Forum, Futureproof, Chief Executive Forum and Joint Council Governance discussions). These fora discuss strategic alignment between local and central government initiatives and the associated high-level risks managed between stakeholders. These fora continue to be an important opportunity to influence and mitigate this risk. Work is also being undertaken on developing an integrated approach (internally and sub-regionally) to achieve greater impact at the central government level.

Strategic risk 7 - Significant shortage of key external resources

24. This risk focuses on the strain on resources and materials across New Zealand and the impact this will have on current or pending development across Hamilton city.
25. The Development group is leading an initiative to provide pipeline visibility to the supply chain for the sub-region. This involves presenting an integrated programme of work arising out of Hamilton City Council, Waikato District Council, Waipa District Council and the NZ Transport Agency. This work will be a logical input to any national pipeline initiatives.
26. The Waikato Local Authorities Shared Services (WLASS) is now also initiating a similar project to look at coordinated infrastructure procurement and the opportunities across the region and Hamilton will take a leading role in this project. A Council staff member is currently seconded to WLASS in a strategic procurement role to ensure councils have greater leverage in common areas of procurement.
27. To secure professional services resource, Council has worked with WLASS to re-tender a Professional Services Panel. This panel allows us to understand the resourcing demands and any resourcing issues in this important part of the supply chain.

Strategic risk 8 - High level security threat or major emergency

28. This risk relates to primarily people and assets that includes critical infrastructure such as three waters, IT infrastructure and transportation (arterial routes).
29. To improve awareness of this risk and security management standards, Council is adopting central government's Protective Security Requirement (PSR) framework. This framework improves governance and response capability through developing key internal and external stakeholder relationships.
30. Council has engaged a new PSR Security Advisor following the departure of the former Risk and Insurance Manager in January 2020. The PSR Security Advisor is carrying out a multi-phase project involving a security gap analysis through security risk assessments for relevant facilities across the organisation, which is partially complete. An Organisational Security Framework will then be proposed.

Organisational risks

31. Three key organisational risk reports have been included in the appendix to this report to provide visibility and assurance to the Committee that safety risks and risks associated to Hamilton city's critical assets have mitigations in place and are being monitored by staff.
32. The matter relating to the **Health and Safety risk to staff, contractors and volunteers** will be presented in more detail to the Committee in a separate report. There is no material or adverse change in this risk since it was last reported to the Committee.
33. The **Safety and Wellbeing of the Community** risk was identified as an area in which more analysis was required to identify key risk exposures to Council relating to facilities and services provided to the community. Accordingly, a risk workshop was conducted 17 October 2019 with key internal stakeholders. The workshop was led by GM Community in conjunction with the Risk and Insurance Unit. This workshop prioritised the Parks, Visitor Destinations and Community Services Units, with a plan to consider wider network spaces (such as the roading corridor) next financial year. The first phase of a response to security issues in public spaces is being planned for H3, with integration into the wider business planned for the future. The information collated has initiated an improvement programme to address gaps, improve levels of controls and ensure response capabilities. The first phase is expected to be completed in June 2020.
34. In terms of the **Failure of Critical Assets** risk, monitoring of the condition of critical assets will continue to be undertaken by way of asset management plans (which are ongoing). A work programme, which is regularly reviewed, is in place for maintenance and renewal of these assets. Staff will be undertaking a deep dive on this risk and its controls and mitigations, particularly in light of the potential impact of weather events on critical assets.

Emerging risks

35. Emerging risks are risks which may develop or which already exist and are difficult to quantify but may have a high consequence or high impact if they materialise.
36. Senior Leadership have identified two high level emerging risks for regular reporting to the Committee – 'Climate Change' and 'Water quality and quantity supply to the City'.
37. This section of the report is also used for highlighting other emerging risks as they arise. As such, an update on the Covid-19 virus is also included below.

Climate change

38. A report on climate change was presented at the 8 August 2019 Council meeting, in which Council resolved that there is a need for climate change issues to be considered urgently. Council also agreed to develop a Climate Change Action Plan for Hamilton city (including an assessment of Hamilton's carbon footprint) with its strategic partners (including Waikato-Tainui and Waikato Regional Council) and requested that staff report back on progress with a draft plan for agreement at the April 2020 Council meeting.
39. A progress update was provided to the 12 February 2020 Elected Member briefing. Council has completed an assessment of the organisation's greenhouse gas emissions. As part of the development of Activity Management Plans, staff will consider what actions can be taken to reduce emissions. Staff are also working on identifying how services and assets can be adapted to withstand the impact of climate change. These projects will be put forward as part the work programme for the Long-Term Plan. The greenhouse gas emission inventory for the wider city is currently being undertaken by the Waikato Regional Council and will be available in March 2020. This will inform the discussion with key stakeholders on how, as a wider city, reduce greenhouse gas emissions and adapt to the impacts of climate change.

Water supply to the city (quality and quantity)

40. The quality and quantity of Hamilton's water supply is regularly monitored by staff with contingency and long-term development plans in place in the event this risk materialises.

Covid-19

41. Since the Committee last met, the Covid-19 virus has emerged as a potential risk to New Zealand. While any pandemic response would be led by the Ministry of Health and local District Health Board, Council has developed an internal pandemic response plan which is in the process of being finalised. The risk is being monitored so that any impacts can be mitigated, including in relation to the economic effects of the virus (including impact on imports/exports leading to economic consequences, as well as the potential impact on tourism and events in Hamilton).

Legal and Policy Considerations

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

Wellbeing Considerations

43. 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').
44. The subject matter of this report has been evaluated in terms of the four wellbeings during the process of developing this report.
45. The risks identified in this report engage the four wellbeings to varying extents, and the management of these risks also has implications for the wellbeing of the community. The full implications are still being assessed. Future reports on this matter will contain a more fulsome assessment of those implications.

Significance & Engagement Policy

Significance

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

Engagement

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

Attachments




Attachment 1 - Risk Register - 5 March 2020 .

Council Strategic Risk Register – March 2020

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

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

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

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





Emerging Risks – verbal discussion topics

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

- *Climate Change*
- *Water supply to the city (quality and quantity)*
- *Covid-19*

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

Residual rating legend

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

Strategic Risk 1

A Disaster Event

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

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

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

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

- Emergency Management Framework – National Emergency Management Agency (NEMA), Group, Local Emergency Operations Centre (EOC) structure
- Emergency management training program TAKATU implemented for Council staff
- Co-located EOC in a dedicated leading-edge centre (Group Emergency Management Office – GEMO) with built in redundancy (including water and power supplies)
- Robust emergency exercise schedule in place to test preparedness and response functionality
- HCC Crisis Management Plan (see Improvement Plan)
- Annual external (NEMA) capability assessment – completed September 2019 (Council achieved a 71% rating)
- Stock piling resources and materials for civil defence emergency purposes
- Engineering standards identified and managed
- Criticality assessments and asset identification ratings
- Asset and service monitoring capability
- Collaboration on emergency management response approach across agencies and the region.
- Use opportunities nationally to build experience in real events where ever possible
- Early warning processes are in place at a national and regional level
- Ministry of Health and Waikato DHB lead management of any pandemic with HCC support. HCC is also developing and implementing an internal pandemic plan. Developments are being monitored.

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

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Improvement Plan	Previous update (December 2019)	Update – March 2020
<ul style="list-style-type: none"> Improve communication with the public in an emergency response. 	<ul style="list-style-type: none"> Continued participation in national warning system trials and a major exercise involving PIM staff in September 	<ul style="list-style-type: none"> No change – continues to be managed at a regional level
<ul style="list-style-type: none"> Improve how strategic information is shared with key decision makers, spokespeople and the media. 	<ul style="list-style-type: none"> No change – still underway 	<ul style="list-style-type: none"> Waikato Group Community Engagement Strategy continues to be in place, with HCC's resilience plan also operating in tandem with this
<ul style="list-style-type: none"> Continue current work on improving the consistency of warnings to the public across all hazards. 	<ul style="list-style-type: none"> Participation and community engagement in national Shakeout Drills, Emergency Mobile alert testing, National Warning System drills. Promotion of Red Cross hazards app 	<ul style="list-style-type: none"> No change
<ul style="list-style-type: none"> Scope work needed to identify and upgrade suitable marae for emergency management purposes. 	<ul style="list-style-type: none"> Further engagement with Hamilton mana whenua group and other local Maaori groups at both strategic (leadership) and operational (preparedness) levels. Appointment of Iwi / Maori Advisor role to HCC Civil Defence and Emergency Management and training provided. 	<ul style="list-style-type: none"> No further action, remove from Improvement Plan
<ul style="list-style-type: none"> External capability assessment. 	<ul style="list-style-type: none"> Assessed score of 71% achieved (Advancing category). 15% improvement from 2018. 	<ul style="list-style-type: none"> A work programme is in place to implement findings and recommendations
<ul style="list-style-type: none"> Monitoring of relevant call centre trends 	<ul style="list-style-type: none"> For future consideration 	<ul style="list-style-type: none"> No further action, remove from Improvement Plan
<ul style="list-style-type: none"> Review HCC's Crisis Management Plan 	<ul style="list-style-type: none"> [No update – new item] 	<ul style="list-style-type: none"> Current Crisis Management Plan requires review due to its age

Strategic Risk 2

Major Economic or Financial Shock

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

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

- Global financial crisis
- Rapid increases in inflation, interest rates, oil prices, or a rapid decline in NZD – leading to significantly higher construction input costs, debt costs, and significant pressure on household rates affordability
- Critical infrastructure failure
- Major construction industry failure
- Major government policy changes negatively impact Council's income streams or cost base
- Natural or manmade disaster (including deliberate attacks on critical infrastructure or pandemic) has an impact on the economy (e.g. affects national imports/exports which has a flow on effect)

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

- Monitoring of macro trends (Finance, Treasury, Economic Growth team)
- Financial Strategy resilience - excess Local Government Funding Agency (LGFA) borrowing headroom (up to 250 debt to revenue ratio), additional \$60M bank facility
- Financial scenario modelling
- Council's ability to urgently reprioritise and reduce capital spending
- Council's ability to urgently reprioritise and reduce community levels of service spending
- Six weekly financial forecasting and planning cycles through reporting to the Finance Committee, including a separate Financial Strategy report recently added to the reporting cycle
- Availability for options to respond to a shock, depending on the type of shock
- PwC, as Council's treasury partner, provides a report and meets with Council (both on a monthly basis) to discuss national and international economic and financial trends relevant to treasury matters

Residual Likelihood	Unlikely	Residual Consequence Drivers Safety & Wellbeing, Financial, Service Delivery, Compliance Social and Cultural	Serious	Residual Risk Rating	Rating Medium
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Action Owner	Mitigation				
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Attachment 1

Tracey Musty		Accept
Improvement Plan	Previous update (December 2019)	Update – March 2020
The controls and mitigations applied to this risk are managed through BAU and reporting schedules to Council and the Finance Committee.	<ul style="list-style-type: none"> • BAU and reporting continues. 	<ul style="list-style-type: none"> • BAU and reporting continues.

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Strategic Risk 3

Increasing Compliance Standards due to Stakeholder Expectations

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

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

- Central government changes the regulatory standards for compliance: including resource management, environmental (including climate change and pollutant management), corporate (including health and safety, human resources and financial), growth, consultation requirements, health and infrastructural (including traffic and transport) compliance. This might also include changes to the required frequency of Council actions (such as the 10 Year Plan)
- Continued or serious breaches leading to increased compliance and regulation
- Community service-level expectations in management of water quality, recycling and other services not being met
- Failure to plan long term for consenting requirements (both as a regulator and a regulated entity)
- Regional Council changes its policies to ensure legislative compliance (e.g. Healthy Rivers policy)
- External audit identifying major non-compliance within HCC operations (e.g. by International Accreditation New Zealand)
- Legal challenge to HCC policy or practice resulting in findings of non-compliant practices
- Change in stakeholder partner expectations for environmental performance
- Changes to our own District Plan impacting other parts of the business (e.g. changes to resource consents affect consented Three Waters activities)

Attachment 1

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

- Community consultation and understanding community needs
- Engagement with our iwi partner and maataawaka to understand expectations, in terms of iwi including through the Joint Management Agreement
- Maintaining relationships with neighbouring councils and working together to inform relevant policies
- Council's Compliance Policy
- External monitoring services and advice from external legal service providers on an ad hoc basis, as well as regular quarterly updates
- Internal resources that analyse the impacts of compliance changes (decentralised and role-specific)
- SLT and Elected Members – assurance requests
- Key stakeholder engagement, including making submissions to central government on proposed changes affecting compliance requirements
- Infrastructure Strategy (2018-2048) and 10 Year Plan ensure projects and resources are in place

<p>to deal with increasing compliance requirements</p> <ul style="list-style-type: none"> HCC bylaws and policies ensure community expectations and regulatory standards are met in a consistent manner Independent audits of HCC practice, including by the New Zealand Transport Authority and International Accreditation New Zealand, to ensure ongoing compliance Independent accreditation of HCC facilities (e.g. drinking water laboratory is accredited by International Accreditation New Zealand) Competency assessments for staff, including building officers Establishment of new quality control roles (including two recently established in the Building Control Unit) HCC's Chief Executive is involved with the Construction Sector Accord which allows HCC to keep up to date with and influence changes in the sector Internal and external reporting (e.g. drinking water test results) ensures ongoing monitoring and compliance Notification protocols are in place in respect of various incidents, including wastewater overflow and drinking water concerns, which mitigate risk in the event of an incident= 					
Residual Likelihood	Likely	Residual Consequence Drivers Safety & Wellbeing, Financial, Service Delivery, Compliance	Serious	Residual Risk Rating	Rating High

Action Owner		Mitigation	
Mothla Majeed		Mitigate	
Improvement Plan	Previous update (December 2019)	Update – March 2020	
<ul style="list-style-type: none"> Council considers investing in technology to improve its approach to data and support the infrastructure of the compliance program. 	<ul style="list-style-type: none"> Consideration and scoping of options continues to be under way 	<ul style="list-style-type: none"> Scoping of options (including non-technology solutions) continues 	
<ul style="list-style-type: none"> Regular workshops on compliance topics are developed and offered to staff 	<ul style="list-style-type: none"> [No update – new item] 	<ul style="list-style-type: none"> A number of workshops have been held on privacy and waters compliance in recent months. Regular workshops on official information (“LGOIMA”) will also be rolled out for staff in the coming months 	
<ul style="list-style-type: none"> Senior Management considers streamlining policy management to increase responsiveness and policy effectiveness. 	<ul style="list-style-type: none"> No change – linked to the above project 	<ul style="list-style-type: none"> No further action – remove from register 	
<ul style="list-style-type: none"> Senior management to confirm key compliance 	<ul style="list-style-type: none"> No change – this is included in internal audit 	<ul style="list-style-type: none"> No further action as this is a BAU activity not requiring 	

monitoring on the following 7 topical areas are maintained: (1) Data privacy (2) Cyber security (3) Bullying and harassment (4) Conflicts of interest (5) Gifts and entertainment (6) Fraud (7) Bribery and Corruption	processes	separate monitoring – remove from register
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Strategic Risk 4

Cyber Attack

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

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

- IT technology advances – positive and negative
- Inadequate identification of IT security trends, themes, detection and responses
- Poor IT Security awareness / culture / practices
- Privacy Breach
- Outdated hardware and inadequate architecture
- Inadequate competency at organisational level
- Specific targeting and malicious exploitation of security vulnerabilities across Council IT asset infrastructure
- International trends and attacks not being considered in NZ

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

- Risk based approach - 3 Lines of Defence
- National Cyber Security Centre (NCSC) monitoring and trend analysis reporting of local and international IT security challenges – internal and external
- Contractual service level agreements are monitored and maintained
- Compliance of desktop system with Department of Internal Affairs and All of Government (DIAAOG) standards
- Data and system backups – daily, weekly, monthly regime aligned to critical services list
- Disaster Recovery Plan (DRP – continues to be under review to be fit for purpose)
- Technical support from key vendors - Microsoft and Fujitsu
- External and internal security audit and reviews – (PwC, KPMG)
- National and international cyber-attack trends are monitored and assessed by the CIO and CTO to improve detection capabilities.
- Council is supported by the NZ National Cyber Security Centre (NCSC) for response to attacks and receives quarterly trend updates for consideration. This is an on-going BAU process.
- Additional resources are now available to monitor and resolve potential malicious activity. Malicious activity targeting US based municipalities continues to be of concern.

Residual Likelihood	Likely	Residual Consequence Driver Service Delivery	Serious	Overall Residual Risk Rating	Rating High
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Action Owner	Mitigation
Mark Hogan	Mitigate

Improvement Plan	Previous update (December 2019)	Update – March 2020
<ul style="list-style-type: none"> High level reviews on Council’s IT infrastructure are conducted to improve detection and response capabilities. 	<ul style="list-style-type: none"> Improved resilience capabilities are currently being implemented. 	<ul style="list-style-type: none"> Improved resilience capabilities have been implemented, and are fully operational. We will continue to receive support from the supplier over the next 12 months.
<ul style="list-style-type: none"> National and International cyber-attack trends are monitored and assessed by the CIO and CTO to improve detection capabilities. 	<ul style="list-style-type: none"> Additional resources are now available to monitor and resolve potential malicious activity. Malicious activity targeting US based municipalities continues to be of concern. 	<ul style="list-style-type: none"> These are BAU activities and no changes are proposed. They have been added to Existing Controls and Mitigations and will be removed from the Improvement Plan register.

Strategic Risk 5

Growth

Significant change to/in growth demand and/or the consequences growth does not deliver positive outcomes for the community.

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

- Wider economic down turn
- Boom in population growth
- Significant change in the market – either demand or supply side, due to e.g. construction cost inflation and restrictions on credit.
- Significant change in public perception of growth or growth outcomes
- Council’s decisions that impact desired growth outcomes
- Inadequate or inaccurate skills, data or modelling and scenario planning
- Inadequate provisions in the District Plan to deliver positive outcomes for people / environment
- Inadequate application of the District Plan to deliver positive outcomes for people /environment
- Neighbouring councils make growth decisions around Hamilton’s border that are not aligned with Hamilton’s desired growth strategy
- Migration rates change, affecting Hamilton’s growth (for example, as a result of changes in migration policy)

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

- Robust and peer reviewed growth forecasting and modelling
- Core model inputs prepared by external experts *Market Economics*. Modelling reviewed by BERL
- Engagement with neighbouring Councils on strategic growth planning especially on the urban fringe
- Established data analytics
- New HCC Growth and Development Contributions model providing improved data analysis and scenario management
- Hamilton Housing Market & Economy Growth Indicator Report Adopted across the sub- region – quarterly analysis of external housing and market drivers
- Growth Funding & Analytics Unit established in 2017 to function as Councils growth funding and growth projection specialist Unit
- National Policy Statement Urban Development - a sub-regional review of land use, demand and supply completed in 2017 and being updated in 2020
- Analytics Strategy – adopted in 2019 to support evidence based decision making and provide insights, principally about growth
- Monitoring the broader environment and how it could impact growth rates and including this in modelling, including monitoring migration forecasts

Residual Likelihood	Likely	Residual Consequence Driver Service	Serious	Overall Residual Risk Rating	Rating High
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Action Owner	Mitigation
Greg Carstens	Mitigate

Improvement Plan	Previous update (December 2019)	Update – March 2020
<ul style="list-style-type: none"> Scenario planning implemented, and analytics strategy established 	<ul style="list-style-type: none"> DC Policy Strategic guidelines adopted by Council in 2019 Analytics Strategy and roadmap adopted 2019 and development underway. 	<ul style="list-style-type: none"> No change
<ul style="list-style-type: none"> Developer relationships and understanding their drivers 	<ul style="list-style-type: none"> Developer DC engagement group in the process of being established (TOR) to have better and earlier engagement before DC Policy review in 2021. 	<ul style="list-style-type: none"> No change

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Strategic Risk 6

Political Changes or Decisions Impact Council's Strategic Direction

Political stakeholders make decisions or take actions that significantly impact or contradict Council's strategic direction.

Risk Owner (GM Level)	Blair Bowcott	Category	Executive Director of Special Projects
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Risk Triggers

- Political changes including central government strategic direction creating risk or opportunities
- Local political changes, including potential misunderstanding of Council's intent
- Political personalities, trust and relationships and change of key personnel – positive & negative
- Failure to manage stakeholder relationships, communication and engagement tactics, including due to a lack of resource or need to balance priorities
- Short term focus overshadows long term cost benefit outcomes
- Political sovereignty/patch protection, lack of alignment or willingness to compromise
- Financial strategy misaligned with wider context
- International events, trends or decisions influence NZ
- Major projects or initiatives for the benefit of Hamilton accelerating or slowing down

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

Inherent Likelihood	Likely	Inherent Consequence Driver Strategic Political Service Delivery	Major	Inherent Risk Rating	Rating Very High
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Existing Controls and Mitigations

- Regular engagement with stakeholders at political and executive level – shared responsibility to manage key relationships
- Regular meetings with Government Ministers and MPs (both government and opposition)
- Collaborative governance group meetings to progress alignment of strategic direction - Mayoral Forum, Future Proof, Waikato Plan, CEO Forum, Waikato Local Authority Shared Services (WLASS), Regional Transport Committee and other strategic discussions externally
- Regular Council briefings for sharing of information and alignment of thinking
- Monthly SLT discussion to ensure awareness of strategic initiatives
- Culture, expectation and policies of HCC organisation regarding behaviours of political, executive and staff and Council Controlled Organisations.
- Participation in national and regional advisory groups on strategic topics
- Proactive steps are taken at the start of each local government triennium to re-establish relationships with counterparts and stakeholders, so that we can develop a common understanding of strategic direction
- Council takes an apolitical approach to working with central government, to maximise readiness to continue momentum on projects should there be a change in central government

Residual Likelihood	Likely	Residual Consequence Driver Strategic Political Service	Major	Overall Residual Risk Rating	Rating Very High
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Action Owner	Mitigation
Senior Leadership Team – (Blair Bowcott)	Accept

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Improvement Plan	Previous update (December 2019)	Update – March 2020
<ul style="list-style-type: none"> Council lists major projects that could be subject to political changes or decisions with a material consequence 	<ul style="list-style-type: none"> Council reviews its key stakeholder register against these projects to ensure effective communication and alignment plans maintained 	<ul style="list-style-type: none"> Determined that due to resourcing, this will continue to be done on a project by project basis, but will not be a centralised exercise. This task will be removed from the improvement plan.
<ul style="list-style-type: none"> An integrated approach internally and sub-regionally to achieve greater impact at the central government level 	<ul style="list-style-type: none"> [No update – new item] 	<ul style="list-style-type: none"> A clear value proposition/ story with short, medium and long term initiatives for Elected Members and senior staff to engage with Government (and opposition) being developed.

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Strategic Risk 7

Significant Shortage of Key External Resources

The market is unable to deliver necessary resources to achieve our strategy; including but not limited to people and material for projects.

Risk Owner – (GM Level)	Chris Allen	Category	Development
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Risk Triggers

- Supply chain company failures
- Major skills/labour shortage
- Competitive market changes – including the cost of resources
- Regional or national event leads to fewer available resources – e.g. recent central government infrastructure announcement
- International production costs become unfeasible
- International supply chain breakdown
- Market congestion (significant increase in capital portfolios nationally)
- Clients competing for the same resources
- Changes in external funding
- Political changes in the labour market (e.g. immigration policy changes, minimum wage changes)
- International political instability (resulting in, for example, oil price changes)
- Growth taking place at a faster rate, or in a different way, than forecast

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

- Pipeline visibility of the capital portfolio – sub-regionally, regionally, nationally
- Working with other councils and NZTA to coordinate and smooth the workload on the market including taking a leading role in the Waikato LASS coordinated infrastructure initiative. A staff member is currently seconded to Waikato LASS in a strategic procurement role to ensure councils have greater leverage in common areas of procurement
- Portfolio and project planning and execution
- Optimising Council's Procurement Strategy
- Understanding the market
- Identify strategies to be considered when planning – external contracting, internal resource identification
- Stakeholder and relationship management
- Supply chain engagement
- The Professional Services Panel ensures greater speed in procuring key professional services

Residual Likelihood	Likely	Residual Consequence Driver Social, Cultural and Environment	Major	Overall Residual Risk Rating	Rating Very High
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Action Owner		Mitigation
Chris Barton / Iain Anderson		Mitigate
Improvement Plan	Previous update (December 2019)	Update – March 2020
<ul style="list-style-type: none"> Verbal report to be provided to SRAC 	<ul style="list-style-type: none"> GM Development gave a verbal update that the key mitigation in this space is the Professional Services Panel, as Council’s professional services resources are stretched. 	<ul style="list-style-type: none"> Verbal report to be provided.

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Strategic Risk 8

High-Level security threat or major emergency

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

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

- Physical attack on people in public places
- Physical attack on city critical infrastructure – e.g. Waste Water Treatment Plant, Water Treatment Plant, reservoirs
- Civil unrest – redirection of resources
- Chemical or biochemical attack

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

- Regional and National Emergency Service Relationship Management – made up of Elected Members and officials
- Communications and Training Strategy – PSR model
- Security risk assessments have been completed for approximately half of HCC facilities, business continuity plans have been completed for some business units, and some emergency response plans are in place at different levels of HCC's business

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

Improvement Plan	Previous Update (December 2019)	Update – March 2020
<ul style="list-style-type: none"> Adoption of the Protective Security Requirement (PSR) framework is to be established, implemented and communicated across Council. 	<ul style="list-style-type: none"> With focus on public events H3's security risk assessment by the international consultant was completed and the report is being reviewed by H3 management. Action plans are to be established to address gaps identified. 	<ul style="list-style-type: none"> Council has engaged a new PSR Security Advisor following the departure of the former Risk and Insurance Manager in January 2020. The PSR Security Advisor is carrying out a multi-phase project involving a security gap analysis through security risk

		assessments for relevant facilities across the organisation (partially complete), then will propose an Organisational Security Framework in due course.
<ul style="list-style-type: none"> Identify the Waikato and Hamilton City security and threat environment through key stakeholder relationships. 	<ul style="list-style-type: none"> Risk profiling of Hamilton City will be initiated in early 2020 through collaboration discussions with those identified (NZ Police, Central Govt Agencies, Waikato University, Local Iwi, Hamilton Business Community). 	<ul style="list-style-type: none"> Council has engaged a new PSR Security Advisor following the departure of the former Risk and Insurance Manager in January 2020. The security and threat environment will be partially identified through the first phase of the PSR Security Advisor's project. Understanding ongoing threat levels through relationships with Police and other agencies will be incorporated in the PSR development towards establishing alert levels. Initial contact with central government's PSR group has been established.
<ul style="list-style-type: none"> Establish governance level security management policy and standards and guidelines aligned to protective Security Requirements (PSR) standard. 	<ul style="list-style-type: none"> The internal resource concluded with Council in October 2019 and this function will now fall to the Risk Manager – risk assessments are underway with public facing businesses (Libraries, Museum, Aquatic Centres and Zoo). Other businesses will follow in next year's work streams. Note: <i>A representative of central Government's PSR Group has presented to SLT in October 2019 outlining the steps for establishment and implementation of this security framework. PSR group will provide resource support (at no cost) throughout the work streams as required.</i> 	<ul style="list-style-type: none"> Council has engaged a new PSR Security Advisor following the departure of the former Risk and Insurance Manager in January 2020. This will be completed after June 2020 as part of the PSR project plan.
<ul style="list-style-type: none"> Complete business continuity plans across the organisation 	<ul style="list-style-type: none"> [No update – new item] 	<ul style="list-style-type: none"> Business continuity plans are in place for some business units. The Risk Manager will continue to work with

		business units to ensure all plans are completed.
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Item 8

Organisational Risk

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

1

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

Risk Owner	David Bryant (GM Corporate)	Category	Health & Safety
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Risk Triggers

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

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Inherent Risk

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

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

(A) Risk of serious injury, illness or death

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

Existing Controls and Mitigations

- Prequalification is in place but not always being used appropriately or consistently across Council
- We currently undertake engagement, wellness and safety culture surveys to assess the level of organisational maturity with regard to safety
- We are re-engaging with Health and Safety representatives to reset Committee structures and purpose, after benchmarking and learning from other high performing organisations
- We are leading projects for Waikato Local Authority Shared Services and increasing engagement with similarly diverse organisations
- The safety event triage procedure is ready for implementation as part of the SMS
- Business case is being prepared for the procurement of a more appropriate software

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solution due to the limitations of our current system – Vault, despite best efforts to re-configure and provide extended applications to help modernise and improve user experience

- The governance framework in the SMS will address the level and visibility of leadership

Residual Risk

		CONSEQUENCE				
		Minor	Moderate	Serious	Major	Catastrophic
LIKELIHOOD	Certain	H	H	VH	E	E
	Almost certain	M	H	VH	VH	E
	Likely	L	M	H	VH	VH
	Unlikely	L	M	M	H	VH
	Highly unlikely	L	L	L	M	H

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

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

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Action Owner		Mitigation
Dan Finn		Mitigate
Improvement Plan	Previous update (December 2019)	Update – March 2020
<ul style="list-style-type: none"> A review of the governance levels of the safety management system is to be conducted with PCBU sign off 	<ul style="list-style-type: none"> In September 2019, it was reported that the final draft of the high-level SMS principals and requirements will be forwarded to the Chief Executive and SLT for sign off in August. The supporting frameworks have also been drafted and will be rolled out using a phased approach. Verbal commentary was given by the PSW Manager at the December meeting 	<ul style="list-style-type: none"> Further supporting documents for the SMS are in draft, and consultation will occur shortly. (See H/S Report)
<ul style="list-style-type: none"> A review of the Work Well Initiative is to be conducted and implemented across Council in support of staff. Progress is to be reported quarterly till completed and a monitoring regime implemented for reporting to this Committee 	<ul style="list-style-type: none"> It was reported in September 2019 that as part of our Work Well initiative, we have identified three areas of focus with action plans being finalised. Our key areas of focus include: <ul style="list-style-type: none"> Mental health and Wellbeing Physical activity Whanau friendly <p>In December 2019, it was reported that this this body of works is still on-going and</p>	<ul style="list-style-type: none"> Workwell is part of an ongoing BAU process. Bronze status accreditation is being sought, pending the refinement of action plans (see separate Health and Safety Report)

	was to be discussed in the full Health and Safety Report by PSW Manager	
<ul style="list-style-type: none"> Assurance level reporting is to be conducted and reported with the H&S Report to the Committee and high-level issues are to be identified in this report 	<ul style="list-style-type: none"> It was reported in September 2019 that a report on Hamilton Zoo was to be discussed in the full Health and Safety Report by PSW Manager 	<ul style="list-style-type: none"> This report will be raised within the public excluded section of this Committee. This Improvement Plan will then be removed for the next Risk Management Report

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Note: an internal review of this risk (and how it is reported) is scheduled to occur before the next Committee meeting in June 2020

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Organisational Risk

Safety and Wellbeing of the Community

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

2

Risk Owner Lance Vervoort (Deputy CE / GM Community)

Category People

Risk Triggers

- Poor HCC understanding of the health and safety risks within the facilities and services Council provides and manages
- Failures in safety-in-design planning for our amenities and services provided to the community
- Failure in due diligence on assets purchased for use by the community
- Human error / inappropriate behaviours / criminal behaviour or damage at Council assets
- Complacency leading to greater risks being taken by the community of public safety issues
- Failure to properly engage with and listen to the community
- Failure to act on staff and public information or lessons learned from near misses

Inherent Risk

		CONSEQUENCE				
		Minor	Moderate	Serious	Major	Catastrophic
LIKELIHOOD	Certain	H	H	VH	VH	E
	Almost certain	M	H	H	VH	VH
	Likely	L	M	H	VH	VH
	Unlikely	L	M	M	H	VH
	Highly unlikely	L	L	L	M	H

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

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

Existing Controls and Mitigations

- Emergency response plans
- Emergency and safety response training drills
- Specific training programmes for staff within facilities and service management
- Subject matter expert support – internal and external
- Incorporated risk assessments and safety in design planning
- Traffic management plan adoption per requirements
- Maintenance and monitoring plans – buildings, green spaces and operational infrastructure
- Communication plans and community education support

Residual Risk (expected rating)

		CONSEQUENCE				
		Minor	Moderate	Serious	Major	Catastrophic
LIKELIHOOD	Certain	H	H	VH	E	E
	Almost certain	M	H	VH	VH	E
	Likely	L	M	H	VH	VH
	Unlikely	L	M	M	M	VH
	Highly unlikely	L	L	L	M	M

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

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

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Action Owner	Mitigation
3LT – (Rebecca Whitehead, Heather Burden)	Mitigate

Improvement Plan	Previous update (December 2019)	Update – March 2020
<ul style="list-style-type: none"> Identify the complexity of this risk of public to the community and Councils legal responsibilities and liabilities. 	<ul style="list-style-type: none"> Workshop conducted 17 October 2019 which identified key public safety exposures across Council business units and existing controls and mitigations in place. The information collated has initiated a body of works to address gaps and improve levels of controls and response capabilities. It is not expected to be completed until June 2020 	<ul style="list-style-type: none"> This workshop prioritised Parks, Visitor Destinations and Community Services with a plan to consider wider network spaces (roading corridor etc) next financial year. The information collated has initiated an improvement programme to address gaps, improve levels of controls and ensure response capabilities. It is not expected to be completed for this phase until June 2020
<ul style="list-style-type: none"> Design and implement an appropriate monitoring approach (audits and reviews by internal/external parties, and leadership inspections) and reporting framework to ensure oversight and focus on resolving actions 	<ul style="list-style-type: none"> Assurance reporting levels will be identified as part of the works identified within the workshop, and will be discussed with the internal audit function and GM Corporate as to preferred reporting requirements 	<ul style="list-style-type: none"> No update
<ul style="list-style-type: none"> Enhance understanding of key risk scenarios and commonality of critical controls 	<ul style="list-style-type: none"> The case studies identified and discussed highlighted areas across Council for management to consider. This will be part of the body of works generated by the workshop and expected to be completed in June 2020 	<ul style="list-style-type: none"> The case studies identified and discussed highlighted areas across Council for management to consider Including; security, safety on parks, tree maintenance etc. This review established protocols and maintenance plans to address these issues

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		<p>form part of the City Parks SOPs.</p> <ul style="list-style-type: none">• The first phase of a response to security issues in public spaces is being planned for H3 with integration into the wider business planned for the future (Linked to Strategic Risk 8)
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Note: A full understanding of this risk has not been analysed to this depth previously and is expected to provide the Deputy CE with a higher level of assurance across the organisation relating to facilities and services provided to the community.

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Organisational Risk

Failure of critical assets

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

3

Risk Owner

Eeva-Liisa Wright
(GM City Infrastructure
Operations)

Category

Financial

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Risk Triggers

- Inadequate budget allocated for maintenance and renewal of critical assets
- Incorrect analysis in development of maintenance and renewal requirements
- Poor or incomplete asset data
- Failure to identify all critical assets
- Failure to carry out planned maintenance and renewal of critical asset
- Failure to accurately forecast capacity limits on critical assets
- Failure to install asset correctly

Inherent Likelihood

Likely

Inherent Consequence Drivers

Safety &
Wellbeing,
Financial,
Service
Delivery,
Compliance

Major

Inherent Risk Rating

Rating

Very High

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Existing Controls and Mitigations

- Asset Strategy Team is in place to drive organisational consistency of asset management overseen by the GM Development
- Activity Management Plan (AMP) renewals are funded in the 2018-28 10-Year Plan Budget and critical assets are given a higher priority for renewal
- Activity Management Plans are internally and externally reviewed following their 3 yearly review to ensure robust planning processes and systems
- Asset Management Plan policy in place to set standards
- Independent asset management maturity assessments are undertaken 3 yearly
- Infrastructure Strategy is in place to identify significant infrastructure challenges over the next 30 years, and to identify the principal options for managing those challenges and the implications of those options
- Model and masterplan of strategic assets in place
- Correct supervision, design and testing during build or vesting of the asset

Residual Likelihood

Unlikely

Residual Consequence Drivers

Safety &
Wellbeing,
Financial,
Service
Delivery,
Compliance
Social and
Cultural

Major

Residual Risk Rating

Rating

High

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Action Owners	Mitigation	
Paul Gower (Assets Strategy Manager), Maire Porter (City Waters Manager), Jason Harrison (Transportation Manager)	Mitigate	
Improvement Plan	Previous update (December 2019)	Update – March 2020
<ul style="list-style-type: none"> • Identification of all critical assets and recording data in an asset management system (IPS and RAMM) 	<ul style="list-style-type: none"> • Schedule of completion is expected end of financial year (June 2020) 	<ul style="list-style-type: none"> • Schedule of completion is still on target
<ul style="list-style-type: none"> • Identification of critical asset groups and documentation of management strategies for assets 	<ul style="list-style-type: none"> • [No update – new item] 	<ul style="list-style-type: none"> • In progress

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APPENDIX A – RISK RATING AND REPORTING

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

		CONSEQUENCE				
		Minor	Moderate	Serious	Major	Catastrophic
LIKELIHOOD	Certain	H	H	VH	E	E
	Almost certain	M	H	VH	VH	E
	Likely	L	M	H	VH	VH
	Unlikely	L	M	M	H	VH
	Highly unlikely	L	L	L	M	H

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

Action Required Table

The following table details the required actions for each risk:

ACTION REQUIRED FOR RISK	
E	Extreme Risk – Immediate action required: risk escalated as appropriate. Action Plans and management responsibility specified with scrutiny required. Only the Chief Executive and/or Council can accept this level of risk.
VH	Very High Risk – Senior Leadership Team attention advised. Action Plans and management responsibility specified with periodic scrutiny required. The relevant GM, sponsor, risk manager and programme manager can accept this level of risk.
H	High Risk – Senior Leadership Team attention advised. Action Plans and management responsibility specified with periodic scrutiny required. The relevant General Manager (GM), sponsor, risk manager and programme manager can accept this level of risk.
M	Medium Risk – Management responsibility specified. Managed by specific monitoring and procedures. The relevant programme, unit manager or risk manager can accept this level of risk.

L	<p>Low Risk – Manage by routine procedures. Unlikely to require specific application of resources.</p> <p>The relevant activity manager can accept this level of risk.</p>
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APPENDIX B – RISK REVIEW TABLE

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

RISK LEVEL	ORGANISATIONAL RISKS	REVIEW PERIOD	PROJECT RISKS	REVIEW PERIOD
Extreme	Council	Monthly	Council	Per Project Plan
	Senior Leadership team	Monthly	Programme Manager Project Sponsor	Per Project Plan
Very High	Council	Monthly	Programme Manager Project Sponsor	Per Project Plan
	Senior Leadership Team	Monthly		
High	Senior Leadership Team	Quarterly	Programme Manager Project Sponsor	Per Project Plan
Medium	Wider Leadership Group*	Six monthly	Programme Manager	Per Project Plan
Low	Wider Leadership Group*	Six monthly	Programme Manager	Per Project Plan

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

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

APPENDIX C – RISK REPORTING TABLE

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

RISK LEVEL	ORGANISATIONAL RISKS	REPORTING PERIOD	PROJECT RISKS	REPORTING PERIOD
Extreme	Council	Audit and Risk quarterly	Council	Finances Committee Six weekly
	Senior Leadership Team	Monthly	Programme Manager Project Sponsor	Monthly
Very High	Council	Audit and Risk Committee quarterly	Council	Finances Committee Six weekly
	Senior Leadership Team	Monthly	Programme Manager Project Sponsor	Monthly
High	Council	Audit and Risk Committee quarterly	Council	Finances Committee Six weekly
	Senior Leadership Team	Monthly	Programme Manager Project Sponsor	Monthly
Medium	Senior Leadership Team	Monthly	Programme Manager	Monthly
	Wider Leadership Group*	As required		
Low	Senior Leadership Team	Monthly	Programme Manager	Monthly
	Wider Leadership Group*	As required		

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

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

Council Report

Committee: Strategic Risk and Assurance Committee
Date: 05 March 2020
Author: Morva Kaye
Authoriser: Tracey Musty
Position: Internal Auditor
Position: Financial Controller
Report Name: 2019/20 Internal Audit Update PwC

Report Status	<i>Open</i>
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Purpose

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

Staff Recommendation

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

Discussion

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

PwC Internal Audit Plan – progress summary

- The following progress has been made on the internal audit engagements included in the 2018/19 and 2019/20 Internal Audit Plans:

Engagements in Progress – 2018/19	Status
Capital Project Delivery – Cost Estimation This engagement has been completed and the final report is with management.	
Engagements in Progress – 2019/20	Status

Preparation of Strategic Planning Documents – Q1 This engagement has been completed and the final report is with management.	
Data Governance – Q2 The fieldwork for this engagement is still in progress.	
Psoda Data – Q2 The scope of works has been discussed with management and it is intended to start this work in February.	
Civil Defence – Q3 The scope of works is being discussed with management.	
Forecasting & Modelling – Q3 The scope of works is being discussed with management.	

KEY

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

Financial Considerations

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

Legal and Policy Considerations

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

Wellbeing Considerations

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

Risks

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

Significance & Engagement Policy**Significance**

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

Engagement

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

Attachments

There are no attachments for this report.

Council Report

Item 10

Committee: Strategic Risk and Assurance Committee
Date: 05 March 2020
Author: Morva Kaye
Authoriser: Tracey Musty
Position: Internal Auditor
Position: Financial Controller
Report Name: 2019/20 Internal Audit Update to 31 January 2020

Report Status	<i>Open</i>
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Purpose

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

Staff Recommendation

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

Background

3. Council's internal audit function incorporates engagements delivered by Price waterhouse Cooper (PwC) and internal Council staff. This report provides an update on progress by internal Council staff.

Discussion

Hamilton City Council internally resourced internal audit – progress summary

4. Progress against the work programme is as follows:

Audit	Status
Contract management This review covers checking a sample of contracts to ensure that the contracts have been set up and managed correctly.	
Grants This assessment covers the process used in approving/declining Community grants and how the accountability document is reviewed.	
Strategic Performance Measures Worked collaboratively with PwC.	

KEY

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

- PwC continues to support the Council Internal Auditor.

Financial Considerations

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

Legal and Policy Considerations

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

Wellbeing Considerations

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

Risks

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

Significance & Engagement Policy

Significance

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

Engagement

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

Attachments

There are no attachments for this report.

Council Report

Committee: Strategic Risk and Assurance Committee
Date: 05 March 2020

Author: Tracey Musty
Authoriser: David Bryant

Position: Financial Controller
Position: General Manager Corporate

Report Name: Annual Report 2020 Planning Update

Report Status	<i>Open</i>
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Purpose

1. To update the Strategic Risk and Assurance Committee on the plan and timetable for the 2020 Annual Report.

Staff Recommendation

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

Discussion

3. Staff are currently planning for the preparation of the 2020 Annual Report.
4. A year-end/annual report timetable has been prepared to ensure timely and quality information for the audit process.
5. Staff are working with the Council Controlled Organisations (CCOs) to ensure timely information is produced.
6. The Audit plan for the year ending June 2020 from Audit New Zealand is detailed in **Attachment 1**.
7. It includes the areas of audit focus, the logistics of completing the audit and the communication objectives.
8. The Audit plan also sets out expectations of the role of Audit New Zealand and the Council to ensure there is an agreed approach to completing the audit in a timely manner.

Financial Considerations

9. The cost of this engagement is funded through the 2018 - 2028 10-Year Plan.

Legal and Policy Considerations

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

Wellbeing Considerations

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

Risks

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

Significance and Engagement Policy

Significance

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

Engagement

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

Attachments

Attachment 1 - Audit NZ - Draft Audit Plan 2020 .

Attachment 1

Item 11

Audit Plan
Hamilton City Council
For the year ending 30 June 2020

Audit Plan

I am pleased to present our Audit Plan for the audit of Hamilton City Council for the year ending 30 June 2020. The purpose of this Audit Plan is to discuss:

Audit risks and issues	2
Group audit	5
Our audit process.....	6
Reporting protocols	10
Audit logistics	11
Expectations.....	13

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
15 January 2020

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
Property, plant and equipment revaluations and fair value assessments	
<p>We understand that the City Council’s parks and gardens assets will be revalued during the financial year.</p> <p>Revaluations can be complex and require the use of assumptions and judgement. The asset classes being revalued are a significant portion of Council’s assets and there is a risk that errors in the process or calculation could result in a material misstatement.</p> <p>We expect that City Council staff will review the outcome of externally prepared valuations and assess these for reasonableness.</p> <p>The City Council also periodically revalues its other asset classes.</p> <p>If a material movement between the carrying amount and the fair value of these classes of assets is identified they must be revalued for the City Council to comply with <i>PBE IPSAS 17 Property, Plant and Equipment</i>.</p>	<p>For classes of assets subject to revaluation during the year we will:</p> <ul style="list-style-type: none"> • review the scope of the valuation performed and ensure it has been completed in accordance with the appropriate standards; • ensure the entire asset class has been revalued; • make enquiries of the Valuer regarding the assumptions used in the valuation and assess their suitability to undertake the valuation; and • review adjustments posted to the general ledger as part of the revaluation and related disclosures. <p>Any revaluation adjustments should be completed as soon as possible after the revaluation date to ensure discrepancies are resolved promptly.</p> <p>Fair value assessments will need to be completed for those classes of assets that are periodically revalued to confirm that there is no material difference between their carrying amount and their fair value. We will review the City Council’s assessment of whether there is any material difference.</p>

Audit risk/issue	Our audit response
Statement of service performance	
<p>The Council is required to report on non-financial performance measures within the annual report. These measures are intended to provide robust information to the public about key aspects of the Council's service delivery.</p> <p>In the prior year we issued a modified opinion as we were unable to determine whether performance reported for the average processing time for non-notified land use and subdivision resource consents was materially correct.</p> <p>The Council needs to ensure the data being reported for service performance measures is reliable and auditable.</p>	<p>We will consider whether the SSP presents fairly, in all material respects, the Council's performance for the year ending 30 June 2020. In doing so, we will obtain an understanding of systems and controls in place to provide assurance over the performance reported.</p> <p>We will also perform detailed audit procedures for performance measures that we have assessed as material to the Council's performance. This will include considering the adequacy and appropriateness of the evidence provided by the Council to support performance reported.</p>
Project Kookiri – implementation of the Authority Financial Information System	
<p>The Council implemented the Authority Financial Information System with effect from 1 September 2019. The implementation project is known as Project Kookiri.</p> <p>Because the Council's core financial processes and processing may be impacted if the transition from one system to the other goes wrong, we have engaged with the Council early and agreed on the assurance work to be performed in a separate proposal letter dated 23 July 2019.</p>	<p>The scope of our assurance work and our approach covers five stages:</p> <ul style="list-style-type: none"> • Project methodology and execution; • User acceptance testing; • Business rules and controls; • Data migration and results; and • Evaluate systems (update control environment; systems descriptions and walkthrough tests). <p>We will report our findings in our Interim Report to Governance.</p>
The risk of management override of internal controls	
<p>There is an inherent risk in every organisation of fraud resulting from management override of internal controls.</p> <p>Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>Auditing standards require us to treat this as a risk on every audit.</p>	<p>Our audit response to this risk includes:</p> <ul style="list-style-type: none"> • testing the appropriateness of selected journal entries; • reviewing accounting estimates for indications of bias; and • evaluating any unusual or one-off transactions, including those with related parties.

Please tell us about any additional matters we should consider, or any specific risks that we have not covered. Additional risks may also emerge during the audit. These risks will be factored into our audit response and our reporting to you.

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 does 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, is 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 Council? 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.govt.nz/reports/fraud-reports.

Group audit



The group comprises:

- Hamilton City Council;
- Waikato Innovation Group Limited (Group); and
- Waikato Regional Airport Limited.

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 risks of material misstatement and have identified our approach for each component.

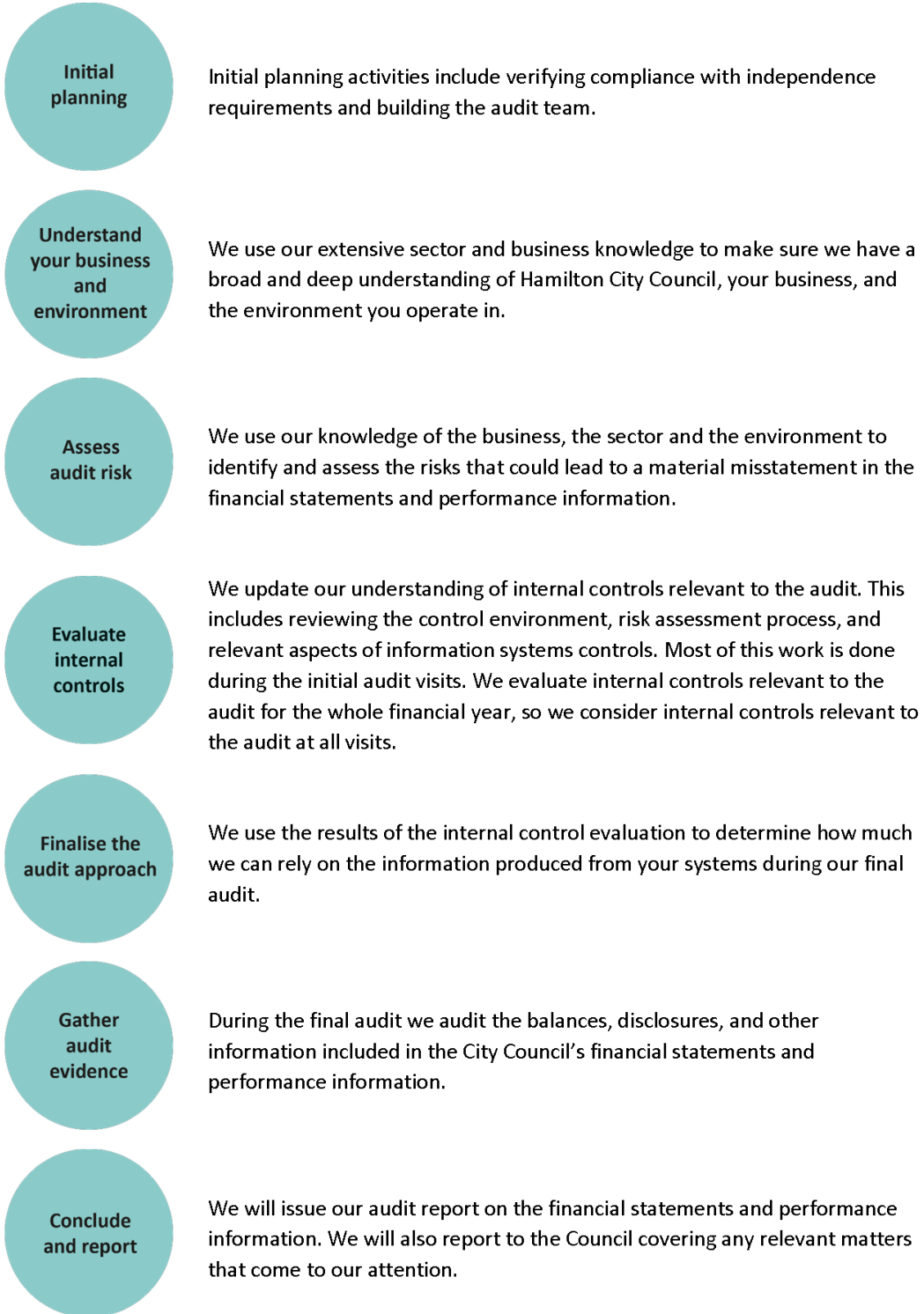
For non-significant components, we will perform analytical procedures at the group level to identify unexpected movements.

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 control; 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



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.

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. 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 audits. 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 the concept of materiality. In the public sector, materiality refers to something that if omitted, misstated, or obscured could reasonably be expected to:

- influence readers' overall understanding of the financial statements and 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.

Accounting standards also require the Council and management to consider materiality in preparing the financial statements. 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.

Whether information is material is a matter of judgement. We consider the nature and size of each item judged in the surrounding circumstances. The nature or size of the item, or a combination of both, could be the determining factor. Materiality will be lower for some items due to their sensitivity.

Misstatements

Misstatements are differences in, or omissions of, amounts and disclosures that may affect a reader's overall understanding of your financial statements and performance information. During the audit, we will provide details of any such misstatements we identify to an appropriate level of management.

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 representatives of the Council that specify the reasons why the corrections will not be made.

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 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 in the first instance.

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

Reports to Council



We will provide a draft of all reports to management (and the Council) 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
Karen MacKenzie	Engagement Quality Reviewer
Naude Kotze	Audit Manager
Wendy Freeman	Assistant Manager

The Engagement Quality Reviewer (EQR) forms an important part of our internal quality assurance process to maintain and enhance the quality of your audit. The EQR 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:

Impact assessment of Project Kookiri	25 January 2020
First interim audit begins	16 March 2020
Second interim audit begins	11 May 2020
Draft Report to the Council on the interim audit issued for management comments	29 May 2020
Pre-final audit begins	22 June 2020
Draft financial statements available for audit (including notes to the financial statements) with actual year-end figures	10 August 2020
Final audit begins	10 August 2020
Draft summary annual report available	24 August 2020
Annual report available, including any Mayor and Chief Executive's overview or reports	31 August 2020
Final financial statements available, incorporating all the amendments agreed to between us (including final summary annual report)	9 September 2020
Verbal audit clearance given	18 September 2020
Draft Report to the Council issued for management comments	25 September 2020
Debenture trust deed opinion issued	22 October 2020
Audit opinion issued	22 October 2020

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. We have also published information to help explain the audit process:



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.

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

PO Box 256
Waikato Mail Centre
Hamilton 3240
Phone: 04 496 3099

www.auditnz.govt.nz



Council Report

Committee:	Strategic Risk and Assurance Committee	Date:	05 March 2020
Author:	Tracey Musty	Authoriser:	David Bryant
Position:	Financial Controller	Position:	General Manager Corporate
Report Name:	Audit Engagement Letter for 2020, 2021 and 2022		

Report Status	<i>Open</i>
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Purpose

- To seek a recommendation from the Strategic Risk and Assurance Committee to Council on the Audit Engagement Letter that covers the annual audits for the years ending 30 June 2020, 2021 and 2022, and authorises the Mayor to sign the letters on Councils behalf.

Staff Recommendation (*Recommendation to the Council*)

- That the Strategic Risk and Assurance Committee recommends to the Council:
 - that the Audit Engagement letter is approved; and
 - the Mayor is authorised to sign the Audit Engagement letter on the Council's behalf.

Discussion

- The Audit Engagement letter (**Attachment 1**) covers the financial years ending 30 June 2020, 2021 and 2022.
- The letter outlines the terms and nature of the audit engagement and the responsibilities of the Council and Audit New Zealand with regards to the financial statements and performance information.

Financial Considerations

- The cost of this engagement is funded through the 2018-2028 10-Year Plan.

Legal and Policy Considerations

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

Wellbeing Considerations

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

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

Risks

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

Significance and Engagement Policy

Significance

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

Engagement

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

Attachments

Attachment 1 - Audit NZ Audit Engagement Letter 2020 - 2022 .



15 January 2020

Level 4, 127 Alexandra Street
PO Box 256, Waikato Mail Centre
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, 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 Hamilton 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 2020, 2021, and 2022.

This letter outlines:

- the terms of the audit engagement and the nature, and limitations, of the annual audit; and
- the respective responsibilities of 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 Hamilton 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 Hamilton 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.

Your responsibilities

Our audit will be carried out on the basis that the Council 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 Hamilton 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;
- for making the audited summary financial statements and summary performance information readily available to the intended users of that information; and
- for 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 Hamilton 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 Hamilton City Council:

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

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

- presents fairly, in all material respects, the performance for the financial year, including:
 - its performance achievements as compared with forecasts included in the Long term plan for the financial year; and

- its actual revenue and expenses as compared with the forecasts included in the Long term plan or annual plan for the financial year; and
- complies with generally accepted accounting practice in New Zealand.

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 Hamilton 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 Hamilton 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 Hamilton 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 Hamilton 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 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 Hamilton 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: _____

Paula Southgate
Mayor

Appendix 1: Respective specific responsibilities of the Council 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"> o the financial position; and o the financial performance and cash flows for the financial year; • comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting 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"> o the performance achievements as compared with forecasts included in the Long term plan for the financial year; and o the actual revenue and expenses as compared with the forecasts included in the Long term plan or annual plan for the financial year; • complies with generally accepted accounting practice in New Zealand. <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>

Responsibilities of the Council	Responsibility of the Appointed Auditor
	<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> <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;

Responsibilities of the Council	Responsibility of the Appointed Auditor
	<ul style="list-style-type: none"> 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> <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>
<p>Responsibilities for the accounting records</p>	
<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 Hamilton City Council; enable you to monitor the resources, activities, and entities under your control; enable the Hamilton 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 of the Council	Responsibility of the Appointed Auditor
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 Hamilton 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 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 of Hamilton 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 Hamilton 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.</p>

Responsibilities of the Council	Responsibility of the Appointed Auditor
	<p>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>
<p>Responsibilities for compliance with laws and regulations</p>	
<p>You are responsible for ensuring that Hamilton City Council has systems, policies, and procedures (appropriate to the size of Hamilton City Council) to ensure that all applicable legislative, regulatory, and contractual requirements that apply to the activities and functions of Hamilton 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 • 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 of the Council	Responsibility of the Appointed Auditor
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 Hamilton 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>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.</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> <p>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.</p>

Responsibilities of the Council	Responsibility of the Appointed Auditor
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 public entity’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>	<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.</p>

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.

Council Report

Committee: Strategic Risk and Assurance Committee
Date: 05 March 2020
Author: Morva Kaye
Authoriser: Tracey Musty
Position: Internal Auditor
Position: Financial Controller
Report Name: Organisational Improvement Register as at 31 January 2020

Report Status	<i>Open</i>
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Purpose

- To inform the Strategic Risk and Assurance Committee on the status of the Council's Organisation Improvement Register as at 31 January 2020.

Staff Recommendation

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

Discussion

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

Audit New Zealand

- There are 14 recommendations outstanding in Audit New Zealand's report for the year ended 30 June 2019.
- All recommendations are at various stages of being implemented.
- The only recommendation classified as urgent, relates to the inaccurate reported results for resource consents.
- Electronic tracking of resource consents and documentation, with better naming conventions, has improved the reliability of data. These improvements will be supported by the introduction of the new Online Resource Consent Lodgement portal in April 2020.

New Zealand Transport Agency

- In the May 2019 NZTA Investment Audit Report, NZTA identified an area of 'improvement' with regards to procurement procedures.

The improvement related to publishing on Council's website contracts appointed by 'Direct Appointment' in line with our current procurement strategy, endorsed by NZTA. This has been actioned.

PwC Tax Compliance Review

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

Financial Considerations

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

Legal and Policy Considerations

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

Wellbeing Considerations

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

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

Significance & Engagement Policy

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

There are no attachments for this report.

Council Report

Committee: Strategic Risk and Assurance Committee **Date:** 05 March 2020

Author: Rebecca Watson **Authoriser:** Amy Viggers

Position: Governance Advisor **Position:** Governance Team Leader

Report Name: Confirmation of the Open Strategic Risk and Assurance Committee Minutes - 11 December 2019

Report Status	<i>Open</i>
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Staff Recommendation

That the Committee confirm the open Minutes of the Strategic Risk and Assurance Committee meeting held on 11 December 2019 as a true and correct record.

Attachments

Attachment 1 - Draft Strategic Risk and Assurance Open Minutes - 11 December 2019 .

Strategic Risk & Assurance Committee

OPEN MINUTES

Minutes of a meeting of the Strategic Risk & Assurance Committee held in Committee Room 1, Municipal Building, Garden Place, Hamilton on Wednesday 11 December 2019 at 12.43pm.

PRESENT

Chairperson: Keiran Horne - External appointee
Deputy Chairperson: Bruce Robertson - External appointee
Membership: Mayor Paula Southgate
Cr Rob Pascoe
Cr Dave Macpherson

In Attendance: Cr Ewan Wilson
Cr Kesh Naidoo-Rauf
Cr Maxine van Oosten

Richard Briggs – Chief Executive
David Bryant – General Manager Corporate
Lance Vervoort – General Manager Community
Sean Murray – General Manager Venues, Tourism and Major Events
Jen Baird – General Manager City Growth
Chris Allen – General Manager Development
Eeva-Liisa Wright – General Manager Infrastructure Operations
Tracey Musty – Financial Controller
Dan Finn – People, Safety and Wellness Manager
Karin Barclay – Safety Engagement Lead
Marie Porter – City Waters Manager
Mothla Majeed – Legal Services Manager
Mark Wagstaff – Health and safety Assurance Lead
Morva Kaye – Internal Auditor
Kelvin Powell – City Safe Unit Manager
Andre Chatfield – Risk and Assurance Manager
Jason Harrison – Special Projects Manager

Aaron Steele – Pricewaterhouse Cooper Representative
Matt White – Pricewaterhouse Cooper Representatives

Governance Staff: Rebecca Watson – Committee Advisor

1. Apologies

Resolved: (Ms Horne/Cr Pascoe)

That the apologies for absence from Crs O'Leary, Bunting and Maangai Maori Takiari-Brame, and for lateness from Mayor Southgate and Cr Macpherson are accepted.

2. Confirmation of Agenda

Resolved: (Ms Horne/Mr Robertson)

That the agenda is confirmed, noting that Item 8 (*Hamilton City Council Civil Defence Emergency Management Capability Assessment Report 2019*) is to be taken after Item 5 (*Chief Executive Report – Verbal Update*) to accommodate staff availability.

3. Declarations of Interest

No members of the Committee declared a Conflict of Interest.

4. Public Forum

No members of the public wished to speak.

5. Chief Executive Report - Verbal Update

The CE and Chair spoke to the new name of the Committee, noting that the change was to focus the committee on the strategic level of risk and assurance for the Council.

Resolved: (Ms Horne/Cr Pascoe)

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

6. Hamilton City Council Civil Defence Emergency Management Capability Assessment Report 2019

The City Safe Unit Manager was thanked by the Chair for taking the time from a busy period of supporting the families of the recent Whakaari disaster to present.

The City Safe Unit Manager provided members with the background of the work undertaken to get the civil defence response to the level that it is now within the organisation.

Committee Members asked questions concerning:

- scores contained within the report;
- use of external consultants;
- confidence levels with civil defence response;
- research into hazard landscape, particularly fault lines; and
- top priorities for improvement.

Resolved: (Cr Horne/Cr Pascoe)

That the Strategic Risk and Assurance Committee receives the report.

7. Safety and Wellbeing Report - 1 August 2019 to 30 October 2019

The People Safety and Wellness Manager spoke to the report, noting that the annual employee survey had been recently completed.

The Health and Safety Assurance Lead outlined recent notifiable events and the process followed

by staff during these events.

Committee Members asked questions concerning:

- investigation outcomes;
- reporting of trends in incidents;
- staff reporting;
- contract terms, pre qualifications, planning and auditing for contractors;
- reporting periods for bullying and harassment; and
- reporting of mental health/psycho-social statistics.

Resolved: (Ms Horne/Cr Macpherson)

That the Strategic Audit and Risk Committee receives the report.

Mayor Southgate joined the meeting (1.30pm) during the above item. She was present when the matter was voted on.

8. Risk Management Report

The Legal Services Manager spoke to the report, noting that the residual risk ratings had remained at the same level as last reported and that work continues to be completed to lessen the risk levels to Council.

Committee Members asked questions concerning:

- inclusion of water quality and adequacy in emerging risks;
- mitigation of risks;
- growth as a strategic risk;
- accuracy of data;
- freight and commuter rail; and
- financial resilience.

Resolved: (Ms Horne/Cr Macpherson)

That the Strategic Risk and Assurance Committee receives the report.

9. Insurance Report

The Risk and Insurance Manager introduced representatives from Aon NZ, and noted financial savings which had been achieved through the insurance portfolio.

Committee Members asked questions concerning:

- personal liability insurance costs;
- levels and terms of cover;
- budget savings; and
- claims history during the last financial year.

Resolved: (Ms Horne/Mr Robertson)

That the Strategic Risk and Assurance Committee receives the report.

10. 2019/20 Internal Audit Update PwC

The Financial Controller and representatives from Pricewaterhouse Cooper provided an overview of the asset management and operating expenditure and capital project delivery.

Committee Members asked questions concerning:

- consistency of approach across staff, particularly for business cases;
- measures or support required for improvement;
- methodologies for whole of life approach to business cases; and
- timeframes and process for implementation of improvement.

Resolved: (Ms Horne/Mr Robertson)

That the Strategic Risk and Assurance Committee:

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

11. Fitch Ratings Credit Rating

The Financial Controller provided an overview of the process undertaken by Fitch to develop the credit rating. She noted that Council had been removed off negative watch rating and had maintained their credit rating.

The General Manager Corporate identified that the use of Fitch for Council's rating was being reviewed and possible alternatives were being considered.

Staff Action: *Staff undertook to investigate whether the Council was in fact able to issue their own bonds or if there was an error in the report.*

Resolved: (Ms Horne/Cr Macpherson)

That the Strategic Risk and Assurance Committee receives the report.

12. Audit NZ Final Management Report June 2019

The Financial Controller outlined the audit process undertaken to date, noting that a number of audit points have been able to be removed as a result of the work completed by staff.

The Chair congratulated the Financial Controller and her team for the work undertaken to clear the audit points.

Committee Members asked questions concerning;

- the issuing of consents;
- the audit process moving forward for the new financial system; and
- what processes were being put into place to mitigate any manual processes that may be required.

Resolved: (Ms Horne/Cr Pascoe)

That the Strategic Risk and Assurance Committee receives the report.

13. Organisational Improvement Register - 30 November 2019

The Financial Controller provided an overview of the report, noting that it was only urgent items which were raised to the committee level, and as a result there was only one item reported currently.

Resolved: (Ms Horne/Mr Robertson)

That the Strategic Risk and Assurance Committee receives the report.

14. Resolution to Exclude the Public

Resolved: (Ms Horne/Cr Pascoe)

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. 2019/20 Internal Audit Update to 30 November 2019) Good reason to withhold information exists under Section 7 Local Government	Section 48(1)(a)
C2. Fraud and Protected Disclosures Update) Official Information and Meetings Act 1987	
C3. Cyber Risks/Issues - Verbal Report)	
C4. Verbal Update on any Legal Issues and/or Risks		

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

The meeting went into a public excluded session at 2.35pm.

The meeting was declared closed at 3.20pm.

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. Cyber Risks/Issues - Verbal Report) Good reason to withhold information exists under	Section 48(1)(a)
C2. Fraud and Protected Disclosures Update) Section 7 Local Government Official Information and Meetings Act 1987	
C3. Verbal Update on any Legal Issues and/or Risks)	
C4. Confirmation of the draft Strategic Risk and Assurance Public Excluded Minutes - 11 December 2019		

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