

Notice of Meeting:

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

Date: Thursday 7 December 2023
Time: 1.00pm
Meeting Room: Council Chamber
Venue: Municipal Building, Garden Place, Hamilton

Lance Vervoort
Chief Executive

Strategic Risk and Assurance Committee

Komiti Whakamauru Tuuraru

OPEN AGENDA

Membership

Chairperson Ms Keiran Horne
Heamana

Deputy Chairperson Mr Bruce Robertson
Heamana Tuarua

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

Quorum: Four members (including one external appointee)

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

Amy Viggers
Mana Whakahaere
Governance Lead

27 November 2023

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Purpose:

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

Terms of Reference:*Risk and Resilience*

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

Internal Audit

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

External Audit

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

Statutory Reporting

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

Other Matters

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

The Committee is delegated the following recommendatory powers:

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

Special Notes:

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

Recommendatory Oversight of Policies and Bylaws:

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

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1 Apologies – *Tono aroha*

2 Confirmation of Agenda – *Whakatau raarangi take*

The Committee to confirm the agenda.

3 Declaration of Interest – *Tauaakii whaipaaanga*

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

4 Public Forum – *Aatea koorero*

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

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

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

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

Council Report

Item 5

Committee: Strategic Risk and Assurance Committee

Date: 07 December 2023

Author: Nicholas Hawtin

Authoriser: Michelle Hawthorne

Position: Governance Advisor

Position: Governance and Assurance Manager

Report Name: Confirmation of the Strategic Risk and Assurance Committee Open Minutes - 28 September 2023

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

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

Attachments - *Ngaa taapirihanga*

Attachment 1 - Strategic Risk and Assurance Committee Open Unconfirmed Minutes - 28 September 2023

Strategic Risk and Assurance Committee

Te Komiti Rautaki tuuraru me te whakatuuturu

OPEN MINUTES

Minutes of a meeting of the Strategic Risk and Assurance Committee held in Te Kete Tuatea Meeting Room and via Audio Visual Link, Te Kete Aronui Rototuna Library, Rototuna North, Hamilton on Thursday 28 September 2023 at 1.02pm.

PRESENT

Chairperson Ms Keiran Horne
Heamana

Deputy Chairperson Mr Bruce Robertson
Heamana Tuarua

Members: Mayor Paula Southgate
 Deputy Mayor Angela O’Leary
 Cr Maxine van Oosten
 Cr Moko Tauariki
 Cr Ewan Wilson

In Attendance: Cr Mark Donovan
 Lance Vervoort – Chief Executive
 David Bryant – General Manager Business Services
 Andrew Parsons – General Manager Infrastructure and Assets
 Dan Finn – People, Safety and Wellness Manager
 Tracey Musty – Finance Director
 Michelle Hawthorne – Governance & Assurance Manager
 Maire Porter - Unit Director Three Waters
 Marie Snowball - Safety & Wellness Lead
 Nicholas Whittaker – Senior Risk and Resilience Advisor
 Murtaza M Ali - KPMG
 Bineeta S Nand - KPMG
 David R Sutton - KPMG

Governance Team: Arnold Andrews – Governance Advisor

1. **Apologies – *Tono aroha***
Resolved: (Ms Horne/Mr Robertson)
 That the apologies for full absence from Cr Naidoo-Rauf are accepted.
2. **Confirmation of Agenda – *Whakatau raarangi take***
Resolved: (Ms Horne/Cr Wilson)
 That the agenda is confirmed.
3. **Declarations of Interest – *Tauaakii whaipanga***

No members of the Council declared a Conflict of Interest.

4. Public Forum – Aatea koorero

No members of public wished to speak.

5. Confirmation of the Strategic Risk and Assurance Committee Open Minutes - 21 June 2023

Resolved: (Mr Robertson/ Cr Wilson)

That the Strategic Risk and Assurance Committee confirm the Open Minutes of the Strategic Risk and Assurance Committee Meeting held on 21 June 2023 as a true and correct record.

6. Chief Executive Report

The Chief Executive spoke to the report, highlighting the economic outlook, end of year finances, legislative changes, water reforms, Long-Term Plan and Future Fit. He responded to questions from Elected Members concerning the supply disruptions to projects due to weather, managing issues with overflow of water and frequency of checks and response to weather events.

Resolved: (Ms Horne/Cr Wilson)

That the Strategic Risk and Assurance Committee receives the report.

7. Safety and Wellbeing Report - 1 May 2023 to 31 July 2023 (Recommendation to the Council)

The People, Safety and Wellness Manager spoke to the report, highlighting organisational performance and health and safety (H&S). He responded to questions from Elected Members concerning the increasing visibility of Councils H&S system, Antenno, H&S Reps, staffing challenges and support provided, reporting around our external assistance programme (EAP) provider, staff absenteeism, critical risks and notifiable events safety reporting within ORA, and contractors.).

Staff Action: Staff to forward latest EAP statistics and report to Elected Members.

Resolved: (Ms Horne/Cr Wilson)

That the Strategic Risk and Assurance Committee:

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

8. Risk Management Report (Recommendation to the Council)

The Senior Risk Advisor and the Governance and Assurance Manager spoke to the report, highlighting that the Strategic Risk 4 rating had been increased. Staff responded to questions from Elected Members concerning Lake Taupo and Council's preparedness for extreme weather events and Council's response and mitigation to the Golden Clam outbreak.

Resolved: (Cr Wilson /Mayor Southgate)

That the Strategic Risk and Assurance Committee:

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

9. Internal Audit Update

The Finance Director spoke to the report, highlighting the internal audit. She responded to questions from Elected Members concerning the internal audit's charter and delegated authority.

Staff Action: Internal Audit Workshop to be organised for Elected Members.

Staff Action: Internal Audit Charter to be reviewed by staff.

Resolved: (Cr van Oosten/Mr Robertson)

That the Strategic Risk and Assurance Committee receives the report.

10. Organisational Improvement Report

The Finance Director took the report as read.

Resolved: (Mayor Southgate/Cr Wilson)

That the Strategic Risk and Assurance Committee receives the report.

11. 2023 Annual Report Update (Recommendation to the Council)

The Finance Director spoke to the report, highlighting the interim report from this year's audit, community feedback, fees, Long-Term Plan and financial year audit delivery. She responded to questions from Elected Members concerning percentage taken off by auditing externally, timeframes, task reporting and audit fees for the FY 2024-2025.

Resolved: (Cr van Oosten/Cr Wilson)

That the Strategic Risk and Assurance Committee:

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

12. Compliance Reporting Update

The Governance and Assurance Manager spoke to the report, highlighting Council and management policies and the review of the Compliance Policy.

Staff Action: Review the compliance framework related wording and change wording in paragraph 15 of the report.

Resolved: (Mr Robertson /Cr Tauariki)

That the Strategic Risk and Assurance Committee:

- a) receives the report; and
- b) requests staff incorporate feedback received into the draft Compliance Policy (**Attachment 2**).

13. Resolution to Exclude the Public

Resolved: (Cr van Oosten/Cr Tauariki)

Section 48, Local Government Official Information and Meetings Act 1987

The following motion is submitted for consideration:

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

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of

the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows.

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1. Confirmation of the Strategic Risk and Assurance Committee Public Excluded Minutes - 21 June 2023) Good reason to withhold) information exists under) Section 7 Local Government) Official Information and) Meetings Act 1987	Section 48(1)(a)
C2. Organisational Improvement Register - Public Excluded		
C3. Legal Risks - Committee Update		
C4. SR4 Loss of Information or Access to Systems and Services		

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

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

The meeting went into a Public Excluded session at 2:33pm.

The meeting was declared closed at 3:30pm.

Council Report

Committee: Strategic Risk and Assurance Committee
Date: 07 December 2023
Author: Michelle Hawthorne
Authoriser: Lance Vervoort
Position: Chief Executive
Position: Chief Executive
Report Name: Chief Executive Report

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

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

Staff Recommendation - *Tuutohu-aa-kaimahi*

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

Executive Summary - *Whakaraapopototanga matua*

3. Key areas of interest to be highlighted at this meeting are the General Elections and Council's Long Term Plan development, as well as an update on Future Fit. There is also an update regarding the Golden Clam which has been identified at the Water Treatment Plant.
4. Other topics including risks, may be included in the verbal update should they become a matter of concern to the Chief Executive following submission of this report.
5. A more detailed review of Council's key risk topics is included in the Risk Management report and Safety and Wellness report to this Committee meeting.
6. Staff consider the matters in this report have low significance and that the recommendations comply with Council's legal requirements.

Discussion - *Matapaki*

General Elections

7. At the time of writing this report, coalition discussions are ongoing. Pre-election campaigns provide an indication on policy stances for the parties, however, until a government is formed there are high levels of uncertainty for the impacts on local government and Hamilton City Council.
8. Local Government as a sector will need to remain agile and responsive to the possibility of a change in policy in these two areas.

9. Staff have initiated contact with local and national representatives who will be part of the incoming government to ensure that Hamilton's plans and aspirations are known.
10. A verbal update will be provided to the Committee if there are any significant changes.

Long Term Plan

11. The economic outlook, and legislative changes outlined above (particularly those relating to three waters reform) and the change in government and policy direction create challenges for Council's long-term planning.
12. The first round of these discussions is scheduled for the 28 and 29 November. One of the key focus areas for these meetings is the significant assumptions, which contextualise and underpin all LTP decisions.

Future Fit – Phase 2

13. Tranche One of Future Fit is now largely complete, with the changes taking effect on 4 December. There have been significant changes across the business and ensuring we continue to deliver our services while managing the operational changes is key.
14. Staff wellbeing through these significant changes continues to be a priority.

Impact of Golden Clams on Infrastructure

15. The invasive golden clam was found at the Water Treatment Station. **Hamilton's drinking water remains safe.**
16. All clams detected have been disposed of in accordance with Ministry for Primary Industries advice.
17. In response to the identification of clams at the Waiora Water Treatment Plant, staff will be increasing inspections of other areas of the water treatment plant with the intent to identify and remove any clams as early as possible to minimise impacts on infrastructure and process performance.
18. MPI are the lead agency for this biosecurity response and Council continues to follow their advice and recommendations.

Financial Considerations - *Whaiwhakaaro Puutea*

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

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

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

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

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

- 24. The recommendations set out in this report are consistent with that purpose.
- 25. No known social, economic, environmental, or cultural considerations were identified in the development of this report.

Risks - *Tuuraru*

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

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

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

Attachments - *Ngaa taapirihanga*

There are no attachments for this report.

Council Report

Item 7

Committee: Strategic Risk and Assurance Committee
Date: 07 December 2023
Author: Dan Finn
Authoriser: Sean Hickey
Position: People, Safety & Wellness Manager
Position: General Manager People, Performance and Culture
Report Name: Safety and Wellbeing Report - 1 August 2023 to 31 October 2023

Report Status	Open
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Purpose - *Take*

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

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

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

Executive Summary – *Whakaraapopototanga matua*

3. This report is focussed on our continued progress of key strategic activities that are aligned to risks, relationships, and resources. To provide the Committee with a more comprehensive overview of our progress, we have included supplementary updates on wider activities, assurance, and successes.
4. Council's Safety Management System (SMS) has been aligned to ISO45001 international standards, with efforts being made to embed these standards over the previous 2 years. Commencing from October we have started an internal audit programme to verify that these standards are being met and demonstrated across our facilities. It is expected that Council will apply for ISO45001 accreditation in the later part of 2024 by way of an external audit.
5. As part of our focus on continuous improvement Council's Incident Management System (Ora) is being regularly refined and updated to ensure that reporting templates, data and system functionality continues to meet our operational needs and business requirements. A number of enhancements have been introduced during this reporting period.
6. There were a number of safety events during this reporting period that included 14 lost time injuries (LTIs), 9 medical treatment events and 4 notifiable events to WorkSafe, that included 2 events involving Council staff/facilities and a further 2 events involving Contractors.

7. During this reporting period we have continued to promote and provide workshops across Council to support the wellbeing of our people, particularly in light of the organisational changes that have been proposed through 'Future Fit'.
8. Staff consider the matters in this report to have low significance and that the recommendations comply with Council's legal obligations.

Discussion – *Matapaki*

Strategic Progress – *Te ahunga whakamua rautaki*

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

Workstream	Status	Next milestone	Comment
SafePlus review recommendations	100%	Completed	Completed
SMS development and implementation	100%	Completed	Completed
Technology and communication (Ora)	100%	Completed	Completed
Critical risk management	90%	Complete the 3 remaining (10 already completed) bowtie risk assessments.	All 13 critical risk assessments will be shared across the organisation once the 3 remaining assessments are complete
Contractor management	100%	To support business units and operational teams in the management of contractors, training continues to be provided	To further enhance and support Contractor management, 'Who's on Location' will continue to be rolled across our facilities
Resourcing and structure review	100%	Completed	Completed
<i>Table 1 Key workstreams</i>			

Risks and Incidents – *Ngaa Tuuraru me nga Paanga*

10. Councils Incident Management System (Ora) continues to be reviewed, developed, and refined to provide credible data and information to all relevant stakeholders. During this reporting period we have introduced a number of enhancements, which include changes to workflows and the reporting of 'Non-Health & Safety Events', such as security breaches, theft, vandalism etc. These types of events occur regularly and previously staff had no centralised way of reporting this information.
11. A review has been undertaken during this reporting period to identify roles across Council that are exposed to hazards within their work environment including dust, biological, and hazardous chemical exposure. Annual health monitoring is a legislative requirement for workers who are exposed to these types of hazards, and we are working with a provider to ensure that these regular assessments are in place and being conducted for our staff.

12. The incidents profiled during this reporting period are summarised below:
13. There was a total of **246** events reported in Ora, which resulted in **76** injuries during this reporting period, compared to **48** during the previous period. Of those injured, **14** resulted in lost time and **9** required medical treatment. Near hit reporting has continue to decrease from the previous period with **32** near hits recorded.



Council WorkSafe Notifiable Events

14. There were 2 events that were notified to WorkSafe by Council.
15. The first event was a punctured gas lateral line causing gas to escape, and the second event was a light cover that shattered during an event at the Claudelands Events Centre.

Further details of these notifiable events can be found in **Attachments 1 and 2**. WorkSafe have notified Council that they will not require any further investigation.

Contractor WorkSafe Notifiable Events

16. There were 2 events that were notified to WorkSafe by external contractors, who were performing work on our behalf.
17. The first event involved a contractor brushing his elbow against a live circuit, and subsequently received a small electric shock, and the second event a WEL networks cable, which was damaged as a result of a suspected service strikes.
18. Further details of these notifiable events can be found in **Attachments 3 and 4**. An ICAM investigation is still underway regarding the damage to the WEL networks cable.

Relationships – Whanaungatanga

19. During this reporting period we have continued to promote and provide workshops across Council to support the wellbeing of our people, particularly in light of the organisational changes that have been proposed through 'Future Fit'. Workshops have included Personal Resilience Training, Manage Your Thinking, 10 Health Habits Good- Yarn Mental Health, Work Injury Management, and Manual Handling Training.

20. The Safety Governance Committee (SGC) met on the 19th of September and the meeting minutes are provided as **Attachment 5**. The committee continues to provide important guidance and strategic oversight across all areas of Council. Of importance, is listening too and learning from the experiences of our frontline workers who are exposed to critical risk(s) through the course their work. Committee members gain valuable insights from visiting different facilities each quarter, where a critical risk relevant to that facility is profiled. The next meeting is scheduled for the 4th of December.

Resources – Rauemi

21. Safety & Wellbeing resources continue to be made available throughout Council by way strategic leadership, business partnering, decentralised resources and trained health and safety representatives. Centralised and decentralised teams continue to work collaboratively together to support health and safety improvement across all of Council, building on our culture of care.

Assurance – Kii Taurangi

22. Council's Safety Management System (SMS) has been aligned to ISO45001 international standards and Council have been working towards embedding this framework across the organisation over the previous 2 years. From October we have commenced an internal audit process to assess compliance against these standards and to give assurance on how we are tracking. This is a significant undertaking involving many of our facilities, with 55 areas being identified, who will undergo a review over the next several months. It is expected that Council will apply for ISO45001 accreditation in the later part of 2024 by way of an external audit.
23. Work Injury Management Training has been rolled out to People Leaders to ensure there is a clear understanding of our obligations as an employer in support of those workers who sustain an injury on the job. Injury management is an important requirement that needs to be carefully managed from both an employer and employee perspective.

Successes – Angituutanga

24. By reviewing the data collected through our Incident Management System (Ora) it was identified that non-health and safety events were diluting our safety data. Staff were encouraged to report these types of events and through proactive system enhancements, Ora has been further leveraged to provide a wider enterprise solution. There has been tremendous collaboration between business units and the centralised Safety & Wellbeing Team to bring about this successful outcome.

Financial Considerations - Whaiwhakaaro Puutea

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

Legal and Policy Considerations - Whaiwhakaaro-aa-ture

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

Wellbeing Considerations - Whaiwhakaaro-aa-oranga tonutanga

28. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental, and cultural wellbeing of communities in the present and for the future ('the 4 well-beings').
29. There are no wellbeing impacts associated with recommendations in this report.

30. The subject matter of this report has been evaluated in terms of the 4 well-beings and these are outlined below:

Social

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

Economic

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

Environmental

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

Cultural

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

Risks - *Tuuraru*

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

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

Significance

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

Engagement

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

Attachments - *Ngaa taapirihanga*

Attachment 1 - Gas Strike 35 St Andrews Terrace

Attachment 2 - H3 Notifiable Event_GloBox Arena_Light shattering_07102023(2)

Attachment 3 - WorkSafe Notifiable Event - External Contractor(2)

Attachment 4 - WorkSafe Notifiable Event Cable strike 11KV(2)

Attachment 5 - Safety Governance Committee Meeting - Minutes 19 September 2023(2)

WorkSafe Notifiable Event

DATE OF EVENT:	14 th August 2023
LOCATION:	35 St Andrews Terrace, Hamilton
BUSINESS GROUP INVOLVED:	Infrastructure Operations – Water Services – City Delivery
WHAT HAPPENED?	<p>Employee was in the process of locating the water line for a new connection by using a steel location rod. During the search for the water line, they hit and punctured the gas lateral line, causing gas to escape which was sufficient to be smelt.</p> <p>Service plans were onsite, available and were being followed.</p>
WHAT IMMEDIATE ACTION HAS BEEN TAKEN:	<ul style="list-style-type: none"> The employee kicked dirt over the leak as they had been trained which stopped the leak and the gas smell went away. First Gas and Fire Emergency were called and arrived onsite.
NEXT STEPS:	<ul style="list-style-type: none"> Investigation has yet to be completed to ascertain the root cause. Worksafe has been notified by the Safety and Wellbeing Lead. Ref: 00001657

WorkSafe Notifiable Event

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Attachment 2

DATE OF EVENT:	Saturday 7 th October 2023 12pm
LOCATION:	Claudlands - Globox Arena
BUSINESS GROUP INVOLVED:	H3 – Event Delivery
WHAT HAPPENED?	<p>A Sport light cover shattered from 15 meters above resulting in hot glass landing on patrons and property during an event in the Arena.</p> <p>There have been no reports of people suffering injuries from the glass. There was reported damage to equipment from an exhibitor that was located directly below the light.</p>
WHAT IMMEDIATE ACTION HAS BEEN TAKEN:	<ul style="list-style-type: none"> A temporary secondary lighting system has been installed (was in place by 5pm Saturday 7th October) WorkSafe have been notified (09/10/2023)
NEXT STEPS:	<ul style="list-style-type: none"> All sport lights have been removed from the Arena. The manufacturer of the lights has been contacted and is helping with the investigation.

WorkSafe Notifiable Event

DATE OF EVENT:	Monday, 4 th September 2023 at 10:45am
LOCATION:	Rewarewa Room, Municipal Building Hamilton City Council, 260 Anglesea Street
BUSINESS GROUP INVOLVED:	Development – External Contractor
WHAT HAPPENED?	A Technician from was accessing a ceiling space in the Rewarewa Room to install a door release/camera wiring for the Facilities Unit administration desk. While gaining access for a better vantage point in the suspended ceiling space, the Technician did not notice live exposed cables and brushed their elbow against a live 230v TPS circuit and received an electric shock.
WHAT IMMEDIATE ACTION HAS BEEN TAKEN:	<ul style="list-style-type: none"> Whilst the Technician showed no ill effects following the incident, they attended a medical centre for a check up and was given the all clear. The circuit was isolated and terminated into a junction box.
NEXT STEPS:	<ul style="list-style-type: none"> WorkSafe were notified by the External Contractor. The External Contractor are completing their own investigation and will share Safety Alert with us in due course.

WorkSafe Notifiable Event

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Attachment 4

DATE OF EVENT:	12/10/2023
LOCATION:	269A Peacockes Road, Peacocke, Hamilton 3282, New Zealand
BUSINESS GROUP INVOLVED:	Capital Development Peacocke Projects External Sub-Contractor
WHAT HAPPENED?	<p>We understand that WEL networks were in the process of testing a new cable before commissioning within our work site and the cable faulted. Further testing of the cable identified the area of the fault and excavation found damage to the duct and the cable.</p> <p>Notwithstanding the outcome of the current investigation, on face value the damage appears consistent with damage that could've been caused by activities undertaken on other nearby services by a sub-contractor.</p>
WHAT IMMEDIATE ACTION HAS BEEN TAKEN:	Site/zone was evacuated as precaution, whilst contractor was trying to establish if cable is damaged. Investigations are now under way.
NEXT STEPS:	Investigations are now under way. Ora Ref: EVN - 02311

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Safety Governance Committee

Time and date:	1:00pm, Tuesday 19 th September 2023
Venue:	Duke St Training Room, Parks and Rec
In Attendance:	Greg Dearsly (Independent Chair), Dan Finn (People, Safety & Wellbeing Manager), Sean Hickey (GM People Performance and Culture), Claire Toko (Venues Tourism and Events), Lance Vervoort (Chief Executive) Ewan Wilson (Elected Member) Marie Snowball (Safety & Wellbeing Lead), Jo Keal (Group Manager, Customer & Community), Amanda Rochester (First Union), Amanda Barlow (Minutes)
Guests:	Sarah Griffin (HSR, Animal Education and Control (AEC)), Sue Stanford (Manager, AEC) and Sonia Swinbourne (Animal Control Officer (ACO), AEC)
Apologies:	Helen Paki (GM Customer & Community) Andrew Parsons (GM – Infrastructure and Assets) Olly Te Ua (Māori Rep)

1. Welcome

Handouts provided for meeting:

1. Meeting minutes from 29th May 2023 meeting
2. Safety Alert – Regulatory Update (Plant and Structures Regulations)
3. Guardian Angel Lone Worker Device Review
4. Umbrella Psychosocial Risk Framework

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

The minutes of the Safety Governance Committee Meeting held Monday 29th May 2023 have been confirmed.

Moved by: Ewan Wilson

Seconded by: Lance Vervoort

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

- Greg Dearsly is able to comment on the plant structure review in the general discussion later in the meeting (*This did not take place due to time restraints, however, there was a copy of an update available for all attendees*).
- In regards to independent person reviewing critical risk in relation to plant and machinery, it was advised the Safety and Wellbeing team are preparing to complete an internal review against ISO45001 in the coming months where it will provide HCC with an understanding of how we are sitting before engaging an external person.

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Attachment 5

Action	Assigned To	Due Date	Comments	Status
Review regulations for Plant, Structures and Working at heights and consider how these will apply to HCC.	Marie Snowball	Ongoing	Considered approach using the hierarchy of control. MBIE is quiet, Q1 should have a draft, main difference is written requirements. Toward end of 2023 introduction of the law.	Ongoing – due to the pending election later this year
Consider an independent person to review the critical risks in relation to plant and machinery to have a specialist in the field to review. No outcome was recorded from previous meeting.	Marie Snowball	Next meeting	Complete an independent review. Have someone be more involved. Include specialist advice. <i>Decision to be made – do we understand everything associated with this risk and if we need to source independent advice?</i>	Ongoing
Further amendments to be made to the TOR: Ollie's role is Maaori representative & external advisor, his title is required to be changed in the document Would like to highlight that this committee reports through to the Strategic Risk and Assurance Committee (SRAC), so it is seen as a subcommittee of this committee (Safety Governance Committee)	Marie Snowball	Next meeting		Marie to provide updated copy of TOR to committee.

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3. **Insights from our HSR and staff working at Animal Education and Control (AEC) with the critical risks faced by them being both dealing with abusive customers and mental health as a result of working in this environment.**
- Greg highlighted the timeliness of this topic given it is mental health week and some recent dog attacks in Auckland.
 - Discussion from Greg on the recent Health and Safety Thriving Business Leaders forum. [State of a Thriving Nation: Health, Safety and Wellbeing in New Zealand \(forum.org.nz\)](https://forum.org.nz)
 - Discussion about the purpose of the Animal Education and Control (14 permanent team members and three casuals, 1x fixed term admin person over billing period).
 - Range of calls received by the public relating to a number of different animals, not just dogs.
 - Lucky to have all the Animal Control Officers (ACOs), Administration Team and kennels all at one location as this is not the case at a lot of other Council's across NZ.
 - Examples provided of dealing with abusive customers:
 - Officers have been followed home by members of the public, luckily the staff member realised they were being followed and drove towards the police station. Once the person following them has realised this, they have stopped following them. This incident was reported to the police.
 - Assaults towards ACO.
 - Kennel staff have had verbal abuse towards them at the counter and have to deal with returning dogs back into the care of owners when they know the dog is not being looked after, and can only call SPCA.
 - Threats made through social media, prejudice towards how the pound only puts dogs down. AEC staff are part of a number of community groups through their own social media accounts to see posts about roaming dogs or attacks.
 - Threats made towards the officers being killed.
 - Threatening emails towards staff. A specific example was read out to the Safety Governance Committee.
 - Safety measures put in place:
 - Police called when necessary (search warrants are used)
 - GPS tracking
 - Radios (RTs)
 - Lone worker devices
 - Trespass warrants issued where needed to prevent people from being able to come into AEC
 - Make staff aware of Ora and the need to report threatening and or abusive behaviour.
 - Due to the nature and repetitiveness of the abuse it becomes the norm. Question asked if the team have become complacent because of this however, the team don't believe they have due to them being very aware of their surroundings and the risks that are presented to them.
 - A question was raised to ask if the team have noticed a higher use of drugs in the community. The team are not necessarily noticing more people on drugs but have noticed a lot of COVID dogs that were adopted during covid and weren't socialised correctly. They are seeing a lot more aggression when dealing with members of the community.
 - Clarification of the use of mobile phones and ensuring the team are equipped with the right resources. The team clarified they are provided with work mobile phones and this is the number/phone they use when communicating with members of the public. Social media use is on their personal phone with personal accounts.

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- Body cameras are worn on ACO's and recordings are held at City Safe operations. The ACO have to push a button on the body cam to have it record.
- A discussion was held about the process of when an ACO is called out at night. The ACO will phone the call centre (customer services) and let them know they are attending a job and will call back in after they have finished.
- Discussion about lone working and identifying the risks before completing the task. A known address where there are issues is a factor that is worked into the risk assessment prior to completing the job.
- Concerns raised about the ACO's going out by themselves, and in the environment we are living in presently (increased levels of violence and aggression) the ACO's shouldn't be going out on their own. The uniform is very formal (dark navy blue) and it was suggested by the First Union representative that pink is a less confronting colour. Officers wear fluoro yellow stab proof vests but not bullet proof.
- Only urgent calls are attended at night-time. The officer will make a call if they need another person to attend the call out or not. If so, they will call another ACO to attend. It was estimated ACO's will attend 2-3 urgent call outs during the week.
- Communication between the ACO's is heard on the Radio Base unit at located on the admin AEC desk and a second one located at Customer Services in the Municipal Building. However, recently it was found out that the volume is turned down on the base at Customer Services.
- Training has been completed with the customer services team previously with what to do if there is an emergency however, it is not clear if the current team are aware of what process to follow.

Examples related to mental health:

- Seeing children or people bitten by dogs
- Seeing the environment that people have their animals in (poor conditions/welfare)
- Scenes ACO's are required to attend and what they see. For example, called to scenes by police as a deceased body is present (sometimes murdered) and the police require ACO's to go in and remove the dog
- Impounding dogs knowing that they may never go home
- Having to return dogs back to abusive owners due to not having any legal basis to keep the dog

Discussion about how the AEC team look after their mental health:

- Utilise EAP and have Vitae site visits
- Have a mandatory mental health WOF
- Use of humour
- Training workshops
- Having cats onsite (unofficial therapy cats)
- Great team environment to support each other
- Use of leave to ensure people are well rested
- Hold some events in the community
 - Dirty dog challenge to raise money
 - Annual scavenger hunt

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Some stats to provide further understanding of what the team at Animal Control face:

- 6900 jobs plus were carried out by the ACO's
- 1500 unregistered dog follow ups also completed by ACO's (additional to 6900 jobs)
- Over 2022 there were a total of 1200 dogs impounded. Of these dogs;
 - 540 dogs (47%) of the dog owners came to collect their dogs
 - 161 dogs (14%) of dogs were adopted
 - 2 dogs (.2%) were placed with SPCA
 - 49 (4.3%) dogs were handed over to the pound to be euthanised (surrendered by their owners)
 - 397 (34.5%) dogs euthanised due to behavioural issues, wrong breed, unable to be adopted etc. (making a total of 446 dogs euthanised including sign overs)
- The length of the stay for dogs staying in the pound is now longer. The legislative ACT states that the owner must be sent a letter however, with NZ post having a minimum 3 day turn around for letters being delivered, the length of stay at the kennels for a dog has increased.
- Euthaniser takes a toll on the staff (kennels and ACO's) and the vets have to rotate due to the emotional toll it takes on them.

4. Psychological Risk Framework (Marie and Greg)

- Introduced the Umbrella Psychosocial Risk Framework to consider – a handout was provided to the committee outlining the framework.
- Raises the question of what are we doing to reduce the risk of these things happening in the workplace?
- Task factors – Do we understand the emotional demands of the work? How much authority and autonomy do people have to make decisions in the moment and what is the consequence following this?
- Social factors – support for people in the team including the manager.
- Organisational factors – leadership commitment, policies and procedures and getting change correct.
- Individual factors – how Council support individuals in the organisation.
- Approximately 22 Good Yarn workshops have been completed throughout Council to date which includes in its content the Te Whare Tapa Wha model.

Discussion about turn over at AEC. Staff who have exited the business in the last year have been for different reasons, two had long covid and some couldn't cope with the euthanasia. To help with recruitment and people fully understanding what the jobs would entail, they complete a realistic job preview with ACO's, and kennel job applicants prior to an offer of employment is made, they must attend a vet morning as part of this.

5. Walk around Animal Education and Control

- Governance committee was shown around the adoption block, saw the prosecution section of the centre and was shown the crush cage to help understand the process used.
- The walk around allowed the opportunity to ask questions to the AEC team to further understand the environment they work in.

6. General Discussion – around the table

- **Ewan** – Looking forward to seeing the funding requests through the LTP for an extension of the pound with more kennel blocks. Also, keen to see two staff working together at night.

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- **Sean** – Acknowledge this possibly is one of the worst areas of Council where abusive behaviour is experienced however, understand there are also other areas exposed to it.
- **Lance** – Will look into the AEC LTP and look into the lone working. Heartened by the stuff the team do to manage mental health. Liked the emphasis of how they learn from each other and look after each other without the reliance on management.
- **Claire** - Thought it was a good session and great conversations. Wonder if there is an opportunity to have safety alerts be sent out to the wider community. WOL – questioned about the roll out and the need for the gardens to do a concept paper that gets signed off by the CE. Quick conversation about this and the need to loop back with Lewis Snapes who is leading this project. Talked about the recent Civil Defence training been completing and would encourage other staff to upskill in Civil Defence. Have seen an increase in drugs around the site recently. Had an incident yesterday in the carpark where initially it was thought someone needed help (unwell) however, it was quickly identified they were using drugs. The security manager went out to manage the situation
- **Dan** - Acknowledged Lance, Sean and Ewan to come to these meetings given how busy their schedules are and also Amanda from the union and the perspective provided in today's meeting.
- **Marie** – Cements the need to move the lone working project quicker.
- **Greg** – Can see an opportunity for the AEC to work more closely with the customer services team. Also support the need to look at what a lone worker is. When the staff enter into the ISO block, even though they are only 20 meters away from the office, when they are entering the block alone.

The meeting was declared closed at 3.33pm

Next Meeting November/December TBC

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7. Completed Actions Register

Action	Assigned To	Due Date	Comments	Status
Dan to share the report detailing the review of guardian angel that was presented to ELT today with the committee	Dan Finn	Next meeting		Closed
Plant, Structures and Working at heights – New regulations	S&W Team	Next meeting	Amanda Barlow presented on this item during this meeting	Completed
Changes to be made to TOR Safety Governance Committee <ul style="list-style-type: none"> Part of ELT's role is being informed through this committee. Adapt the wording of the roles and responsibilities to align with this Under the section: amend wording to "advice, provide assurance and recommendations to the strategic leadership team" Amend job titles of the members to correct them Need for the learnings and outcomes of this meeting. Lance to discuss with Dan. Share with HSR's 	Marie Snowball	Next meeting	Terms of Reference document updated.	Closed
Question the need for plant (table saws) to be put on assets register. Look at Ungerbok and review if plant and other similar plant is on the register for H3 as unsure this is currently happening.	Claire Toko	Next meeting	Assets over \$5000 are captured in UngerBok. If there are specific items we wish to capture, then it is possible.	Closed

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

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Lance to confirm with Ewan and Olly if they would like to stay on the Committee	Marie	Next Meeting	Confirmed that Ewan and Ollie will continue on the committee	Closed
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Council Report

Item 8

Committee: Strategic Risk and Assurance Committee

Date: 07 December 2023

Author: Nicholas Whittaker

Authoriser: David Bryant

Position: Senior Risk and Resilience Advisor

Position: General Manager Business Services

Report Name: Risk Management Report

Report Status	Open
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Purpose - *Take*

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

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

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

Executive Summary - *Whakaraapopototanga matua*

3. Hamilton City Council's strategic and organisational risks have been reviewed over the last quarter and where relevant, have been updated to reflect the changing risk environment.
4. Strategic Risk 1 has two specific updates this quarter relating to risks to the water supply network. Staff will continue to monitor El Niño conditions to ensure Hamilton is prepared for any significant risks to water supply.
5. Council continues to implement the relevant corrective controls for Strategic Risk 2 as we navigate a tough economic climate.
6. The general election held on 14 October 2023 has resulted in a change of government. At the time of writing this report, coalition negotiations were ongoing so there are still high levels of uncertainty regarding the potential impacts on Council.
7. Organisational Risk 3 has an update on the golden clams which have previously been found within the Waikato River. The invasive golden clam was found at the Waiora Water Treatment Plant at the beginning of November. It's important to note that **Hamilton's drinking water remains safe**. All clams detected have been disposed of in accordance with Ministry for Primary Industries advice. In response to the identification of clams at the Waiora Water Treatment Plant, staff will be increasing inspections of other areas of the water treatment plant with the intent to identify and remove any clams as early as possible to minimise impacts on infrastructure and process performance.

8. At the September Strategic Risk and Assurance Committee, the risk appetite statements for the strategic and organisational risks were confirmed. These appetite statements will be used to guide investment decisions and the internal audit programme. The risk appetites have been included in the Strategic and Organisational Risk Register and further details can be found in the Finalised Risk Appetite Statements attachment.
9. Staff consider the matters in this report have medium significance and that the recommendations comply with Council's legal requirements.

Background - *Koorero whaimaarama*

10. The Strategic Risk and Assurance Committee meeting of 16 May 2019 approved, for monitoring purposes, eight strategic risks and three organisational risks. At subsequent meetings, staff reported on the status of each risk and associated treatment plans. A ninth strategic risk relating to climate change was added in 2020.
11. The purpose of this report is to highlight significant activity over the last quarter for each risk. The attached Risk Register sets out more detail on all strategic and organisational risks including treatment plans.
12. A review of Council's strategic risks with the Executive Leadership Team took place in May 2022.
13. The outcome of this review included proposed changes to risk names and descriptions which were taken to the Strategic Risk and Assurance Committee Workshop on 8 June 2022. Changes to risk names and descriptions were discussed by the Committee and approved. Staff are currently looking into scheduling another full review in early 2024.

Discussion - *Matapaki*

Strategic Risk 1 – Failure to Respond to a Disaster

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

Capability Assessment Workplan Update:

16. The 2022 CDEM Capability Assessment undertaken by Simplexity showed Hamilton City Council has improved its emergency management capability with a score of 75.1% compared to the assessment undertaken in 2019 with a score of 70.9%. The assessment resulted in high scores against response capability and lower scores around understanding the wider hazardscape. The reports states "Future emergency management efforts for Hamilton City Council could focus on consolidating existing hazard risk research and refreshing its understanding of other hazard vulnerabilities to reframe the city's understanding of its exposure to potential disruptions, and support its emergency management capability before, during and after an emergency". Change requests were submitted to the draft LTP for resourcing hazard research and community preparedness, however, significant budget constraints have not resulted in investment at this time. Staff will continue to focus on response capability with a view to undertaking some initial assessment work of what would be required to advance better understanding of our hazard scape and community preparedness, which may inform future investment opportunities.

Western Bulk Water Main Update Main:

17. At the last Strategic Risk and Assurance meeting it was reported that urgent remedial erosion work being undertaken on the Waikato riverbank near the western bulk main pipes in the vicinity of the Mangakootukutuku Stream entrance to the river. The work was required to stabilise the bank and prevent damage to this critical infrastructure, which supplies the western side of the city (up to approximately 30,000 residential and commercial properties) from the Waiora Water Treatment Plant. This urgent work has now been completed negating the risk to water supply to the west of the city. Despite some short delays, the construction to strengthen the riverbank and prevent further erosion was undertaken using emergency procurement provisions and completed under the initial budget sum approved.

Long Range Weather Forecast Impacts:

18. At the last Strategic Risk and Assurance Committee meeting it was reported that water levels in Lake Taupo were at a level lower than expected and had been consistently trending downwards since June 2023. Lake levels have stabilised in the period since the last report but remain below average for this time of year.
19. NIWA has recently launched a new drought forecasting tool and dashboard with week-to-week predictions of rainfall, dryness, and potential drought 35 days into the future, which updates, capturing the latest changes in the climate system.
20. Key points from the latest NIWA forecast:
 - i. Temperatures are most likely to be above normal and rainfall below normal;
 - ii. Soil moisture and river flows are equally likely to be near or below normal;
 - iii. El Niño is here for summer and there's an 80% chance of it continuing through autumn.;
 - iv. A hot spell is predicted for the second half of November; and
 - v. Winds are expected to be above normal.
21. The Waikato is unlikely to experience very dry conditions through November, there's a 40-50% chance that rainfall will be below normal between now and January. The areas identified as experiencing dryness or drought within the next forecast 35 days do not include Waikato or Hamilton.

Strategic Risk 2 – Significant Negative Impact on Financial Strategy

22. This risk description is 'A major economic or financial shock event **negatively impacts Council's financial strategy, fiscal and monetary position** resulting in significant financial pressure on Council.' This risk links to Strategic Risk 7 – Failure to deliver our work programmes.
23. There is no change to the residual risk rating for this risk – it remains at medium.
24. Development Contribution (DC) revenue for Q1 of the 2023/24 financial year was \$10.3M, with revenue currently on track to hit projected levels. However, residential consenting has cooled but not to the level expected earlier in the year. High financing costs, low house prices and high levels of uncertainty are keeping developers cautious, so we are not expecting to see an increase in residential consenting levels in the next 12 months (typically residential makes up 77% of DC revenue). This may result in lower than forecast DC revenue.
25. Annual capital price inflation fell from a peak of 12.5% to 6.4% in the June 2023 quarter but remains high. September 2023 data was unavailable at the time of writing. Inflation is proving stickier than forecast, particularly domestic inflation. This has flow on effects for council and for wage expectations.
26. The RBNZ has held the official cash rate at 5.5% since May 2023 with financing costs expected to remain high over the coming 12 months.

27. Immigration levels reached 110,000 in August 2023, with Hamilton seeing population growth of 6100, including net international migration of 4900 people. While this has helped local business at a time when local demand is softening, it also increases demand for Council services as well as adding pressure to the local rental market and demand for housing.
28. Staff will continue to actively monitor and report on economic conditions and their impact on DC revenue, capital expenditure and operational budgets.

Strategic Risk 3 – Failure to Meet Compliance Standards

29. This risk description is ‘Compliance requirements from Central Government and regional council or changes in community expectations leads to a **failure to meet compliance standards** resulting in increased exposure to litigation.’ This risk links to Strategic Risk 6 – Political changes negatively impact strategic direction.
30. There is no change to the residual risk rating for this risk – it remains at high.
31. Central Government passed several significant pieces of legislation in August. Staff continue to assess the requirements for compliance with changes – notably legislation and policy direction that may be rolled back following the national elections. This is highly dependent on the outcome of coalition negotiations and the priorities of each of the Parties following any successful agreement.

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

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

Strategic Risk 5 – Failure to Deliver Growth Outcomes

35. This risk description is ‘Step-changes in growth requirements or demand or consequences of growth means **Council can’t deliver expected growth outcomes** resulting in increased costs and the perception that growth delivers negative outcomes for the community.’
36. There is no change to the residual risk rating for this risk – it remains at high.
37. Our population growth is not a tap Council can turn off. To ensure Hamilton Kirikiriroa retains its value proposition, there is a need to balance its financial situation with investing to grow the city well. There are risks and consequences if Council slows investment in growth. Continued investment enables us to address infrastructure capacity, enable jobs and industry, enable housing, and deliver community facilities that make our city a great place to live.
38. Council also has a legislative obligation to deliver for the future of the city, not just the now. Council needs to ensure there is a pipeline of land supply that is both zoned and serviced.
39. Council needs to find a balance between addressing our short-term challenges, and enabling the city to develop in a managed way, for our future communities. Growth will continue but become more market-led if Council fails to provide for it. This has the consequences of council needing to reactively provide infrastructure, and development occurring in unintended locations.

Strategic Risk 6 – Political Changes Negatively Impact Strategic Direction

40. This risk description is 'Political stakeholders make unanticipated changes or decisions or take actions that negatively impact Council's strategic direction resulting in significant changes to Council's form or function, resourcing and work programme.' This risk links to SR3 – Failure to meet compliance standards.
41. There is no change to the residual risk rating for this risk – it remains at very high.
42. The general election held on 14 October 2023 has resulted in a change of government. At the time of writing this report, coalition negotiations were ongoing so there are still high levels of uncertainty regarding the potential impacts on council.
43. Staff have initiated contact with local and national representatives who will be part of the incoming government to ensure that Hamilton's plans and aspirations are known.
44. One of these new local representatives is Ryan Hamilton. He has since resigned from Council, which has resulted in the need for a by-election. This will result in a political change at the local level. The by-election is scheduled for 17 February 2023. The key dates for the by-election are:
 - i. Nominations open: Friday 24 November 2023;
 - ii. Nominations close: Friday 22 December 2023;
 - iii. Voting opens: Friday 26 January 2024; and
 - iv. Voting closes: Saturday 17 February 2024.

Three Waters

45. Prior to the election, National signalled that they will repeal Three waters legislation and replace it with a system "that ensures drinking water, stormwater and wastewater remain in local control".
46. They have also indicated that they will set and enforce strict water quality standards and require councils to invest in the ongoing maintenance and replacement of their vital water infrastructure, while keeping control of the assets. Councils will be required to demonstrate a clear plan to deliver ongoing investment in water infrastructure. Those plans will need to be approved by the Minister of Local Government.
47. In summary, they have indicated they will:
 - i. Repeal Three Waters and scrap the four co-governed mega-entities;
 - ii. Restore council ownership and control;
 - iii. Set strict rules for water quality and investment in infrastructure; and
 - iv. Ensure water services are financially sustainable.
48. National's plan also signals greater access for councils to long-term borrowing through the formation of Regional Council Controlled Organisations.
49. Council staff continue to keep a watching brief on any further detail that will provide certainty for council.

Resource Management

50. Prior to the election, National has signalled that it will repeal both the Natural and Built Environment Act and the Spatial Planning Act by Christmas 2023.
51. As an alternative, National supports one year consenting for major infrastructure and renewable energy projects, alongside their 'Going for Housing Growth' plan that includes a longer-term project to reform the Resource Management Act.
52. Council staff, along with Future Proof partner councils, continue to keep a watching brief on any further detail that will provide certainty for council.

Strategic Risk 7 – Failure to deliver our Work Programmes

53. This risk description is 'An ongoing shortage of necessary resources (people and materials) means Council is unable to deliver our work programmes resulting in constrained growth and negative long-term outcomes for the community.' This risk links to Strategic Risk 2 – Significant negative impact on financial strategy.
54. There is no change to the residual risk rating for this risk – it remains at high.
55. The residual likelihood of this risk has been maintained at Possible to reflect the current operating environment. Examples include:
 - i. No new transport CERF work being funded or further progressed by Waka Kotahi;
 - ii. There is increased uncertainty regarding central government funding for projects until future priorities as determined by the government. This increases the risk of being unable to deliver projects that are already in the pipeline;
 - iii. There is also the possibility of new projects being funded or prioritised by government;
 - iv. Broader economic uncertainty which may impact competition for contracts; and
 - v. Staff continue to closely monitor our ability to deliver our work programmes as it continues to be impacted by external factors (such as those mentioned above).
56. Consistent poor weather over the traditional summer months has had an impact on the progress and cost of some projects and the national forward workload following the January - February 2023 cyclones. This poor weather continued through into August 2023 and the impacts on cost and programme were significant, particularly on some of the larger infrastructure projects like Peacocke and Borman Road. Cost and time implications were worked through contractually and are ongoing coming into the summer season.
57. Internal resourcing requirements continue to be reviewed as part of each long-term or annual plan process. Supply chain insights are routinely obtained through close relationships with the construction industry and ongoing collaboration with the NZ Infrastructure Commission, Construction Accord, and the Waikato Branch of Civil Contractors NZ (CCNZ) and provision of pipeline of work opportunities to CCNZ.
58. Through the 2023/24 Annual Plan, deliverability has been a major consideration when developing the capital works programme. For this reason, it is expected that for the 2023/24 financial year the likelihood of this risk occurring will be reduced. It is vital that council optimise procurement processes and contracts to enable HCC to be a construction industry client of choice.
59. There are some supply chain issues remaining, impacting on delivery of our work programmes. Cost escalation continues to impact on the delivery of our work programmes. For commentary relating to cost escalation refer SR2 Significant negative impact on financial strategy.

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

60. The risk description is 'A lack of Council's preparedness leads to a **failure to respond or an ineffective response to a crisis (e.g. pandemic) or emergency** (e.g. security attack) resulting in compromised business resilience.' Links to SR1 and SR4.
61. There is no change to the residual risk rating for this risk – it remains at very high.
62. Over the last 12 months there has been a significant uptake in operational risk management across our activities. This programme has supported our leadership teams to proactively identify potentially disruptive events and ensure the risks are appropriately managed. This strong foundation will continue to be improved throughout 2024.

63. Business Impact Analysis (BIA) workshops are continuing to be rolled out across council's activities as part of the ongoing business continuity management work programme. There have been delays to this programme due to organisational capacity, however, will be a high priority early 2024. These will then be used to inform business continuity planning late 2024.
64. The crisis and emergency management activity continues to be reviewed. Following the gaps analysis workshop in August, a more detailed work programme is still to be developed. A full work programme will be developed early 2024 which will align with the annual risk and resilience work programme.

Strategic Risk 9 – Failure to Respond to Climate Change

65. This risk description is 'Climate change causes **changes to our community and City we have not anticipated or planned for** which will negatively impact on the wellbeing of our community.' This risk links to Strategic Risk 1 – Failure to respond to a disaster.
66. There is no change to the residual risk rating for this risk – it remains at very high.
67. This risk description is 'Climate change causes changes to our community and City we have not anticipated or planned for which will negatively impact on the wellbeing of our community.' This risk links to Strategic Risk 1 – Failure to respond to a disaster.
68. There is no change to the residual risk rating for this risk – it remains at very high.
69. An additional treatment plan has been added for the Climate Change Disclosure programme. This project commenced in October 2023 and staff have begun reviewing our current status against the four domains (Governance, Strategy, Risk management and Metrics and Targets) of the taskforce for climate-related financial disclosure. A more detailed update will be presented to the Committee in March 2024.
70. The Ministry for the Environment (MfE) and Stats NZ released the [Our atmosphere and climate 2023](#) report on 11 October 2023. This report outlines the significant drivers of climate change, how our climate is changing, and the severe effects that this is having on all aspects of our environment and society. MfE has developed a series of visual stories to help make the report easier for the community to understand, they are – [Glaciers, Snowlines and Biodiversity](#), [Forests and Biodiversity](#), [Ocean and Biodiversity](#) and [Extreme Weather](#). The report found that Aotearoa New Zealand is experiencing increased severity and frequency of extreme weather events, alongside more gradual changes such as an average temperature increase of 1.26°C between 1909 and 2022, with the last decade being the warmest on record. Rainfall patterns are also changing, with the south of the country becoming wetter and the north and east becoming drier. The report also found that it is highly likely we will not meet the Paris Agreement goal to limit global warming to well below 2°C above pre-industrial levels, and that it is almost certain that changes in our atmosphere and climate will have significant and enduring effects on all other environmental domains. However, there is also an emphasis on how any and every action taken now to prevent climate change will bring benefits, and that although we face a huge challenge, we already know many of the solutions.
71. The [28th Conference of the Parties](#) for the United Nations Framework Convention for Climate Change opened [on 30 November 2023](#) and runs [until 12 December 2023](#). The first Global Stocktake will be a focus of COP28, the stocktake will provide a comprehensive assessment of the progress made towards the goals of the Paris Agreement and outline the current gap in level of action and ambition.

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

72. This risk description is 'Ineffective or inadequate health, safety and wellbeing management at our work sites leads to a **failure to provide a safe and healthy work environment for Council staff or workers** (inc. contracted or volunteer workers) resulting in a serious injury incident or fatality and increased exposure to litigation.'

- 73. There is no change to the residual risk rating for this risk – it remains at high.
- 74. A separate report is taken to the Strategic Risk and Assurance Committee which provides further details about the Organisation's Health and Safety strategic direction and improvement schedule.

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

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

Organisational Risk 3 – Failure of Critical Assets

- 78. This risk description is 'Incorrect investment (timing and/or amounts) results in the unexpected **failure of critical assets** (loss of levels of service).'
- 79. There is no change to the residual risk rating for this risk – it remains at very high.
- 80. Baseline AMPS have been completed which include a 'critical assets' section. These have also been through an external peer review. AMPs are considered key building blocks for the LTP and Infrastructure Strategy, as help inform and drive our long term thinking and planning.
- 81. Investment requirements for critical assets is being discussed as part of the LTP process and ensuring these decisions are appropriate is a critical control to this risk.

Impact of Golden Clams on Infrastructure

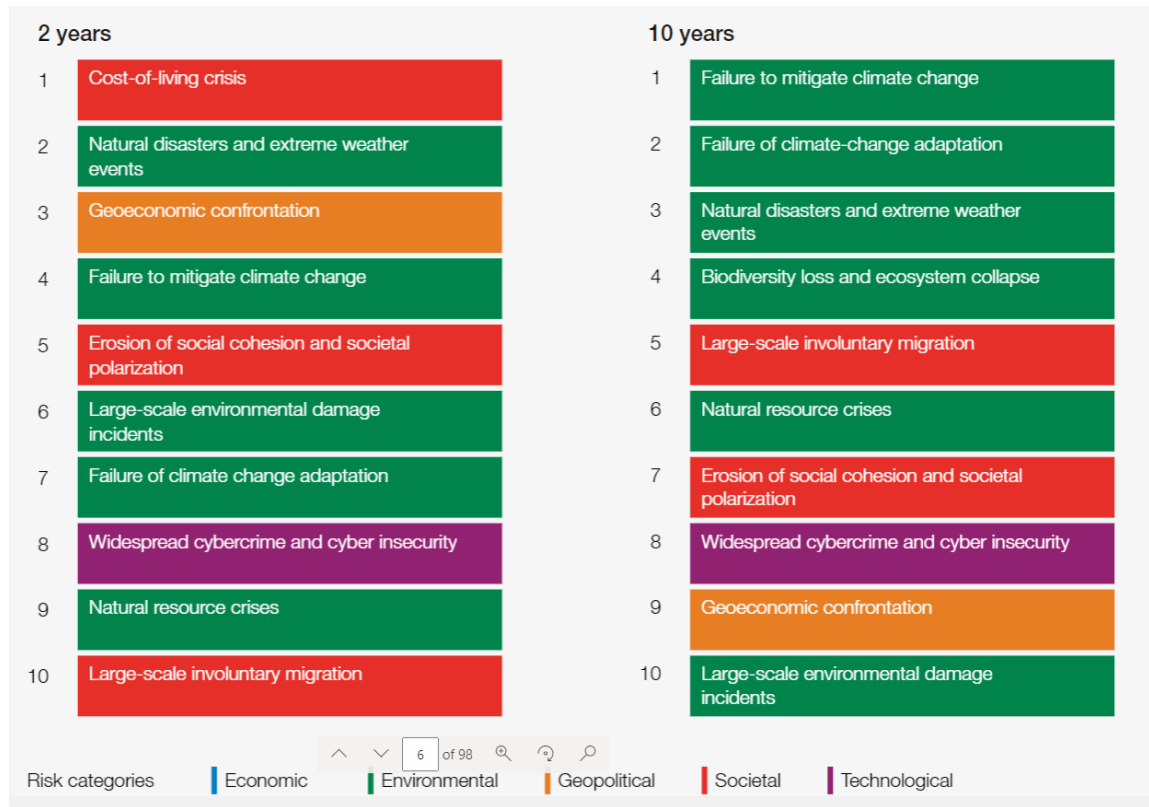
- 82. There has been a recent development in relation to the invasive gold clam (*Corbicula Fluminea*) that was identified in the Waikato River earlier this year. For context, the clam is an invasive shellfish that breeds rapidly and could detrimentally impact native ecosystems and cause blockages and reduced efficiency of water infrastructure and treatment processes.
- 83. There are no health risks associated with our treated water due to clams being present in the river. **Hamilton's drinking water remains safe.**
- 84. A number of adult size freshwater gold clams were found during routine cleaning and maintenance at the Waiora Water Treatment Plant at the beginning of November (see picture below).
- 85. The clams were found in the sediment at the bottom of the intake wells where water from the Waikato River is pumped before it enters the water treatment process during a planned maintenance inspection and cleaning process. All clams detected have been disposed of in accordance with Ministry for Primary Industries advice.
- 86. In response to the identification of clams at the Waiora Water Treatment Plant, staff will be increasing inspections of other areas of the water treatment plant with the intent to identify and remove any clams as early as possible to minimise impacts on infrastructure and process performance. There will be unbudgeted costs associated with the increased inspections and maintenance activities which will be reported through to the Finance committee once they are fully known, as part of the normal financial forecasting process.
- 87. The freshwater gold clams were first detected in the Waikato River in early 2023 and populations of the species have been found in the river at Wellington Street Beach. The clam is an unwanted organism under the Biosecurity Act 1993 and the Ministry for Primary Industries (MPI) are the lead agency in this biosecurity response.

88. Council continues to follow advice from MPI and have notified MPI of the clam's presence at our Water Treatment Plant. Further information about fresh water gold clams can be found at: <https://www.mpi.govt.nz/biosecurity/exotic-pests-and-diseases-in-new-zealand/pests-and-diseases-under-response/freshwater-gold-clam/>



Global Risk Landscape

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



Financial Considerations - *Whaiwhakaaro Puutea*

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

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

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

Climate Change Impact Statement

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

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

93. 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').
94. 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.
95. The recommendations set out in this report are consistent with that purpose.

Social

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

Economic

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

Environmental

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

Cultural

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

Risks - *Tuuraru*

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

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

Significance

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

Engagement

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

Attachments - *Ngaa taapirihanga*

Attachment 1 - Strategic and Organisational Risk Register - December 2023

Attachment 2 - Finalised Strategic and Organisational Risk Appetite Statements - September 2023



Strategic & Organisational Risk Register





Q2 2023/24

How to read this document

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

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






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




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

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

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

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

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

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

Strategic Risk 1					
SR1 Failure to Respond to a Disaster					
A lack of preparedness leads to a failure to respond or an ineffective response to a natural or human induced disaster event resulting in compromised community resilience. Links to SR4 Loss of information or access to systems and SR8 Failure to respond to a crisis or emergency					
Risk Owner	Helen Paki	Category	Disaster Recovery/Business Continuity Strategic	Risk Appetite	Cautious - 2
Risk Cause					
1. Natural disaster event without warning or build up					
2. Severe weather events that increase in intensity, including those events that are a result of climate change					
3. Critical asset failure that impacts the safety of Hamiltonians – water, energy, telecommunications, financial, transportation					
4. Disaster caused by failure of human-made structure					
5. Pandemics					
Inherent Risk Rating			Very High – Possible x Catastrophic		
Existing Controls					
1. Annual external (NEMA) capability assessments					
2. Collaboration on emergency management response approach					
3. Co-located EOC in a dedicated leading-edge centre					
4. Early warning processes are in place at a national and regional level					
5. Emergency Management Framework					
6. Emergency management training program					
7. Robust emergency exercise schedule in place					
8. Council has established an Incident Management Team					
9. Availability of technical expertise					
10. Regional and national emergency services relationship management					
11. Council has responsibility for climate change response					
12. District Plan					
13. Asset Management. 2021-2051 Infrastructure Strategy is in place.					
14. Asset Management.2021-31 Activity Management Plans int. ext. reviewed					
15. Asset Management. Manage, monitor, operate and maintain critical assets					
16. Asset Management. Plan policy in place to set standards					
Residual Risk Rating			Very High – Possible x Major		
Responsible Manager(s)	Kelvin Powell Helen Schlegel	Risk Treatment Option		Mitigate	
Treatment Plans					
Treatment Plan	Previous Update		Update – December 2023		
Implement workplan to address findings raised in Capability Assessment by December 2023	June 2023 Seven recommendations from the Auckland Flood Response Review assessed as having direct relevance to Hamilton and have been added to the workplan for addressing with		December 2023 The Capability Assessment action plan has been incrementally achieved with two outstanding matters – hazard research and community		

	<p>urgency. Workplan is on track but extra added work will make it a challenge to achieve</p> <p>September 2023 Workplan continues to be on track. Two major items require LTP funding (Hazard Research and Public Engagement). Applications have been completed.</p>	<p>engagement. These areas are not currently resourced but change requests have been submitted to the Long-term plan process. Staff are to undertake a gap analysis and scoping of options for a future business case.</p>
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Strategic Risk 2					
SR2 Significant Negative Impact on Financial Strategy					
A major economic or financial shock event negatively impacts Council’s financial strategy, fiscal and monetary position resulting in significant financial pressure on Council. Links to SR7 Failure to deliver our work programmes					
Risk Owner	David Bryant	Category	Financial	Risk Appetite	Cautious - 2
Risk Cause					
<div>1. Global financial or pandemic crisis</div> <div>2. Rapid increases in inflation, finance sector credit contraction, interest rates, oil prices, or a rapid decline in NZD leading to significantly higher construction input costs, debt costs, and significant pressure on household rates affordability</div> <div>3. Critical infrastructure failure</div> <div>4. Major construction industry failure</div> <div>5. Major government policy changes negatively impact Council’s income streams or cost base</div> <div>6. Natural or manmade disaster (including deliberate attacks on critical infrastructure or pandemic) has an impact on the economy (e.g. affects national imports/exports, which has a flow on effect)</div> <div>7. Recession (two successive quarters of negative GDP growth)</div>					
Inherent Risk Rating			Very High – Likely x Major		
Existing Controls					
<div>1. PwC, as Council’s treasury partner</div> <div>2. Financial forecasting cycles at the Finance & Monitoring Committee</div> <div>3. Monitoring of macro trends</div> <div>4. Additional \$100M bank facility</div> <div>5. Financial scenario modelling</div> <div>6. Council’s ability to urgently reprioritise and reduce capital spending</div> <div>7. Ability to urgently reprioritise and reduce community LOS spending</div> <div>8. Financial Policies</div>					
Residual Risk Rating			Medium – Possible x Moderate		
Responsible Manager(s)	Tracey Musty Greg Carstens	Risk Treatment Option	Accept		

Strategic Risk 3					
SR3 Failure to Meet Compliance Standards					
Compliance requirements from central government and regional council or changes in community expectations leads to a failure to meet compliance standards resulting in increased exposure to litigation. Links to SR6 Political changes negatively impact on strategic direction.					
Risk Owner	David Bryant	Category	Compliance and Regulatory Environmental Political Reputation	Risk Appetite	Neutral - 3
Risk Cause					
<div>1. Central government changes the regulatory standards for compliance: including resource management, environmental (including climate change and pollutant management), corporate (including health and safety, human resources and financial), growth, consultation requirements, health and infrastructural (including traffic and transport) compliance. This might also include changes to the required frequency of Council actions (such as the 10 Year Plan). This also includes wide-ranging regulatory changes in response to an incident such as a pandemic or natural disaster</div> <div>2. Continued or serious breaches leading to increased compliance requirements and regulation</div> <div>3. Community service-level expectations in management of water quality, recycling, climate change and other services not being met</div> <div>4. Failure to plan long term for consenting requirements (both as a regulator and a regulated entity)</div> <div>5. Regional Council changes its policies to ensure legislative compliance (e.g. Healthy Rivers policy)</div> <div>6. External audit identifying major non-compliance within HCC operations (e.g. by IANZ)</div> <div>7. Legal challenge to HCC policy or practice resulting in findings of non-compliant practices</div> <div>8. Change in stakeholder partner expectations for environmental performance</div> <div>9. Changes to our own District Plan impacting other parts of the business (e.g. changes to resource consents affect consented Three Waters activities)</div> <div>10. Increased cost of compliance</div> <div>11. Compliance standards at odds with each other</div>					
Inherent Risk Rating			High – Possible x Serious		
Existing Controls					
<div>1. Advice available from external legal service providers - ad hoc basis</div> <div>2. Central oversight of bylaw and Council policy programme at HCC</div> <div>3. Competency assessments and training in place for staff</div> <div>4. Council has access to a legal database</div> <div>5. Council has established an Incident Management Team</div> <div>6. External experts – for example advice on HR, taxation matters.</div> <div>7. Internal legal advisor resource</div> <div>8. Internal programme for continuous improvement in place</div> <div>9. Internal resource allocated for specific compliance changes</div> <div>10. Key stakeholders engaged for central government submissions</div> <div>11. Local and regional council relationships established</div>					

12. Notification protocols in place for unforeseen events			
13. Regular legal services advice and input from other specialist experts			
14. Regular reporting, accreditation and auditing by independent providers			
Residual Risk Rating		High – Possible x Serious	
Responsible Manager(s)	Mish Hawthorne Anna Hildyard	Risk Treatment Option	Mitigate
Treatment Plans			
Treatment Plan	Previous Update	Update – December 2023	
Legislative Compliance - Implement organisational monitoring and reporting by August 2023	<p>June 2023 No update - ongoing treatment plan</p> <p>September 2023 Compliance Policy review, and testing/piloting of SHIELD use to monitor compliance reporting underway</p>	<p>December 2023 Compliance Policy review and testing has been completed, staff are inputting legislation under the Business Services Group, engagement with the wider organisation has been delayed to allow LTP and FutureFit work to work through.</p>	
Develop additional Compliance Training modules by August 2023	<p>June 2023 Fraud and Corruption Policy is currently under review. Once the policy has been approved by BSLT this will form the basis of the Fraud and Corruption online module.</p> <p>September 2023 Fraud and Corruption Management Policy review completed, options for online training content is being explored, delayed due to sickness of key staff.</p>	<p>December 2023 Staff have refocused on LGFOIMA and Privacy training with the organisation, further work on Fraud and Corruption training will now be in the new year</p>	

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

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

<ol style="list-style-type: none"> Numerous strategies and plans in place to manage growth outcomes Hamilton Urban Growth Strategy Future Proof Partnership and work programmes Engagement with Central Government Engagement with neighbouring Councils on strategic growth planning Preparation of growth programme business cases Growth Programmes team Communications and engagement strategies for Growth National Policy Statement Urban Development Changes to District Plan (plan changes) where required Zoning Decision Process Submissions on any neighbouring councils plan changes. Management of Resource Consent applications Out of Boundary Principles Private Developer Agreements Monitoring the broader environment HCC Growth and Development Contributions model Long Term Plan (LTP) and Annual Plan reviews 			
Residual Risk Rating		High – Possible x Serious	
Responsible Manager(s)	Karen Saunders Greg Carstens Mark Davey Hannah Windle Nicky Swan Tunde Balvanyos	Risk Treatment Option	Mitigate
Treatment Plans			
Treatment Plan	Previous Update	Update – December 2023	
Actively respond to opportunities to secure growth funding to enable growth (e.g. IAF, IFF), ONGOING	<p>June 2023 Continuing to pursue new funding opportunities e.g. IFF in parallel with the LTP</p> <p>September 2023 Continuing to pursue IFF in parallel with the LTP. Met with CEO of CIP, agreed to progress. Preference for citywide IFF and Peacocke component on hold.</p>	<p>December 2023 A report is to be presented to Council on 28/29 November 2023 regarding IFF with the main LTP report.</p>	
Progress and notify District Plan Change Programme in response to Government Direction from NPS-UD and RMA Bill, by late 2023	<p>June 2023 Plan Change 5 (Peacocke) is at the appeals stage, Industrial Land Supply Analysis has been completed to inform up-coming HBA analysis, expert conferencing sessions for Three Waters for PC12 have been held with the other topics to be held in June</p>	<p>December 2023 Plan Change 14 in on track to be notified first half 2024. Plan e Change 12 processes will continue following Plan Change 14 notification, subject to any changes in government policy.n government</p>	

	<p>with hearings scheduled for September 2023.</p> <p>September 2023 Plan Change 5 (Peacocke) is at the appeals stage, Industrial Land Supply Analysis has been completed to inform up-coming HBA analysis and Emerging Areas investigations are continuing, hearings on PC12 have been delayed in order to address flood hazards through Plan Change 14 first (due to be notified early 2024). Decision deadline on PC12 has been extended by the Minister for the Environment for HCC till December 2024.</p>	
Incorporate a growth lens to the 2024-34 LTP discussions and consultation, by June 2024	(NEW TP)	<p>December 2023 Session on Growth was held with Elected Members as part of the 7-8 Nov LTP workshop. This included growth projections, challenges, risks of not investing in growth and the growth programmes. Consultation doc and final LTP report preparation under way incorporating growth lens.</p>

Strategic Risk 6					
SR6 Political Changes Negatively Impact Strategic Direction					
Political stakeholders make unanticipated changes or decisions or take actions that negatively impact Council's strategic resulting in significant changes to Council's form or function, resourcing and work programme. Links to SR3, Failure to meet compliance standards.					
Risk Owner	Blair Bowcott	Category	Political Service Delivery Strategic	Risk Appetite	Receptive - 4
Risk Cause					
1. Wider economic downturn					
2. Political changes including central government coalition parties, strategic direction and legislative changes creates risk or opportunities					
3. Local political changes, including potential misunderstanding of Council's intent					
4. Political personalities, trust and relationships and change of key personnel – positive & negative					
5. Failure to manage stakeholder relationships, communication and engagement tactics, including due to a lack of resource or need to balance priorities					
6. Short term focus overshadows long term cost benefit outcomes					
7. Political sovereignty/patch protection, lack of alignment or willingness to compromise ie boundaryless approach vs localism					
8. Financial strategy misaligned with wider context					
9. International events, trends or decisions influence NZ					
10. Major projects or initiatives for the benefit of Hamilton accelerating or slowing down					
11. Relationships with neighbouring territorial authorities are ineffective or adversarial due to differences of opinion or priorities					
Inherent Risk Rating			Very High – Likely x Major		
Existing Controls					
1. Collaborative governance group meetings					
2. Culture, expectation, and policies of HCC organisation					
3. Monthly SLT discussion to ensure awareness of strategic initiatives					
4. Participation in national and regional advisory groups					
5. Participation in processes to influence government policy direction					
6. Proactive steps taken at the start of each local government triennium					
7. Regular Council briefings					
8. Regular engagement with stakeholders at political and executive level					
9. Regular meetings with Government Ministers and MPs					
10. Future Fit Programme Established					
Residual Risk Rating			Very High – Likely x Major		
Responsible Manager(s)	Hannah Windle Mish Hawthorne Nicky Swan	Risk Treatment Option	Mitigate		
Treatment Plans					
Treatment Plan	Previous Update		Update – December 2023		

Feed the implications of Resource Management Reform into the Future Fit Programme by July 2024	<p>June 2023 Ensure that structural and staffing changes needed to deliver on RM reforms are accommodated and addressed in outcomes of the Future Fit programme</p> <p>September 2023 Spatial Planning Act and Natural and Built Environment Act now passed into law. Implications of these on council being explored, however impact will be dependent on who makes up the incoming government</p>	<p>December 2023 Prior to the election, National has signalled that it will repeal both the Natural and Built Environment Act and the Spatial Planning Act by Christmas 2023. Council staff, along with Future Proof partner councils, continue to keep a watching brief on any further detail that will provide certainty for council.</p>
Work with Future Proof Partners on the implications of RM reform to ensure sub-regional voice is championed by October 2023	<p>June 2023 Continue to advocate and collaborate at a sub-regional level to ensure metro interests are championed in new legislation, and in delivery models.</p> <p>September 2023 Working with Future Proof councils to develop thinking around how we may partner with incoming government to collectively partner to deliver strategic infrastructure (prospectus and white paper)</p>	<p>December 2023 There is no certainty on the path forward for resource management reform with the incoming government having signalled that the two new acts (NBA and SPA) will be repealed prior to Christmas in their pre-election promises. Staff continue to keep a watching brief on government updates, and to work with FP partners on shared areas of interest where possible</p>
3 Waters Reform Treatment Plan	<p>June 2023 Established an internal council team to manage the impacts of the 3 Waters reform programme on council and the local government sector. Proactively engaging with the DIA on the reform implications. Collaborating with partner councils on the impacts of waters reform</p> <p>September 2023 Additional legislation passed to provide clarity on future waters entities. Implications for council still unclear due to uncertainty from general election in October.</p>	<p>December 2023 There is no further direction that has been provided by the new government on the path forward for 3 waters outside of party manifesto released prior to the election. Staff are having to plan under current legislation for the LTP currently under development, however, are ensuring we have a 'shadow budget' ready should 3 waters stay with councils. Staff continue to lobby government for an off-balance sheet solution for 3 waters</p>
Future for Local Government Treatment Plan	<p>June 2023 Established an internal council lead for managing input into the review, and to ensure that political stakeholders have opportunities to feed into the review process. In the process of advocating for Hamilton's interests to the Local Government Panel carrying out the review process</p> <p>September 2023 Final recommendations from the FFLG panel now released and council considering its position on the recommendations. Government not progressing any of the 17 recommendations until after the general election in October.</p>	<p>December 2023 There is no clarity on the future for local government review being progressed further noting the new incoming government. Staff continue to keep a watching brief on any updates on this work.</p>

Strategic Risk 7					
SR7 Failure to Deliver our Work Programmes					
An ongoing shortage of necessary resources (people and materials) means we are unable to deliver our work programmes resulting in constrained growth and negative long-term outcomes for the community. Links to SR2 Significant negative impact on financial strategy.					
Risk Owner	Andrew Parsons	Category	Financial People Service Delivery	Risk Appetite	Neutral - 3
Risk Cause					
1. Major construction sector skills/labour shortage - capacity and capability 2. Political changes in the labour market (e.g. immigration policy changes) 3. Regional or national investment decisions leading to increased demand for construction resources and market congestion – i.e. significant increase in capital portfolios nationally 4. Supply chain company failures 5. Supply chain investment confidence - i.e. forward work confidence to invest in people, plant and technology 6. Key construction material shortages or delays - particularly pipes, bitumen, oil, steel, aggregate and concrete 7. COVID-19 absenteeism 8. Supply chain breakdown 9. Increased work programmes driven by additional funding (i.e. central government investment) 10. Third-party dependencies (utility companies, Waka Kotahi, developers) 11. Significant Weather Events (e.g. cyclone, unusually wet construction season)					
Inherent Risk Rating			Extreme – Almost Certain x Catastrophic		
Existing Controls					
1. Adjustment of cost escalation provisions in the 2021/31 Long Term Plan 2. Established procurement planning frameworks 3. Forward works pipeline visibility and supply chain engagement 4. Procurement optimisation 5. Utilising panel arrangement for procurement and engagement 6. Portfolio Framework in place 7. Resource management tool for Project Management 8. Annual Plan 23/24 Capital Portfolio 9. Scope of projects reduced to fit the budget					
Residual Risk Rating			High – Possible x Serious		
Responsible Manager(s)	Anita Oliver Kelly Stokes Chris Allen Alexis Chavez	Risk Treatment Option	Mitigate		
Treatment Plans					
Treatment Plan	Previous Update		Update – December 2023		
Optimise procurement processes and contracts to enable HCC to be a construction industry client of choice.	June 2023 No update this quarter September 2023 No update this quarter		December 2023 Workshop with Corporate Group to update Delegations to Positions Policy. Awaiting updated policy approval.		

Strategic Risk 8					
SR8 Failure to Respond to a Crisis or Emergency					
A lack of Council’s preparedness leads to a failure to respond or an ineffective response to a crisis (e.g. pandemic) or emergency (e.g. security attack) resulting in compromised business resilience. Links to SR1 and SR4.					
Risk Owner	David Bryant	Category	Disaster Recovery/Business Continuity People Service Delivery	Risk Appetite	Cautious - 2
Risk Cause					
<div>1. Large scale physical attack on people in public places (e.g. a terrorist attack)</div> <div>2. Physical attack on city critical infrastructure</div> <div>3. Civil unrest – political or social unrest resulting in a security or safety threat to people or assets</div> <div>4. Chemical or biochemical attack, contamination or similar event</div> <div>5. Fire or water damage within our premises or working environments</div> <div>6. Significant shortage of key staff in one or more areas</div> <div>7. Death or injury to staff, residents or customers</div> <div>8. Disruption to supply chains</div> <div>9. Denial of access to our facilities (e.g. a bomb threat)</div> <div>10. Power or water outages</div> <div>11. Natural or man-made hazards including those requiring us to evacuate staff from our facilities</div> <div>12. Pandemics</div>					
Inherent Risk Rating			Very High – Possible x Catastrophic		
Existing Controls					
<div>1. Business Continuity Management Policy and Plans</div> <div>2. Business continuity and disaster recovery (BCDR) processes</div> <div>3. Council has established an Incident Management Team</div> <div>4. Security Risk Assessments</div> <div>5. Quarterly Operational Risk Reviews</div> <div>6. Risk Management Training</div> <div>7. Risk Management Policy</div>					
Residual Risk Rating			Very High – Possible x Catastrophic		
Responsible Manager(s)	Mish Hawthorne Nicholas Whittaker	Risk Treatment Option		Mitigate	
Treatment Plans					
Treatment Plan	Previous Update			Update – December 2023	
Adopt and implement accepted recommendations from SRAs by December 2023	<div>June 2023</div> <div>The review on progress of Community Group SRA recommendations is still being done. This will feed into the organisation wide review of SRA recommendations for reporting back to the SRAC at a later date</div> <div>September 2023</div>			<div>December 2023</div> <div>This action has been delayed due to organisational capacity and the FutureFit programme. Key stakeholders have</div>	

	A full review of Council's SRA recommendations is underway. The outcome of this review will be brought to the next SRAC meeting. The treatment plan's due date has been edited to reflect this.	confirmed the review will be completed and reported back to SRAC in March.
Review of Organisational Security Risk Assessment (OSRA) by December 2023	<p>June 2023 This has commenced (plan and terms of reference completed) and once completed will be reported back to the SRAC at a later date</p> <p>September 2023 A full review of Council's SRA recommendations is underway. The outcome of this review will be brought to the next SRAC meeting. The treatment plan's due date has been edited to reflect this.</p>	<p>December 2023 This action has been delayed due to organisational capacity and the FutureFit programme. Key stakeholders have confirmed the review will be completed and reported back to SRAC in March.</p>
Develop and deliver Crisis, Emergency & Incident Management guidelines and procedures by 23 December 2022	<p>June 2023 The templates contained in the Manual have been split out into separate documents. A proposed approach for finalising and operationalising the Manual will be presented to ELT then SRAC.</p> <p>September 2023 A pilot workshop was run with Hamilton Gardens to test the Incident and Emergency Management Plan/Manual. The pilot was successful in gathering information about the site's ability to respond to an incident/emergency and also created meaningful conversations about resilience and incident and emergency management response. Following the learnings from this pilot, further review is required. Once the review has taken place, this will be rolled out to critical business units and activities over the next 6 months.</p>	<p>December 2023 The full review has been delayed due to organisational capacity and the FutureFit process. This will be a key action for 2024.</p>
Align operational-level BIA with enterprise-level BIA as part of routine BCM reviews and updates by Early 2024	<p>June 2023 Workshops are underway to get operational BIAs completed. Updated BCP templated and BCPs will follow.</p> <p>September 2023 To date, 13 Business Impact Analysis workshops have been booked in or completed and a further 14 workshops are yet to be booked in. It is anticipated that this workstream will be completed by December 2023.</p>	<p>December 2023 This work has been delayed given a number of internal capacity pressures. This will be a key focus area in the new year.</p>

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

	The first two learning and development modules are under development, the first is a high level introduction to climate change and the second outlines the climate change strategy, Our Climate Future, in an interactive and accessible format.	Planning is underway for a series of climate change knowledge sharing sessions for 2024 and also a climate change week of action for staff.
Integration of climate change considerations into the Long Term Plan by June 2024	June - NEW TP September 2023 The climate change team have reviewed the Activity Management Plans and Activity Statements to provide strategic input on how climate change can be integrated into the 2024-34 Long Term Plan.	December 2023 Climate change reviews of the proposed capital programmes for the 2024-34 Long Term Plan (LTP). Assessment of the opportunities for community resilience projects within the LTP and a proposal for funding a citywide climate change risk assessment.

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

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

Treatment Plans		
Treatment Plan	Previous Update	Update – December 2023
Deep dive into security risks by Feb 2024	<p>June 2023 Review of outstanding risks is underway. Risks requiring funding to progress will be included as potential projects for the next LTP.</p> <p>September 2023 An initial review has been completed which identified that little work has been progressed on the security risks. A complete review of all security risks is now required to establish what is needed to complete and close these risks. The due date for this has been moved out to February 2024.</p>	<p>December 2023 The review of security risks is continuing and we are on track to have this work completed in the new year.</p>
Updated Business Continuity Plans by December 2023	<p>June 2023 There has been a delay to starting these due to workload and resourcing pressures. The due date has been shifted out to 29 December 2023.</p> <p>September 2023 BIA Workshops are continuing to take place across the organisation. Once these have been completed BCPs will be updated. We still anticipate that these will be completed by the end of the year.</p>	<p>December 2023 This treatment action aligns more closely with SR8 - Failure to respond to a crisis or emergency. A similar treatment action is already included on SR8 so this action will be closed.</p>

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

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


	<p>Little change to the above. The Organisational Asset Management Improvement was adopted by ELT in October 2021 and contains 32 organisational improvements to be undertaken. This Plan has a horizon out to June 2024. The improvements have been organised into 4 streams of work with one of the streams relating to Resilience and Criticality. Of the 6 tasks relating to Resilience and Criticality, 3 are complete and one is in progress.</p>	<p>Criticality. Of the 6 tasks relating to Resilience and Criticality, 3 are complete and one is in progress.</p>
Implement Asset Criticality Framework by June 2024	<p>June 2023 Asset Criticality Framework document (excluding asset groups of Waters and Transport whom have existing frameworks) has been developed and workshopped. As part of the update of AMPs, identification and management of critical assets will be updated</p> <p>September 2023 Baseline AMPs have been completed including the section on 'managing critical assets' which contains mitigation measures</p>	<p>December 2023 Baseline AMPs have been completed including the section on 'managing critical assets' which contains mitigation measures</p>
Critical assets are considered as part of the 2024-54 Infrastructure Strategy	<p>June 2023 AMPs are currently being written. These will be used to inform the Infrastructure Strategy</p> <p>September 2023 Baseline AMPs have been completed including the section on 'managing critical assets' which contains mitigation measures</p>	<p>December 2023 Baseline AMPs have been completed including the section on 'managing critical assets' which contains mitigation measures</p>



Risk Appetite Workshop

Hamilton City Council (HCC)

September 2023



Titokona tō tātou Tōnuitanga mō Aotearoa, mō tātou

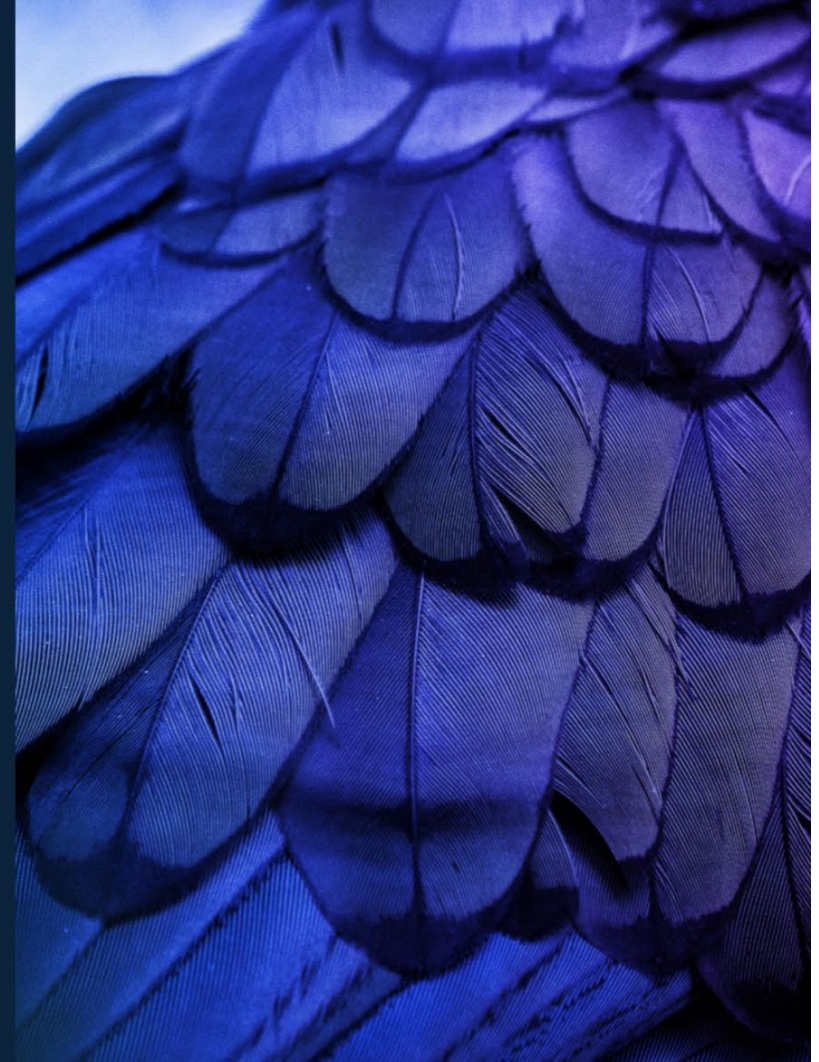
E whakapono marika ana mātou ko ngā hua ka puta i ā mātou mahi taunaki apataki, ko ngā hua e kaha tautoko, e kaha whakatairanga ana i ngā hiahia o ā mātou apataki, mō te āpōpōtanga o ō tātou hapori, o Aotearoa whānui, te take.

FUELLING PROSPERITY

At KPMG we passionately believe that the flow-on effect from focusing on helping **fuel the prosperity** of our clients significantly contributes to ensuring that our communities, and ultimately our country and all New Zealanders, will enjoy a more prosperous future.

Agenda

01	Purpose of this workshop	4
02	Strategy and risk linkage, and risk interconnectivity	5
03	Local government focus areas and key risks	10
04	HCC's priority areas and risks	12
05	HCC's draft risk appetite statements	14
06	Next steps and questions	29



Purpose



- Discuss ELT's perspectives on risk appetite and residual settings
- Gain consensus and agree on the risk appetite statements and residual risk settings
- KPMG to support finalisation of the risk appetite statements



- Agree on the next steps –
- these risk settings to inform IA programme,
 - risk review to be conducted in 2024, and
 - risk appetite statements to be used in LTP discussions



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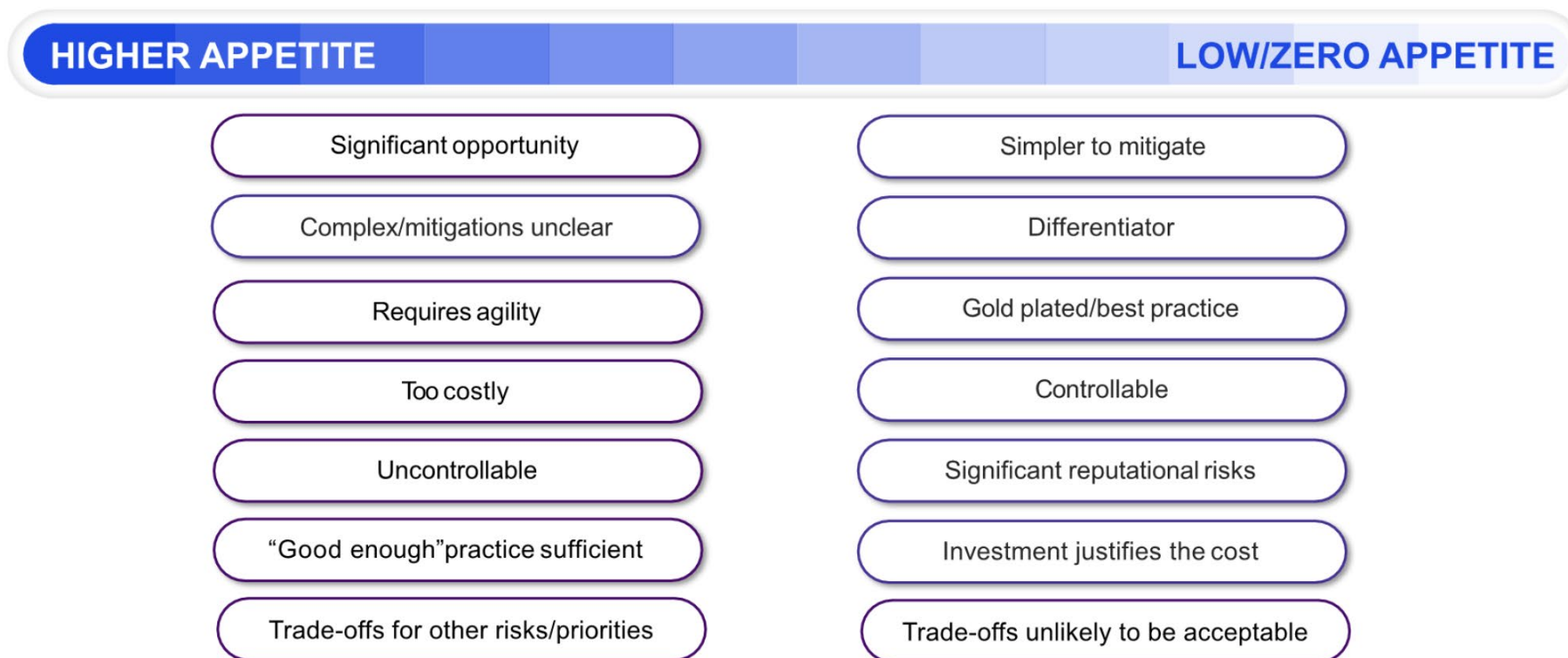
Linkage of strategy and risk



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Strategy supported by risk appetite



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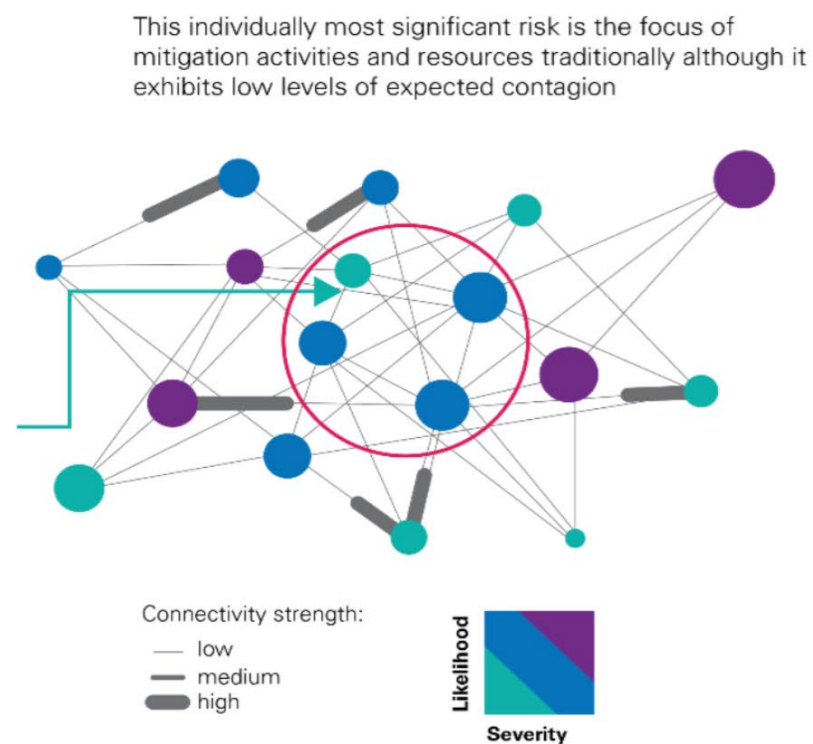
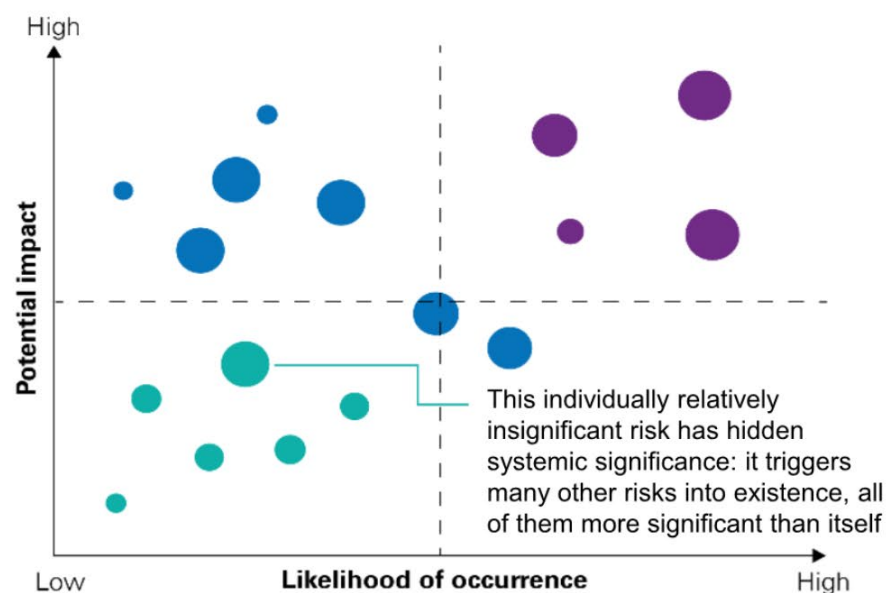
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Risk Appetite Framework

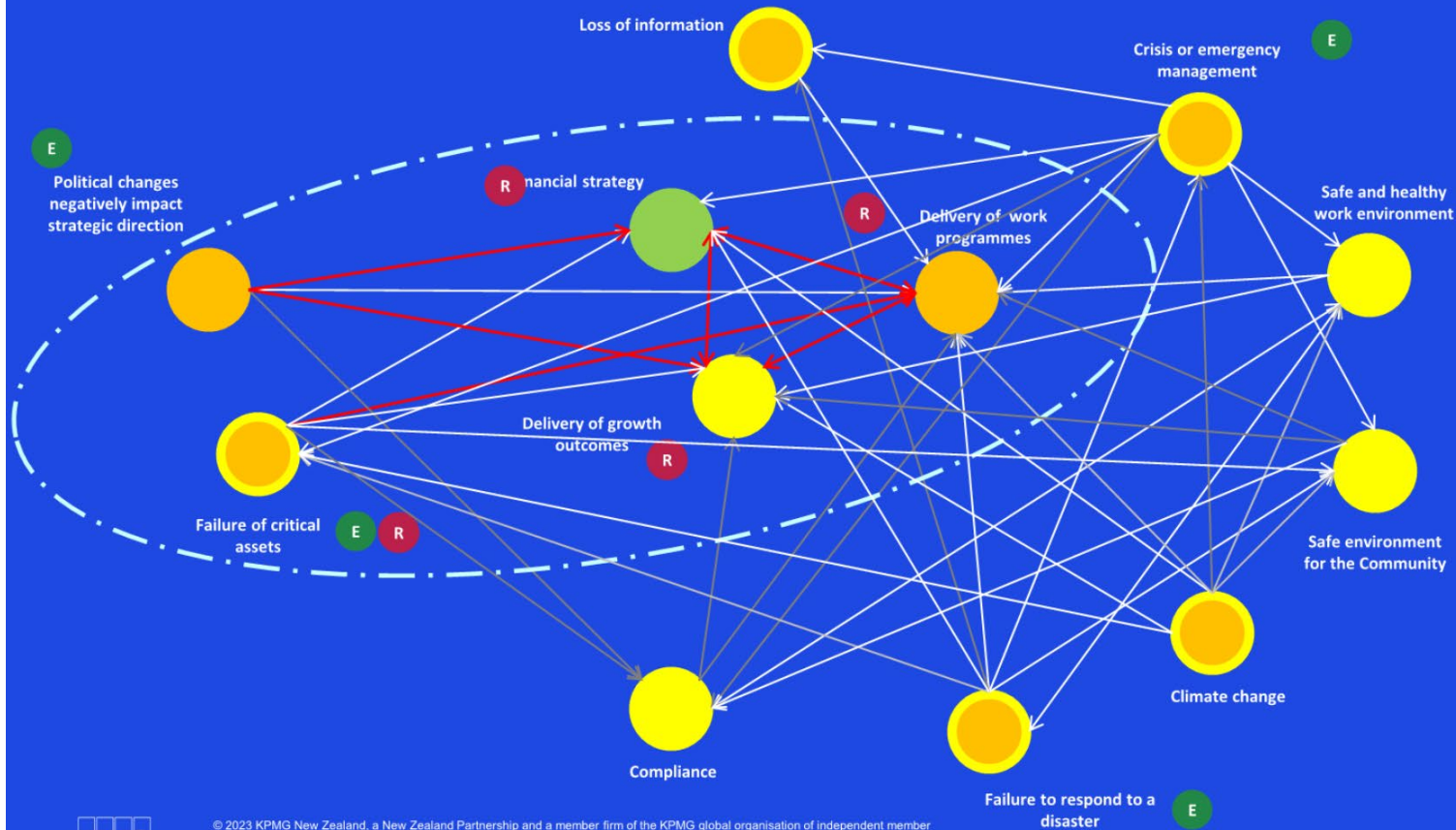
	AVERSE	CAUTIOUS	NEUTRAL	RECEPTIVE	OPEN
Philosophy	<p>Preference for exercising appropriate controls to avoid risk and uncertainty</p> <p>Risk is controllable at lower levels.</p> <p>Investment in mitigations is justified.</p>	<p>Preference for very safe options that have a low degree of inherent risk.</p>	<p>Preference for safe options that have a low degree of residual risk.</p>	<p>Preference for considering all options and choosing the one that has some risk but is likely to result in a successful delivery.</p>	<p>Eager to be innovative and pursue opportunities based on potentially high benefits despite greater risk. Speed may be a priority.</p> <p>Risk may also not be controllable at higher levels.</p>
Tolerance for uncertainty	<p>Extremely low tolerance for uncertainty. Controls are comprehensive, well designed and effective.</p>	<p>Low tolerance for uncertainty.</p> <p>Controls are well designed and effective.</p>	<p>Limited uncertainty expected. Controls are adequately designed and generally effective.</p>	<p>Some uncertainty expected.</p> <p>Controls in place, may be inadequate or ineffective.</p>	<p>Uncertainty fully anticipated. Controls may be absent, inadequately designed or ineffective. 'Good enough' practice sufficient.</p>
Choice	<p>Will always take the lowest risk option</p>	<p>Will accept risk only if essential with limited possibility/ impact of failure</p>	<p>Will accept risk if limited and heavily outweighed by potential benefit</p>	<p>Will take risk with outcomes and will manage impact</p>	<p>Will choose options with highest overall return and accept the possibility of failure</p>
Trade-off	<p>Never</p>	<p>Will trade off with extreme reluctance</p>	<p>Prefer to avoid any trade offs</p>	<p>Willing to trade off under the right conditions</p>	<p>Willing to trade off</p>

Note: This framework is similar to the previous page and can be helpful to have a common language around risk appetite

Risk interconnectivity concept



Interconnectivity view for HCC



KEYS

E Emitter risk **R** Receiver risk

- Failure to respond to a disaster
- Climate change
- Political changes negatively impact strategic direction
- Crisis or emergency management
- Failure of critical assets
- Delivery of Work Programmes
- Financial Strategy
- Delivery of growth outcomes

Relation to Current and Target Residual Risk

- Colour of circle = Current Residual Risk Rating
- Outline of circle = Target Residual Risk rating
- Example = Medium Residual Risk rating with a Low Residual Risk Target/Risk appetite

Residual Risk Key

- Extreme Risk
- Very High Risk
- High Risk
- Medium Risk
- Low Risk



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Local Government 2023 Risks – Common themes



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HCC's strategy

Priorities from the Long Term 2021-2031 Plan:

Key Priority Areas

A Green City

Responding to international, national and regional changes i.e., gully restoration

A City Where Our People Thrive

Our approach to promoting intergenerational wellbeing

A City That's Easy To Live In

Delivering infrastructure to service our communities

A City Where People Love To Be

Community views locally and district-wide

A Fun City With Lots To Do

Supporting community spaces and creative sector funding

HCC Key Risks Identified

Strategic risk 1 -
Failure to respond
to a disaster

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

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

Strategic Risk 7
– Failure to
deliver our
Work
Programmes

Strategic Risk 9 –
Failure to Respond to
Climate Change

Strategic Risk 3 –
Failure to Meet
Compliance
Standards

Strategic Risk 5
– Failure to
Deliver Growth
Outcomes

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

Strategic Risk 2 –
Significant Negative
Impact on Financial
Strategy

Organisational
Risk 3 – Failure
of Critical
Assets

Strategic Risk 6 –
Political Changes
Negatively Impact
Strategic Direction

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



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HCC Risk Appetite – ELT Perspectives



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How to interpret Risk appetite statements

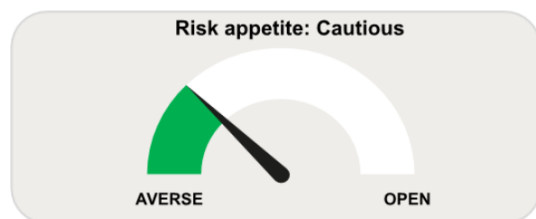
Risk Owner: This is the member of the executive leadership team who owns the risk

OVERVIEW OF RISK AREA

The overview provides details of the risk area and where possible refers back to the risks within Hamilton City Council Risk management framework (RMF)

RISK APPETITE STATEMENT

The risk appetite statement reflects the accumulated risk preference based on where risk will and will not be taken. The statement links risk taking activities to the strategic direction of Hamilton City Council and should be used to drive decision making, and backlog prioritisation.



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WHERE WILL WE TAKE RISK?

This is where the list of areas that we will take risk is detailed. Examples could be where we will be looking to face into risks that are necessary to achieve our strategy and purpose. It could also be an area where speed or pace is necessary to maintain our position against our competitors.

WHERE WILL WE NOT TAKE RISK?

This is where the list of areas that we will not take risk in will be detailed. Examples could be where we will need to ensure we have adequate controls and standards in place to minimise risk that could impact our ability to achieve our strategy and purpose.

The diagrams on the right show current risk levels against perceived risk appetite of Council. Also shown are upstream and downstream connected risks. Often there will be areas of grey, tension and trade-offs with these connected risks.



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SR1: Failure to respond to a disaster

Risk Owner: Helen Paki

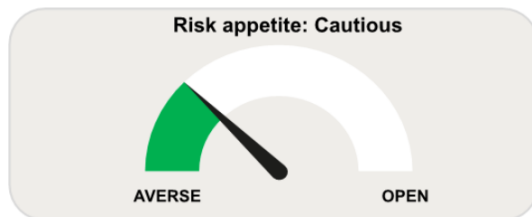
OVERVIEW OF RISK AREA

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

RISK APPETITE STATEMENT

The Council has a '**Cautious**' risk appetite for not being adequately prepared to respond to disaster events, while having limited ability to control the incidence of disaster events and predict the nature and extent of their potential impact.

It acknowledges the significance of immediately initiating an effective response (especially in the first 12 – 24 hours), including resource mobilisation, implementation of emergency management plans, continuing critical Council activities, and ensuring the well-being of the community.



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WHERE WILL WE TAKE RISK?

The Council is committed to prioritise its response to significant disaster events and has a 'Receptive' appetite for having to temporarily suspend delivery of its non-critical services or operations or non-critical growth outcomes to meet community expectations in relation to disaster response.

WHERE WILL WE NOT TAKE RISK?

The Council has an 'Averse' appetite for not providing adequate support to the community in times of crisis and disaster events. It will aim to ensure it has comprehensive and effective emergency response framework and plans in place to manage the potential impacts of disaster events.

It has an 'Averse' appetite for not being prepared and providing appropriate emergency management training to Council employees and contractors to respond effectively to a disaster event. It will invest in maintaining higher standards of emergency response training programme and ensure staff members appropriately trained and emergency response framework and plans are periodically tested for their effectiveness.

Council has a 'Averse' appetite for not engaging with the community on natural hazards and preparedness. It will engage with local communities, agencies, and medical facilities to plan and develop measures to address and manage the risks.

It is crucial Council invests in all 4 R's of emergency management (reduction, readiness, response, and recovery) to order to build resilience.



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SR2: Significant impact on financial strategy

Risk Owner: David Bryant

OVERVIEW OF RISK AREA

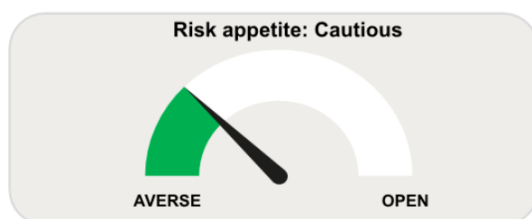
A major economic or financial shock event negatively impacts councils financial strategy, fiscal and monetary position resulting in significant financial pressure on Council. Links to SR7 Failure to deliver our work programmes.

RISK APPETITE STATEMENT

The Council has a '**Cautious**' appetite for not effectively managing the impacts of external shocks on its financial strategy and ability to delivery core outcomes and work programmes.

The Council recognises that effective management of funds and financial sustainability are essential to achieving its growth objectives and long-term regional plans. It will adopt a rational approach to prioritising financial stability and security.

By maintaining financial prudence while pursuing its goals, the Council strives to create a sustainable and prosperous future for the region.



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WHERE WILL WE TAKE RISK?

The Council recognises the critical role it plays in supporting growth and economic development in the city. It has a 'Neutral-Receptive' risk appetite to be innovative and explore new financing opportunities to fund growth infrastructure investment. This is will help it to stay relevant and responsive to the changing needs of its community.

While, the Council is committed to undertaking growth initiatives that will benefit our community and meet their expectations, it will balance this with financial sustainability.

WHERE WILL WE NOT TAKE RISK?

The Council has a 'Cautious' risk appetite for not maintaining adequate financial resilience to manage potential risks from critical internal or external shock events which may significantly impact its financial strategy.

The Council is committed to closely monitoring and managing its debt levels. It has a 'Cautious' appetite for not effectively maintaining sufficient "borrowing headroom" through conducting forecasts and financial scenario modelling and review of its financial position, to cater for future investment and/or responding to major external or internal shock events.

In the event of a significant external event impacting Council's financial position, it will reprioritise delivery of growth outcomes and reduce the spending on non-critical services, discretionary spend, work programmes and initiatives.



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SR3: Failure to meet compliance standards

Risk Owner: David Bryant

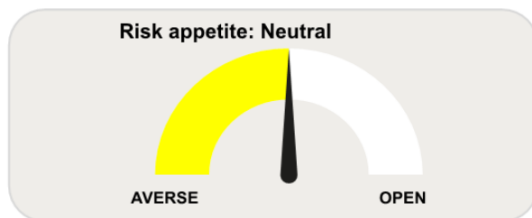
OVERVIEW OF RISK AREA

Compliance requirements from central government and regional council or changes in community expectations leads to a failure to meet compliance standards resulting in increase exposure to litigation. Links to SR6.

RISK APPETITE STATEMENT

The Council acknowledges and anticipates an increase in legislative changes being introduced by central government that may have a significant impact on the Council's strategy. The Council has a '**Neutral**' risk appetite which reflects it's limited ability to control the changes being introduced.

The Council is committed to ensure compliance with the regulatory requirements and expectations of the central government and regional council however, it has limited control over external factors which may cause incidents for e.g. waste water treatment plant overflows.



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WHERE WILL WE TAKE RISK?

The Council has a 'Neutral-Receptive' appetite for connecting with other Councils in the region to advocate on sector specific topics. In doing so, the Council will take appropriate measures to consult with key stakeholders and the wider community on their needs and expectations, and factor that in its response to the central government reforms.

WHERE WILL WE NOT TAKE RISK?

The Council's ability to deliver services can be significantly affected by changes introduced through central government reforms. It has a 'Cautious' appetite for not thoroughly evaluating the impact of changes in government policies and regulations, and not complying with the requirements. To make key decisions on compliance related matters, the Council will seek guidance from both external experts and its in-house legal team.

It has a 'Cautious' appetite for not providing appropriate compliance management training to Council employees and contractors to ensure that its employees and contractors have a good understanding of compliance requirements, which can help maintain high standards of compliance.

The Council has a 'Cautious' appetite for not meeting its obligations and duties covered by the Te Tiriti o Waitangi. Council values the benefit from applying a Maatauranga Māori lens to its initiatives and programmes of work. It will invest in building relationships with iwi, hapuu, maataa waka and the wider Māori community in the region.



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SR4: Loss of information or access to systems and services

Risk Owner: David Bryant

OVERVIEW OF RISK AREA

In the event of a cyber attack, IT service or technology asset failure there is a risk that confidential information and/ or Council services are compromised or fail and / or there is a loss of information resulting in ongoing reputational, legal and financial consequences. Links to SR1 and SR8.

RISK APPETITE STATEMENT

Cyber security risks are inherent and the wider technology risk landscape is rapidly evolving exacerbating the risk. The Council has a 'Cautious' appetite reflecting the balance of the external environment, current state and age of Council systems, and the need to implement appropriate measures to appropriately manage risks associated with this area.

The Council will discuss further budget investment to improve the IT asset security and cyber security risk environment as part of the development of the 2024-34 LTP.



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WHERE WILL WE TAKE RISK?

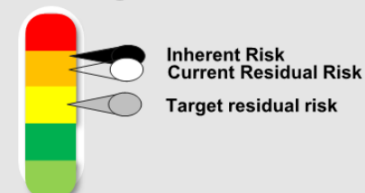
As technology continues to advance rapidly, cyber security threats and IT asset failure risks are becoming increasingly complex and sophisticated. While it's crucial to remain vigilant and manage these risks, the Council recognises that a focus on cyber security should not hinder innovation or prevent the adoption of new technologies that could improve operations. Therefore, the Council has a 'Receptive' risk appetite and is willing to take on appropriate risks in order to pursue new opportunities and advance its operations and uplift its technological infrastructure and architecture, while balancing this with the cost implications.

WHERE WILL WE NOT TAKE RISK?

The Council has a 'Cautious' appetite for not having a strong and effective IT/cyber security control environment, maintaining resilience, and plans for agreed levels of continuity of systems as per the business continuity planning thresholds. It aims to collaborate and coordinate with other Councils in the region to further enhance its risk management efforts.

It will ensure appropriate measures are undertaken to periodically assess and evaluate IT systems (to ensure they are not out of date and difficult to maintain) and cyber security landscape. The Council will discuss further budget investment to improve the IT asset security and cyber security risk environment as part of 2024-34 LTP. The Council has an 'Averse' appetite for employees/ contractors not complying with IT security/ cyber security requirements or internal policies to achieve safer outcomes. It is committed to improve IT/ cyber security competencies through training and awareness, to build and maintain a strong culture of IT and cyber security.

Risk ratings



Connected risks

Upstream/Emitters

- Crisis or emergency management
- Failure to respond to a disaster

Loss of information or access to systems and services

Downstream/Receivers

- Delivery of work programmes
- Delivery of growth outcomes
- Safe and healthy work environment
- Financial strategy
- Meet compliance standards

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SR5: Failure to deliver growth outcomes

Risk Owner: Blair Bowcott

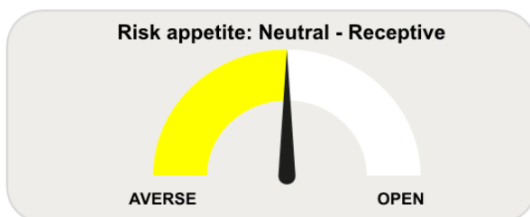
OVERVIEW OF RISK AREA

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

RISK APPETITE STATEMENT

The Council has a '**Neutral – Receptive**' risk appetite for not delivering growth outcomes. It takes into consideration that growth requirements, demands, and consequences can change over time, and that achieving growth objectives may require taking on certain risks.

The Council acknowledges the considerable challenge of planning and delivering the growth outcomes as laid out in the current Long-Term Plan. Despite the potential constraints of capacity, supply chain, and economic factors that could impact delivery, the Council is committed to achieving these goals and is willing to take on a higher level of risk to do so.



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WHERE WILL WE TAKE RISK?

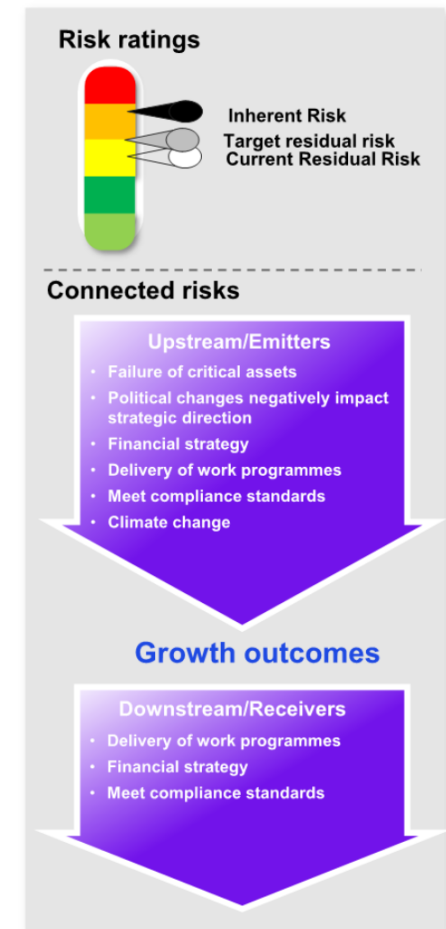
While the Council recognises the importance of environmental sustainability, it has a 'Neutral - Receptive' risk appetite and may need to take on risks to deliver on the growth outcomes and initiatives (infrastructure services – adequate parking spaces, etc.) over managing greener outcomes for the region. This will be balanced with managing the expectations of the wider community.

In the event of significant disaster, crisis or emergency event, the Council will temporarily suspend the non-critical services in relation to growth outcomes to redirect resources (people and funding) to plan and initial immediate emergency response plan to manage the risks.

The Council has a 'Receptive' risk appetite for increasing rates in order to support growth outcomes and ensuring long-term financial sustainability of the Council.

WHERE WILL WE NOT TAKE RISK?

The Council has 'Averse' appetite for not consulting and engaging with the community to ensure that its decisions and plans are aligned with the needs and priorities of the community and that any concerns are addressed.



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SR6: Political changes negatively impact strategic direction

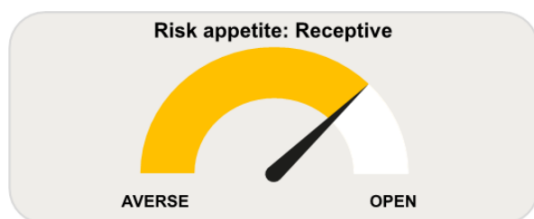
Risk Owner: Blair Bowcott

OVERVIEW OF RISK AREA

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

RISK APPETITE STATEMENT

The Council has a '**Receptive**' risk appetite to political changes that may negatively impact its strategic direction. The Council appreciates that political changes, such as election results or changes in government, can create uncertainty and may require a shift in strategic direction that could negatively impact the Council's goals. The receptive appetite also reflects Council's limited ability to control and influence the risk.



WHERE WILL WE TAKE RISK?

The Council understands that there may be limited options available during periods of political uncertainty. However, the Council has a 'Receptive' risk appetite to taking on appropriate risks in order to manage the impact of political changes and ensure that its strategic direction remains aligned with community needs and priorities.

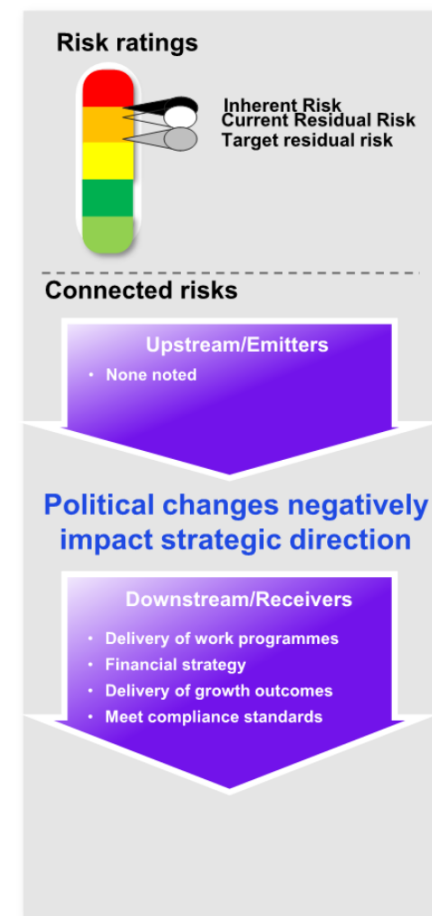
The Council will actively connect and work closely with other Councils in the region to advocate on sector specific topics.

WHERE WILL WE NOT TAKE RISK?

The Council has 'Cautious' appetite for not appropriately engaging and managing relationships with key political stakeholders including government ministers and Member of Parliament (MPs). This includes identifying opportunities for partnering with them particularly to gain clarity on government policy direction and vision for the region.

The Council is committed to building strong and enduring relationships with Government ministers and MPs, and wider political stakeholders through transparent and open communication and collaboration. The Council's approach is continuous improvement, with a focus on education and communication to manage risks associated with political changes.

The ELT will ensure that issues related to political changes and potential risks are regularly discussed with Council. They will ensure that there is clarity on the role and value of local government.



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SR7: Failure to deliver our work programmes

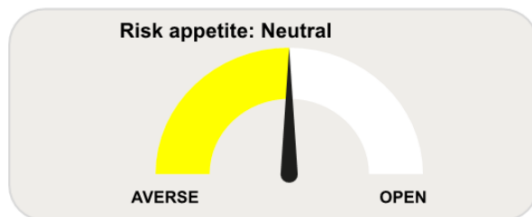
Risk Owner: Andrew Parsons

OVERVIEW OF RISK AREA

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

RISK APPETITE STATEMENT

The Council recognises the potential risks that come with delivering work programmes, and has a **'Neutral'** risk appetite. It is committed to carefully managing any potential disruptions, including monitoring supply chain issues, capacity issues, and economic conditions, as well as engaging with stakeholders to ensure that the program remains aligned with community needs and priorities. It is important to note that within this setting, Council has an **'Averse'** risk appetite for critical work programmes.



WHERE WILL WE TAKE RISK?

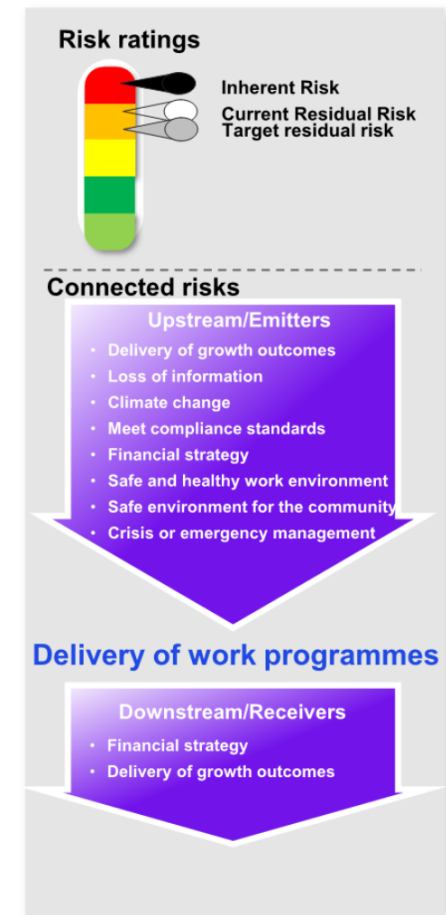
Council has a 'Neutral' risk appetite for failure to deliver non-critical work programmes. In the event of a shortage of resources (people, materials and funding), it will reprioritise allocation of resources for the delivery of critical work programmes that are central to the core operations of the Council.

The Council has a 'Receptive' appetite for temporarily suspending the non-critical work programmes and reprioritise allocation of resources to support delivery of emergency response plan to manage significant disaster or crisis or emergency events.

WHERE WILL WE NOT TAKE RISK?

Council has an 'Averse' risk appetite for failure to deliver critical work programmes and is not willing to accept risks that could have a significant impact on the delivery of these programmes. This needs to be balanced with external factors outside the control of the Council e.g. shortage of labour, supply chain disruptions, etc.

This approach is based on the fact that critical work programmes are typically complex, and require significant investment of time, resources, and funding, and are essential to meeting the basic expectations of the community.



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SR8: Failure to respond to a crisis or emergency

Risk Owner: David Bryant

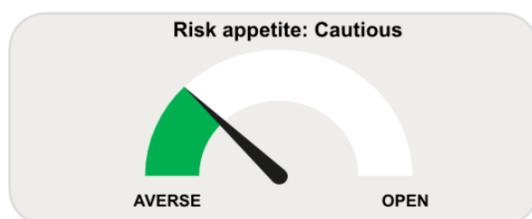
OVERVIEW OF RISK AREA

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

RISK APPETITE STATEMENT

The Council has a '**Cautious**' risk appetite for not being prepared and failing to immediately and appropriately respond to a crisis or emergency situation.

The Council appreciates that that while the contributory factors of the risks are outside the control of the Council, it will undertake all measures to prioritise and ensure the safety and well-being of its employees, contractors, stakeholders, and the wider community.



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WHERE WILL WE TAKE RISK?

The Council has a 'Receptive' appetite for temporarily suspending non-critical work programmes and delivery of non-key activities associated with the growth outcomes. It will re-allocate the resources (people, materials and funding) to ensure it provides immediate and effective response to manage crisis or emergency events.

WHERE WILL WE NOT TAKE RISK?

The Council has a 'Cautious' appetite for lack of preparedness and delayed response to crisis or disaster events which may adversely impact health, safety, and well-being of our employees, contractors and wider community.

It will ensure that all employees and contractors receive appropriate training to respond to emergencies and follow safety protocols to minimise the risk of injury or loss of life.

The Council will invest in tools and technology that will enable Council to respond quickly to any crisis or emergency event.



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SR9: Failure to respond to climate change

Risk Owner: Blair Bowcott

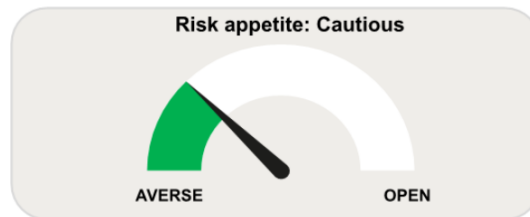
OVERVIEW OF RISK AREA

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

RISK APPETITE STATEMENT

The Council has a '**Cautious**' risk appetite for addressing the risks associated with climate change. Currently, there is uncertainty surrounding central government response and expectations relating to climate change, which makes it challenging for the Council to plan an appropriate response.

However, the Council acknowledges the importance of increasing its focus on climate change risks and is committed to supporting the identification, monitoring, and assessment of the impacts of climate change. It is looking to ensure that key climate change insights and actions identified are considered for the development of the 2024-34 Long-term Plan.



WHERE WILL WE TAKE RISK?

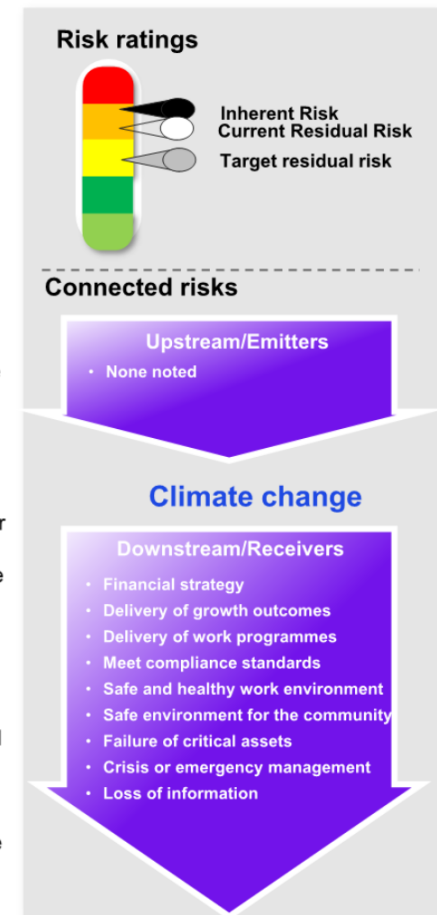
The Council has a 'Neutral' risk appetite to prioritise the allocation of resources to initiatives that meet the expectations of the community and provide tangible outcomes (economic growth, job creation, etc.), even if they may not lead to greener outcomes.

The Council has a 'Receptive' appetite to explore climate change opportunities/ actions while considering financial sustainability. It acknowledges the potential long-term impacts of poor climate change planning and assessment, and the potential for climate change to worsen natural disasters and crises. It is committed to integrating climate change considerations into crisis response planning.

WHERE WILL WE NOT TAKE RISK?

The Council has a 'Cautious' risk appetite for being non-responsive or delaying its response to guidance from central government in relation to climate change. It appreciates the significance of its leadership role in building a resilient community and focus on climate change to the wider community. The Council understands that it must work closely with the Regional Council to avoid any duplication of efforts and is committed to taking proactive measures to advocate for climate change policies and initiatives at the central government level.

The Council acknowledges that climate change impacts play a critical role in land use and management practices and is committed to considering these impacts while developing land-use planning strategies. However, the Council is aware that there may be infrastructure cost pressures that need to be balanced. Therefore, the Council has a 'Cautious' risk appetite for not considering climate change impacts while developing land-use planning and wider Council strategies.



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OR1: Failure to provide a safe and healthy work environment

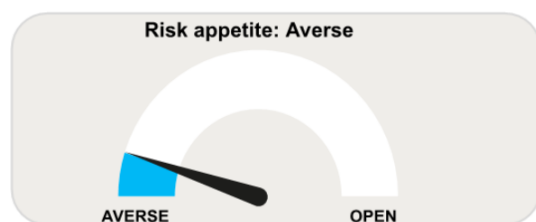
Risk Owner: Sean Hickey

OVERVIEW OF RISK AREA

Ineffective or inadequate health, safety and wellbeing management at our work sites leads to a failure to provide a safe and healthy work environment for Council staff or workers (including contracted or volunteer workers) resulting in a serious injury incident or fatality and increased exposure to litigation.

RISK APPETITE STATEMENT

Council has an '**Averse**' risk appetite for failure to provide a safe and healthy work environment. The Council understands that some of the risks may be outside of its ability to control, but it will not compromise or trade-off the health, safety, and wellbeing of its employees, contractors, volunteers, or members of the community while delivering on its strategic objectives and other priorities or for achieving growth outcomes.



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WHERE WILL WE TAKE RISK?

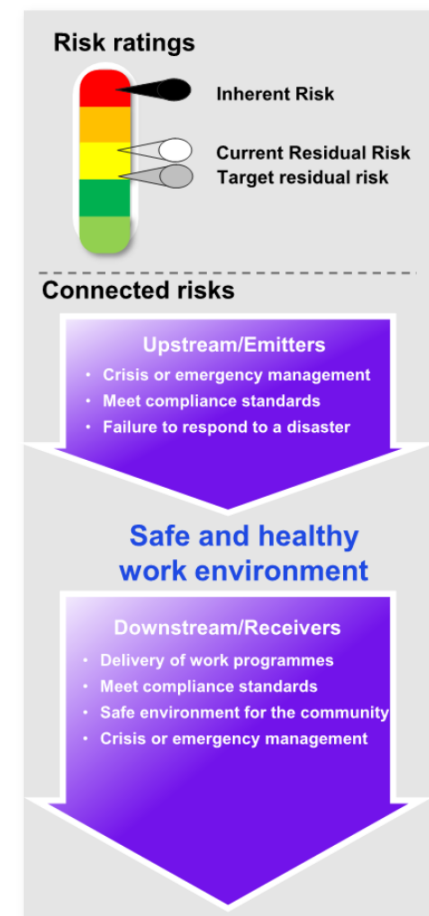
Council has 'Neutral - Receptive' appetite for less serious health and safety risks like paper-cuts, slips and trips from regular Council operations or activities that do not result in significant harm to its employees, contractors, volunteers or visitors. The Council is also committed to innovation and investing in safer ways of working.

WHERE WILL WE NOT TAKE RISK?

The Council has an 'Averse' risk appetite for health and safety events that result in serious injury or death of an employee, contractor, volunteer or visitor. The Council is committed to engaging with its employees, contractors and volunteers to address and respond to their health and safety concerns, and to effectively communicate the mitigation measures that have been completed or that the Council seeks to implement.

Similarly it has an 'Averse' risk appetite for reducing spend or achieving cost savings at the expense of health, safety, and well-being of its staff and contractors.

The Council recognises the importance of compliance with health and safety legislation and internal policies, processes, and practices. The Council has an 'Averse' risk appetite for instances of non-compliance with these legislative requirements, and internal policies, processes, and practices.



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OR2: Failure to provide a safe environment for the community

Risk Owner: Helen Paki

OVERVIEW OF RISK AREA

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

RISK APPETITE STATEMENT

Council has a '**Averse**' risk appetite for failure to provide a safe environment for the community at our community facilities. The Council is committed to identifying and mitigating risks that could compromise the safety of individuals in both types of facilities – supervised and not supervised by the Council, and to continuously improving its approach to managing health and safety risks.

Within this setting, the Council has an '**Averse**' risk appetite for not providing safe environment at facilities supervised by Council, and '**Cautious**' risk appetite for facilities not supervised by the Council (e.g. open areas – parks)



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WHERE WILL WE TAKE RISK?

The Council maintains a 'Neutral' risk appetite for less serious health and safety risks that may arise from regular Council operations or activities, and that do not result in significant harm to visitors or wider community.

The Council recognises that such risks are inherent in day-to-day operations and is committed to managing them effectively. The Council also acknowledges the importance of innovation and investing in safer ways of operations to reduce the likelihood of such risks occurring.

WHERE WILL WE NOT TAKE RISK?

The Council has an averse risk appetite for failure to provide a safe environment for the community in supervised facilities. It is committed to identifying and mitigating risks that could result in death or serious fatalities at these facilities, and to continuously improving its approach to managing health and safety risks.

The Council has a 'Cautious' risk appetite for failure to provide a safe environment for the community at unsupervised facilities. The appetite is reflective of limited ability to control the occurrence of such incidents. However, it will invest in ensuring appropriate mitigation measures have been put in place and create health and safety awareness, to ensure individuals accessing these facilities understand the associated health and safety risks and how to manage these.



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OR3: Failure of critical assets

Risk Owner: Andrew Parsons

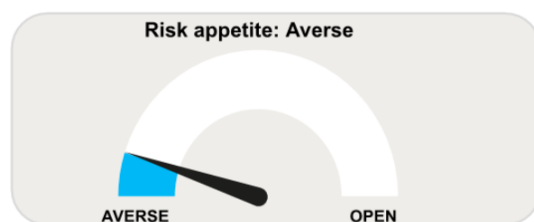
OVERVIEW OF RISK AREA

Incorrect investment (timing and/or amounts) results the unexpected failure of critical assets (loss of levels of service). Resulting in loss of service delivery, financial impact, environmental damage.

RISK APPETITE STATEMENT

The Council has an '**Averse**' risk appetite for not appropriately planning investment in critical assets. It is not willing to accept significant risks that could lead to the failure of critical assets, as this could have a significant impact on the delivery of services to the community, and result in negative publicity and loss of confidence in the Council's activities.

Within this setting, the Council has an '**Averse**' risk appetite for critical water assets, and '**Cautious**' risk appetite for other non-water critical assets.



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WHERE WILL WE TAKE RISK?

The Council has a 'Cautious' risk appetite for the failure of non-critical assets. While the Council recognises the importance of these assets, it is willing to tolerate a moderate level of risk associated with their failure, as the Council can continue to operate without them, provided it doesn't have a significant impact on the wider community.

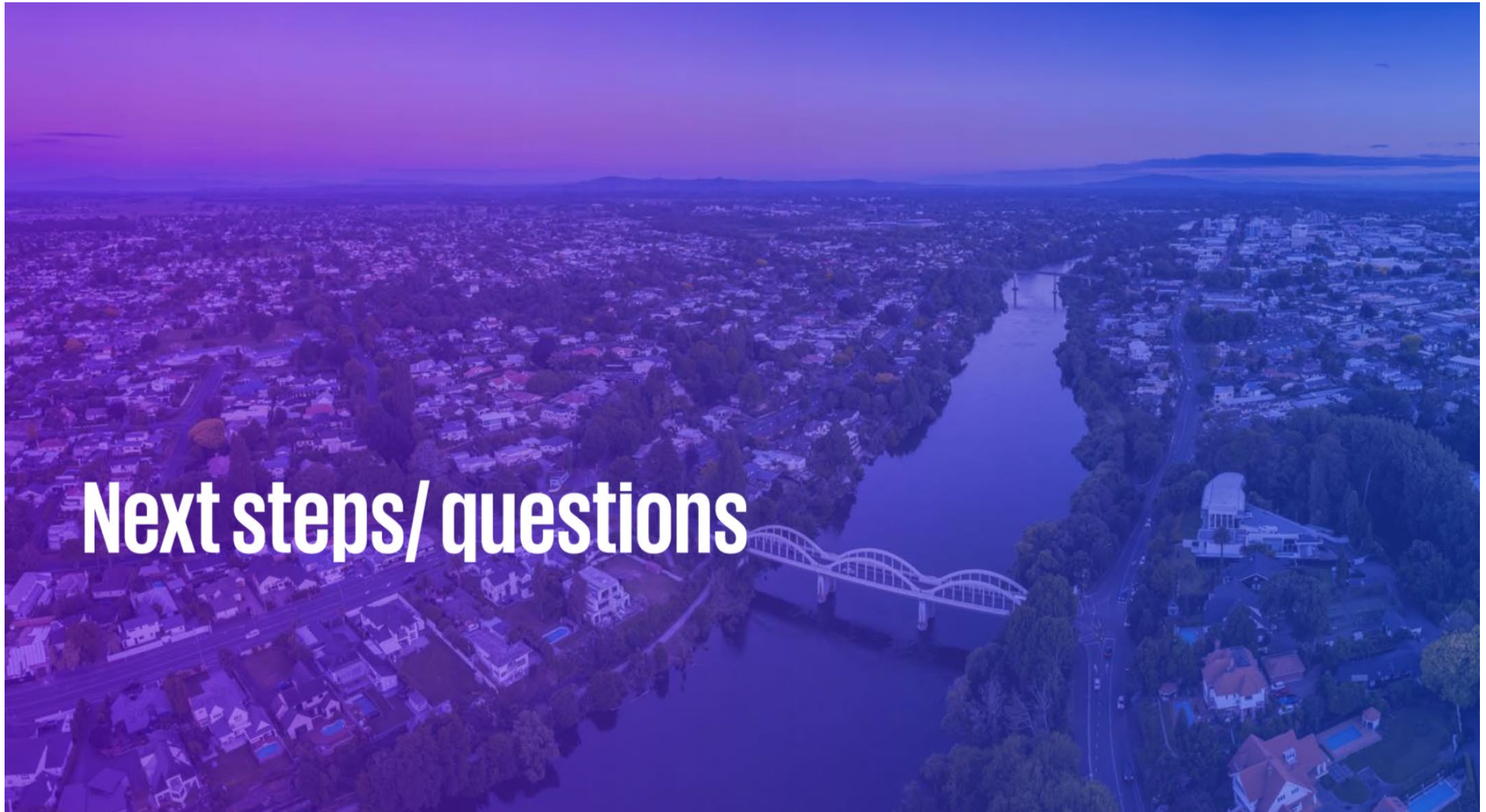
WHERE WILL WE NOT TAKE RISK?

The Council has an 'Averse' risk appetite for failure of critical water assets. It recognises that water-related assets are essential to the delivery of water services to the community and that failure of these assets could result in significant disruption and delays. As a result, the Council is committed to identifying and mitigating risks that could compromise the integrity of critical water-related assets, and to continuously improving its approach to managing these risks.



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Next steps



Risk appetite settings to
inform Internal Audit
Programme



Risk refresh to be conducted
in 2024



Risk appetite statements to
be used in LTP discussions



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Appendix 1 – Risk Matrix

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

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



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Appendix 2 – HCC key risks

Risk name and description	Inherent risk level	Residual risk level	Risk Treatment Option	Risk appetite
Failure to respond to a disaster A lack of preparedness leads to a failure to respond or an ineffective response to a natural or human induced disaster event resulting in compromised community resilience. Links to SR4 and SR8	Very High	Very High	Mitigate	Cautious
Significant negative impact on financial strategy A major economic or financial shock event negatively impacts Council's financial strategy, fiscal and monetary position resulting in significant financial pressure on Council. Links to SR7 Failure to deliver our work programmes.	Very High	Medium	Accept	Cautious
Failure to meet compliance standards Compliance requirements from central government and regional council or changes in community expectations leads to a failure to meet compliance standards resulting in increased exposure to litigation. Links to SR6 Political changes negatively impact on strategic direction.	High	High	Mitigate	Neutral
Loss of information or access to systems and services In the event of a cyber attack, IT service or technology asset failure there is a risk that confidential information and / or Council services are compromised or fail and / or there is a loss of information resulting in ongoing reputational, legal, and financial consequences. SR4 links to SR1 and SR8	Very High	High	Mitigate	Neutral
Failure to deliver growth outcomes Step-changes in growth requirements or demand or consequences of growth means Council can't deliver expected growth outcomes resulting in increased costs and the perception that growth delivers negative outcomes for the community.	Very High	High	Mitigate	Neutral
Political changes negatively impact strategic direction Political stakeholders make unanticipated changes or decisions or take actions that negatively impact Council's strategic direction resulting in significant changes to Council's form or function, resourcing and work programme. Links to SR3 Failure to meet compliance standards	Very High	Very High	Mitigate	Receptive



Appendix 2 – HCC key risks (continued)

Risk name and description	Inherent risk level	Residual risk level	Risk Treatment Option	Risk appetite
Failure to deliver our work programmes An ongoing shortage of necessary resources (people and materials) means we are unable to deliver our work programmes resulting in constrained growth and negative long-term outcomes for the community. Links to SR2 Significant negative impact on financial strategy	Extreme	Very High	Mitigate	Neutral
Failure to respond to a crisis or emergency A lack of Council's preparedness leads to a failure to respond or an ineffective response to a crisis (e.g. pandemic) or emergency (e.g. security attack) resulting in compromised business resilience. Links to SR1 and SR4.	Very High	Very High	Mitigate	Cautious
Failure to respond to climate change Climate change causes changes to our community and City we have not anticipated or planned for which will negatively impact on the wellbeing of our community.	Very High	Very High	Mitigate	Neutral
Failure to provide a safe and healthy work environment Ineffective or inadequate health, safety and wellbeing management at our work sites leads to a failure to provide a safe and healthy work environment for Council staff or workers (including contracted or volunteer workers) resulting in a serious injury incident or fatality and increased exposure to litigation.	Extreme	High	Mitigate	Averse
Failure to provide a safe environment for the community Ineffective or inadequate safety and security management at our community attractions and facilities might mean we fail to provide and maintain a safe environment for the community resulting in a serious injury incident or fatality and increased exposure to litigation.	Very High	High	Mitigate	Averse
Failure of critical assets Incorrect investment (timing and/or amounts) results the unexpected failure of critical assets (loss of levels of service). Resulting in loss of service delivery, financial impact, environmental damage	Very High	Very High	Mitigate	Averse



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Council Report

Committee: Strategic Risk and Assurance Committee

Date: 07 December 2023

Author: Tracey Musty

Authoriser: David Bryant

Position: Finance Director

Position: General Manager Business Services

Report Name: Internal Audit Update

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

1. To inform the Strategic Risk and Assurance Committee (SRAC) on the internal audit progress to 20 November 2023.

Staff Recommendation - *Tuutohu-aa-kaimahi*

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

Discussion - *Matapaki*

3. Council's internal audit function incorporates engagements and actions from KPMG.
4. This report provides an update on progress by KPMG on the internal audit work stream.
5. Since the last report to this committee, there are three updates to note:
 - i. A draft 3-year Internal Audit Plan has been compiled by KPMG covering FY2024 to FY2026 (attached). KPMG's approach to developing the Internal Audit plan was presented in the September 2023 SRAC meeting.
 - ii. The draft Internal Audit Plan was discussed with the Executive Leadership Team and further feedback is awaited to firm up the 3-year Internal Audit Plan for FY2024 and the timing of the reviews to be conducted.
 - iii. Scoping for a procurement maturity assessment including a targeted vendor spend analytics has already commenced.
6. One-on-one discussions with ELT and KPMG are being scheduled for February 2024 to finalise the Internal Audit Plan coverage for FY2024 and indicative reviews for FY2025 and FY2026.
7. Feedback is sought from SRAC on the proposed FY2024 coverage and any other assurance areas needing attention from SRAC's perspective.
8. KPMG will present the finalised Internal Audit Plan to the SRAC in March 2024.

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

Financial Considerations - *Whaiwhakaaro Puutea*

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

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

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

Climate Change Impact Statement

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

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

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

Risks - *Tuuraru*

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

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

Significance

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

Engagement

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

Attachments - *Ngaa taapirihanga*

Attachment 1 - HCC IA Plan - SRAC 23



Draft Internal Audit Plan for discussion with the SRAC

Hamilton City Council (HCC)

November 2023



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Item 9

Attachment 1

Executive Summary

Introduction

This document outlines the potential Internal Audit areas for Hamilton City Council (HCC) for presentation to the Strategic Risk and Assurance Committee (SRAC). The document includes:

1. Proposed Internal Audit coverage for the current financial year i.e. FY2024 and coverage for future years (FY2025 and FY2026).
2. Rationale for selecting the FY2024 Internal Audit areas.
3. Internal Audit coverage by Key Enterprise Risks (KER).

Role of Internal Audit

HCC has an outsourced Internal Audit arrangement with KPMG. The following are the key objectives and goals of an effective Internal Audit function:

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

Approach for Developing the Internal Audit Plan Development

Typically, our planning activities incorporate a number of factors to ensure that we accurately identify and prioritise Internal Audit coverage among various areas of the business. This is key to ensuring we maximise the value of our efforts to support the business in the achievement of its objectives.

As part of the Internal Audit Plan development process, one of the key steps for us is to conduct one-on-one meetings with the members of the ELT to discuss and understand their priorities, focus areas for the next 12 months and assurance needs.

However, due to other competing priorities and the availability of ELT members and as agreed with SRAC Chair, we had to modify our approach and instead of one-on-one ELT meetings, the proposed Internal Audit areas for FY2024 have been identified after reviewing Council's risk profile, strategic objectives and 3-year historical Internal Audit coverage.

The following key factors have driven the prioritisation of the proposed FY2024 Internal Audit areas:

- Robust controls in ensuring the completeness and accuracy of revenue and collection
- Maximising the efficiency and effectiveness of your major programme spend
- Key risk areas that have not had internal audit coverage in the last three years including emerging risk areas

Recommendation and next steps

This draft Internal Audit Plan has been discussed with the ELT and awaiting feedback on the final areas for inclusion in FY2024 and timing of the reviews. The proposed Internal Audit Plan is presented to the SRAC for input and noting.



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Three-year (FY2024-2026) Summary View of the Internal Audit Areas

Key Enterprise Risk / Core Processes	Proposed coverage for FY2024	Proposed future coverage (FY2025 and FY2026)
Failure to respond to a disaster		<ul style="list-style-type: none"> Business Continuity Management Follow-up
Significant impact on financial strategy	<ul style="list-style-type: none"> Procurement Maturity Assessment including Vendor Spend Analytics Fees and Charges (Building and Resource) 	<ul style="list-style-type: none"> Treasury Management Development Contributions
Failure to meet compliance standards		<ul style="list-style-type: none"> Legislative Compliance Framework Resource Consents Processes Probity Conflict of Interest Software Asset Management
Loss of information or access to systems and services		<ul style="list-style-type: none"> IT DRP IT Governance Privacy Review Cybersecurity Data Governance and Management Incident Management
Failure to deliver growth outcomes		<ul style="list-style-type: none"> Strategic Planning Model Risk Management
Political changes negatively impact strategic direction		<ul style="list-style-type: none"> Stakeholder Management
Failure to deliver our work programmes		<ul style="list-style-type: none"> Capital Expenditure Processes Change Management Portfolio/Project Governance and Management
Failure to respond to a crisis or emergency		<ul style="list-style-type: none"> IT DRP
Failure to respond to climate change	<ul style="list-style-type: none"> Climate Change Maturity Assessment 	<ul style="list-style-type: none"> Sustainable Practices Review
Failure to provide a safe and healthy work environment		<ul style="list-style-type: none"> Hybrid Working Employee Value Proposition
Failure to provide a safe environment for the community		
Failure of critical assets		<ul style="list-style-type: none"> Asset Management
Core Processes	<ul style="list-style-type: none"> Accounts Receivable and Debtor Management 	<ul style="list-style-type: none"> Cash Handling, Credit notes and invoicing Payroll Procure to Pay Contract Management



Key factors driving the FY2024 Internal Audit Areas

Key Enterprise Risk / Core Processes	Proposed coverage for FY2024	Rationale for FY2024 IA Review
Significant impact on financial strategy	<ul style="list-style-type: none"> Procurement Maturity Assessment including Vendor Spend Analytics 	<ul style="list-style-type: none"> One of the biggest spend items Current state assessment of the procurement function maturity with a roadmap to maturing to a desired state maturity Cost saving and better value for money opportunities identified for the Council Help inform and expedite Management's current initiative to streamline procurement activities across the Council
Significant impact on financial strategy	<ul style="list-style-type: none"> Fees and Charges (Building and Resource) 	<ul style="list-style-type: none"> A key revenue stream that has a direct impact on the Council's financial strategy Financial and reputational risk to Council due to ineffective processes and controls over this area of the Council's operation No assurance coverage in the past three years
Failure to respond to climate change	<ul style="list-style-type: none"> Climate Change Maturity Assessment 	<ul style="list-style-type: none"> We understand there are pieces of work currently underway across the Council in this space The review will help inform a clear roadmap and action plan for the Council to ensure it is working towards achieving the right climate change outcomes through its efforts No assurance coverage in the past three years
Core Processes	<ul style="list-style-type: none"> Accounts Receivable and Debtor Management 	<ul style="list-style-type: none"> The current economic environment requires robust controls and processes to ensure timely invoicing and effective recovery of its outstanding debt No assurance coverage in the past three years Key operational process that should be reviewed on a cyclical basis, at least every three years

Internal Audit Coverage by Key Enterprise Risks / Core Processes

Key Enterprise Risk	Inherent Risk Rating	Historical coverage			Proposed coverage for FY2024	Proposed future coverage (FY2025 and FY2026)
		FY2021	FY2022	FY2023		
Failure to respond to a disaster: A lack of preparedness leads to a failure to respond or an ineffective response to a natural or human induced disaster event resulting in compromised community resilience.	High		<ul style="list-style-type: none"> Business Continuity Management 			<ul style="list-style-type: none"> Business Continuity Management Follow-up
Significant impact on financial strategy: A major economic or financial shock event negatively impacts Council's financial strategy, fiscal and monetary position resulting in significant financial pressure on Council.	High				<ul style="list-style-type: none"> Procurement Maturity Assessment including Vendor Spend Analytics Fees and Charges (Building and Resource) 	<ul style="list-style-type: none"> Treasury Management Development Contributions
Failure to meet compliance standards: In the event of a cyber attack, IT service or technology asset failure there is a risk that confidential information and/ or Council services are compromised or fail and / or there is a loss of information resulting in ongoing reputational, legal and financial consequences.	Medium	<ul style="list-style-type: none"> Sensitive Expenditure 		<ul style="list-style-type: none"> Tax Risk Governance Framework GST and FBT Compliance Evaluation 		<ul style="list-style-type: none"> Legislative Compliance Framework Resource Consents Processes Probity Conflict of Interest Software Asset Management



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Internal Audit Coverage by Key Enterprise Risks / Core Processes

Key Enterprise Risk	Inherent Risk Rating	Historical coverage			Proposed coverage for FY2024	Proposed future coverage (FY2025 and FY2026)
		FY2021	FY2022	FY2023		
Loss of information or access to systems and services: Compliance requirements from central government and regional council or changes in community expectations leads to a failure to meet compliance standards resulting in increase exposure to litigation.	High		<ul style="list-style-type: none"> Cybersecurity Review 			<ul style="list-style-type: none"> IT DRP IT Governance Privacy Review Cybersecurity Data Governance and Management Incident Management
Failure to deliver growth outcomes: Step-changes in growth requirements or demand or consequences of growth means Council can't deliver expected growth outcomes resulting in increased costs and the perception that growth delivers negative outcomes for the community	High		<ul style="list-style-type: none"> IBIS Project Assessment Business case preparation and benefits realisation 			<ul style="list-style-type: none"> Strategic Planning Model Risk Management
Political changes negatively impact strategic direction: Political stakeholders make unanticipated changes or decisions or take actions that negatively impact Council's strategic direction resulting in significant changes to Council's form or function, resourcing and work programme.	High					<ul style="list-style-type: none"> Stakeholder Management



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Internal Audit Coverage by Key Enterprise Risks / Core Processes

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



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Internal Audit Coverage by Key Enterprise Risks / Core Processes

Key Enterprise Risk	Inherent Risk Rating	Historical coverage			Proposed coverage for FY2024	Proposed future coverage (FY2025 and FY2026)
		FY2021	FY2022	FY2023		
Core Processes	NA				<ul style="list-style-type: none"> Accounts Receivable and Debtor Management 	<ul style="list-style-type: none"> Cash Handling, Credit notes and invoicing Payroll Procure to Pay Contract Management Risk Management Maturity Assessment Fraud Risk Management



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Council Report

Item 10

Committee: Strategic Risk and Assurance Committee

Date: 07 December 2023

Author: Tracey Musty

Authoriser: David Bryant

Position: Finance Director

Position: General Manager Business Services

Report Name: Organisational Improvement Report

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

1. To inform the Strategic Risk and Assurance Committee on the status of Council's Organisational Improvement Register as of 30 September 2023.

Staff Recommendation - *Tuutohu-aa-kaimahi*

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

Executive Summary - *Whakaraapopototanga matua*

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

Discussion – *Matapaki*

Organisational Improvement Register

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

Risk	Complete	In progress	Delayed or not yet started	Not due yet	Total
Low	4	4	3	2	13
Moderate	10	12	4	3	29
High	2	3	1	6	12
Total	16	19	8	11	54

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

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

Financial Considerations - *Whaiwhakaaro Puutea*

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

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

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

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

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

Risks - *Tuuraru*

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

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

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

Engagement

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

Attachments - *Ngaa taapirihanga*

Attachment 1 - HCC Organisational Improvement Register Dec 2023

Hamilton City Council
Organisational Improvement Register

31 August 2023

ID Number	Description	Audit Recommendation	Risk	Date raised	Owner	Status	Status Update
FN-E 2136	Audit NZ open and outstanding matters						
Dat-E 2789	Manual processing of weekly timesheets	The Council implements an online timesheet function for processing weekly timesheets. This will reduce the risk of timesheet information being entered incorrectly into the system and serve as an efficient way to process weekly pay runs. Alternatively, the responsibility for capturing weekly timesheets could be delegated to an individual within the various departments, and the payroll staff members could then just perform a review of the captured information.	Medium	Jun-15	Dan Finn	Delayed, not started	Manual processing and payroll system improvements are directly linked to the HRIS/Payroll project, which remains ongoing. A new HRIS/Payroll system will not be implemented before 1 April 2025 at the earliest and therefore recommendations captured through Opal will not be satisfied until that date. Our current HRIS/Payroll system is providing current services with limitations.
Dat-E 2994	Improvements to payroll systems	We recommend that supporting documentation is filed in a manner that can be easily retrieved. We recommend that processes and controls are reviewed on a regular basis. This will identify any gaps in the system and provide an opportunity for the City Council to strengthen their controls.	Medium	Jun-21	Dan Finn	Delayed, not started	These recommendations have been implemented to our satisfaction. Manual processing and payroll system improvements are directly linked to the HRIS/Payroll project, which remains ongoing. A new HRIS/Payroll system will not be implemented before 1 April 2025 at the earliest and therefore recommendations captured through Opal will not be satisfied until that date. Our current HRIS/Payroll system is providing current services with limitations.
Dat-E 2141	No Organisational Business Continuity Plan (BCP) or IT Disaster Recovery (DR) Plan	Develop and test the organisational BCP and IT Disaster Recovery Plan.	Medium	Jun-20	Tony Oxley	In progress	Draft IS Service Continuity Plan and IT Incident Plan have been updated, an assessment of organisation BCP's completed. We will now begin to work with the org to update BCP documents to include specific return to service requirements and then use this information to create a DR and BCP roadmap.
Dat-E 2995	Bond and deposits register contains long outstanding bonds	We recommend that the register is reviewed for aged bonds and deposits. The register should be cleared for any bonds and deposits that are no longer applicable or held.	Low	Jun-21	Sarah Vaz	Delayed, not started	The aged bonds and deposits have been identified and cleared where possible. Work has been delayed due to staff capacity.
Dat-E 3041	Long Term Plan Audit 2021-2031						
Ent-E 2820	Funding from Waka Kotahi NZ Transport Agency	We recommend that management revisit their financial forecasts when the Waka Kotahi funding allocation is approved and, if required, update these as part of the Annual Plan process.	Medium	Jul-05	Martin Gould	Complete - ready for re-auditing	Complete. Awaiting re-auditing.
Ent-E 2821	Cost savings	We continue to recommend that the City Council implements adequate financial reporting processes to ensure that the costs savings are monitored and reported appropriately and consistently to the Council throughout the period of the long-term plan.	Medium		Julie Sanderson	Complete - ready for re-auditing	Complete. Awaiting re-auditing
Ent-E 2822	Quality of asset-related forecasting information (including condition and performance information for critical assets)	We recommended that the City Council improve the quality of data about asset performance and asset condition for critical assets. We will continue to monitor this recommendation through our audits of the annual report.	Medium	Jul-05	Megan Wittstock	Complete - ready for re-auditing	Complete. Awaiting re-auditing
Dat-E 3042	Annual Report Audit 2022						

ID Number	Description	Audit Recommendation	Risk	Date raised	Owner	Status	Status Update
Ent-E 3043	Approval process for sensitive expenditure	We recommend that all sensitive expenditure transactions are approved on a one-up basis (for example Mayor expenditure is reviewed by either the Deputy Mayor or CEO or both, and CEO expenditure is approved by the Mayor).	Medium	Jun-22	Sarah Vaz	In progress	CE and Mayoral offices have revised processes and spoken to staff. Expectations have now been set around one-up expenditure when it is deemed there is a benefit to the end user. Half yearly reporting of CE & Mayoral Office Expenditure to the Chair of SRAC will be increased to quarterly. In the process of finalising documentation for recommended processes.
Ent-E 3044	Condition data present in asset registers for valuation purposes	We recommend that Council ensure that condition data is present in asset registers and available for valuers so that assets in poor condition are correctly reflected in the valuation	Medium	Jun-22	Megan Wittstock	In progress	<p>-Three Waters - Council acknowledges the AuditNZ recommendation that condition data and/or scoring, is contained within the Three Waters Asset registers, and is made available to valuers to utilise in the revaluation of Three Waters Assets held by Council, where this information is available, and robustly quality assured as being accurate.</p> <p>-Transport - Council has an ongoing condition rating programme for all the Transport assets, and this data is contained within the same database as is used for the Transport revaluation process. The existing level of individual transport asset condition data held is considered to be appropriate, sufficiently current and complete as reported by Council's external evaluator. However, staff will continue to improve condition rating as part of our improvement plan. The Transport Revaluation has traditionally been based on current age, and that adjustment for remaining expected life based on current condition is not recommended by Thinkproject, the providers of the RAMM transport asset management database. Council acknowledges the AuditNZ recommendation that condition data is considered and will investigate the potential to revise the transport revaluation procedure to take not account current condition where appropriate.</p> <p>-Parks & Gardens - Council acknowledges Audit NZ recommendation. A business case recently been approved for a range of asset data improvements, including a project to enable the capture of condition inspection results in IPS for open spaces assets. The PG revaluation report also includes an improvement task to investigate the use of condition information for the next revaluation (dependent on the business case project). Therefore, the area causing a status of "in progress" for this OIR matter is Parks and Gardens.</p>
FN-E 2137	PWC open or outstanding matters						
Dat-E 3016	Property Management Process D-3631981						
Ent-E 3017	Improve processes for communication and sharing of information	From PWC Audit D-3631981 February 2021Work with the Facilities team to improve processes in respect of the provision of (or facilitation of access to) property inspection records.	Low	Feb-21	Nicolas Wells	Complete - ready for re-auditing	The Asset Manager is developing the reporting for the 'building on a page'. Facilities have developed a reporting dashboard that gives information for all assets that SPU has access to.
Ent-E 3021	Lack of process notes, reliance on key people and current manual processes have resulted in data entry errors.	Implement a second person review of key information entered into the register.	Low	Feb-21	Nicolas Wells	In progress	Progressing towards closing off outstanding PWC audit recommendations. This work is currently in progress.
Ent-E 3022	Manual monthly invoices for operating expense recoveries	1. Simplify the receipt of information2. Implement a review process of the draft invoices3. Investigate implementing a regular monthly invoice and wash-up at year end	Low	Feb-21	Nicolas Wells	Delayed, not started	Automation at this point is not possible, however this has been raised with IS and will be reviewed as Authority capability expands through upgrades. Discussions taking place with Revenue Team. The Business Administrator has implemented better manual processes and these are available through Content Manager should there be a different person in the role in the future. Process also mapped in Promapp.
Dat-E 3018	IBIS Breeze System D-3845480						

ID Number	Description	Audit Recommendation	Risk	Date raised	Owner	Status	Status Update
Ent-E 3024	Refresh alerts to indicate batch status	Breeze to be further developed to either force a refresh on change of assumptions, or display an alert to the user clearly and prominently within the system, indicating that a refresh is required before outputs can be relied upon. Alternatively, a status bar that tracks at what stage the batch set is at be included, so that the user knows what stage the batch set is at (e.g. inputs loaded/assumptions set/refresh run).	High	Jun-21	Sarah Vaz	In progress	IBIS have confirmed a display alert is a more suitable solution for this. Breeze to be further developed to either force a refresh on change of assumptions, or display an alert to the user clearly and prominently within the system, indicating that a refresh is required before outputs can be relied upon. Alternatively, a status bar that tracks at what stage the batch set is at be included, so that the user knows what stage the batch set is at (e.g. inputs loaded/assumptions set/refresh run). A ticket with IBIS has been logged as a medium priority and was expected to be completed by the end of the year. However IBIS is yet to implement this functionality.
Ent-E 3025	Assumption Data Validation	Breeze be further developed to restrict the user entered assumptions to a reasonable value such as between 0% and 100%, and warn the user if the range is outside expected parameters such as entering an inflation rate of 25%.	Medium	Jun-21	Sarah Vaz	Delayed, not started	IBIS development team are working on the consistency of application of the assumptions. Specifically: -Unreasonable assumptions - warning if entry is outside of expected range -Warning if an assumption does not have any entry or has default rate -Discussion around how this may be addressed -Decision was made that exception reporting may be the best/easiest/quickest solution This ticket has been flagged as highest priority and the IBIS team are working to solve this before the end of the calendar year.
Ent-E 3027	User warning where a general assumption does not have any entry or is still set at a default rate	A warning to the user is shown if a general assumption does not have any entry or is still set at the default rate.	Medium	Jun-21	Sarah Vaz	Delayed, not started	IBIS development team are working on the consistency of application of the assumptions. Specifically: -Unreasonable assumptions - warning if entry is outside of expected range -Warning if an assumption does not have any entry or has default rate -Discussion around how this may be addressed -Decision was made that exception reporting may be the best/easiest/quickest solution This ticket has been flagged as highest priority and the IBIS team are working to solve this before the end of the calendar year.
Ent-E 3030	Breeze Controls - internal checks presented to users	Breeze development integrate internal checks and present to the user such that they can have confidence the system is fully calculated and in balance.	Low	Jun-21	Sarah Vaz	Delayed, not started	IBIS development team are working on input validation controls to address this issue. This will be made available to all Councils utilising the Breeze system. This ticket has a moderate priority.
Ent-E 3032	Software output review procedures	Council Finance team set a timeline to reduce the level of manual recalculation currently being performed in line with the implementation of the recommendations included in this report to maximise the efficiency of the Breeze system.	Medium	Jun-21	Sarah Vaz	Complete - ready for re-auditing	The IBIS team have further developed the Interactive application to include metrics that are now batch set specific. This has significantly reduced the need for manual recalculations.
Dat-E 3060	Business Continuity Management D-4469401						
Ent-E 3061	Development of a Resilience Management Policy	Develop a Resilience Management Policy incorporating business continuity, crisis, emergency and incident, and protective security management.	High	Oct-22	Nicholas Whittaker	Delayed, not started	Put on hold to align with review of Risk Management Policy.
Ent-E 3062	Establish resilience working and governance groups	Establish resilience working and governance groups	High	Oct-22	Nicholas Whittaker	Not yet due	This action is not due until 2024, as yet no work has been completed on this action.
Ent-E 3063	Development and implement a resilience training and testing programme	Development and implement a resilience training and testing programme.	High	Oct-22	Nicholas Whittaker	Not yet due	This action is not due until 2024, no work has been completed on this action.
Ent-E 3065	Align operational-level BIA with enterprise-level BIA as part of routine BCM reviews and updates.	Align operational-level BIA with enterprise-level BIA as part of routine BCM reviews and updates.	High	Oct-22	Nicholas Whittaker	In progress	Some BIA's have been completed, however this work has been delayed given a number of internal capacity pressures to meet the December 2023 deadline. This will be a key focus area in the new year.
Ent-E 3066	Refresh the BCP template	Refresh the BCP template	High	Oct-22	Nicholas Whittaker	Not yet due	Updated BCP templates will follow Business Impact Analysis (BIA) workshops. The treatment plan's due date has been amended to reflect this.

ID Number	Description	Audit Recommendation	Risk	Date raised	Owner	Status	Status Update
Ent-E 3067	Establish resilience working and governance groups	Establish resilience working and governance groups	High	Oct-22	Nicholas Whittaker	Not yet due	This action is not due until 2024, as yet no work has been completed on this action.
Ent-E 3068	Development and implement a resilience training and testing programme.	Development and implement a resilience training and testing programme.	High	Oct-22	Nicholas Whittaker	Not yet due	
Dat-E 3069	Strategic Property Unit Review D-4490466						
Ent-E 3070	Prepare a comprehensive statement of the SPU's purpose, objectives and basis for opportunity assessment	Prepare a comprehensive statement of the SPU's purpose, objectives and basis for opportunity assessment, to be confirmed and agreed between the SPU and Council leadership.	Medium	Nov-22	Nicolas Wells	In progress	Progressing towards closing off outstanding PWC audit recommendations. This work is currently in progress.
Ent-E 3073	Issue criteria for SPU engagement and prepare an internal SPU	Upon completion of the wider Council property portfolio review and other internal unit management processes underway (which should include an assessment of potential future opportunity areas based on strategic direction), issue criteria for SPU engagement and prepare an internal SPU plan for identifying future opportunities proactively.	Medium	Nov-22	Nicolas Wells	In progress	
Dat-E 3100	GST & FBT Compliance Evaluation						
Ent-E 3101	Prior month GST workpaper template rolled forward each month	Use a blank template to create each month's workpaper	Medium	Feb-23	Sarah Vaz	Complete - ready for re-auditing	Process adapted.
Ent-E 3102	Procedural document includes reference to specific periods	Remove specific references to GST periods to ensure documentation is relevant to all GST periods and eliminate the need for monthly updates.	Low	Feb-23	Sarah Vaz	Complete - ready for re-auditing	Process documentation has been updated. Awaiting re-audit.
Ent-E 3106	Documentation of GST treatment for all residential rental properties	Where a second-hand goods claim has been made on the purchase of property, we recommend Council make mixed-use adjustments for the property going forward. For properties purchased prior to the introduction of GST, record of the GST treatments and rationale should be recorded for completeness.	Low	Feb-23	Sarah Vaz	Not yet due	Will be completed post year end due to workloads.
Ent-E 3108	Conditional invoices for dog registration fee statements.	That Council consider including wording on dog registration fee statements to indicate these are conditional invoices to ensure that the time of supply is aligned with Council's current practice of recognising GST when payment is received.	Medium	Feb-23	Sarah Vaz	Not yet due	Will be completed post year end due to workloads.
Ent-E 3109	Conditional invoices for liquor and food licensing renewals.	That Council consider including wording on renewals to indicate these are conditional invoices to enable GST to be returned base upon payment.	Medium	Feb-23	Sarah Vaz	Not yet due	Will be completed post year end due to workloads.
Ent-E 3110	GST determination on grants received.	Business Units should seek advice from Finance when determining GST treatment of grants received to ensure no reliance on third-party grant providers to determine GST treatment.	Low	Feb-23	Sarah Vaz	Not yet due	Will be completed post year end due to workloads.
Ent-E 3113	Automation of FBT identification and calculation process	Consider automation options for the identification of unclassified benefits and motor vehicles.	Medium	Feb-23	Sarah Vaz	Not yet due	Will be reviewed when next FBT being completed Q4 2024.
Ent-E 3114	Adoption of pooled alternate rate method for FBT returns	Adopt pooled alternate rate method for Q4 2024 FBT calculations	High	Feb-23	Sarah Vaz	Not yet due	Will be adopted Q4 2024.
Dat-E 3120	Vendor Analytics Internal Audit D-4634623						

Hamilton City Council
Organisational Improvement Register

31 August 2023

ID Number	Description	Audit Recommendation	Risk	Date raised	Owner	Status	Status Update
Ent-E 3122	Conflict of Interest (COI) Register	Formalise a register to record declarations of conflicts of interest and assessment of risks.	Medium	Mar-23	Igor Magud	In progress	In progress. A nominated Finance Team member can be provided access to a register of declared interests held by the People, Safety and Wellness. In progress.
Ent-E 3123	COI Register and review of non-employee financial transactions	Develop an integrity report to periodically check non-employee financial transactions against declared interest and employee bank accounts. Finance Director to report to SRAC if such a transaction is flagged.	Medium	Mar-23	Igor Magud	In progress	In progress. Standing reports have been created, declarations of interest register to be shared with Finance team member.
Ent-E 3124	Segregation of duties in PO process	Investigate how the PO's were raised and approved by the same person.	High	Mar-23	Igor Magud	Complete - ready for re-auditing	Standing report has been created to monitor any issues.
Ent-E 3125	Segregation of duties and Authority access	Ensure delegated authority workflows are in place and in line with access to Authority	High	Mar-23	Igor Magud	Complete - ready for re-auditing	Standing reports have been created, and will be monitored regularly for any anomalies in system permissions.
Ent-E 3126	Duplicate Invoices Controls	Investigate the duplicate invoices identified and request refunds from vendors where needed	High	Mar-23	Matt Bell	In progress	Confirmed Authority 7.1 has controls in place to stop duplicate invoices being entered against the same creditor. Procurement team developing the use of Abbyy workflow, to assist in monitoring and review of AP transactional data. Ad-hoc reporting has been produced in the interim and assessed for possible duplicate invoices.
Ent-E 3127	Duplicate Invoices Report Review	Regular review of a duplicate invoice report by the Accounts Payable team	Medium	Mar-23	Matt Bell	In progress	Report in process of being developed. Refer E-3126. Ad-hoc checking currently in absence of reports, Work is in progress to create an automated process.
Ent-E 3128	Vendors with high volume of credit notes	Bidfood issue credit notes for minor credits (crates, damaged vegetables and fruit), identify if there is a better process to follow to reduce the manual processing by the AP team.	Low	Mar-23	Matt Bell	Complete - ready for re-auditing	This is resolved. There was one specific vendor used by the zoo, who would raise a credit notes upon the return of pallets. After discussion, they are no longer including pallets on their invoices. IS staff currently developing reporting in Abbyy system to assist with quantifying this as an issue, identify situations to focus on, and users responsible. Note that there are some genuine circumstances where an invoice may be received without a PO, and the Authority purchasing system caters for this. Our aim initially is to drive a rapid change in user behaviors by better educating our purchasing staff and suppliers of our requirements. Ongoing campaign of training, communication and updating documentation to drive change from our business users and vendors. This includes:
Ent-E 3129	Purchase Orders raised after invoice is received	Internal communication to vendors and staff to require PO's to be referenced on invoices for processing to occur.	Medium	Mar-23	Matt Bell	In progress	<ul style="list-style-type: none"> - Email to suppliers - sent in July. - Continuous updates to velocity purchasing pages to reflect business requirements. - Targeted comms to business managers and those that can influence wider change. - Training to new all purchasing users - Discussions directly with users to provide support and guidance. - Promoting the uptake of blanket purchase orders, (which has been simplified as part of a recent system upgrade). Our messaging to the business includes the future implementation (and benefits) of invoicing, which relies heavily on correct invoice information.
Ent-E 3130	Invoices held in system for upto 3 years for processing	Review process around document date, when not in current financial period	Low	Mar-23	Matt Bell	Complete - ready for re-auditing	This was a single specific situation related to a large subdivision which experienced delays, where the invoice was held by the unit until such time as it was appropriate for payment. As soon as it was received by AP, it was loaded, approved and paid within normal workflow timeframes. AP team now aware to question any invoices where invoice date is substantially outside of current period. Expectation is that an amended current invoice is provided by the vendor. P2P Specialist role (procurement team) has been filled and staff member interrogates data regularly. Also addressed with business unit. There may be genuine circumstances (as per note in Q4) where old invoice date is entered for payment.
Ent-E 3131	Review of Duplicate Vendor Records	Continue ongoing process of cleansing and reviewing the names and addresses register	Medium	Mar-23	Igor Magud	Complete - ready for re-auditing	Annual review process implemented.

Item 10

[illegible]

Council Report

Item 11

Committee: Strategic Risk and Assurance Committee

Date: 07 December 2023

Author: Tracey Musty

Authoriser: David Bryant

Position: Finance Director

Position: General Manager Business Services

Report Name: Audit NZ Management Report 30 June 2023

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

1. To inform the Strategic Risk and Assurance Committee on the Audit NZ Final Management Report for 30 June 2023

Staff Recommendation - *Tuutohu-aa-kaimahi*

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

Executive Summary - *Whakaraapopototanga matua*

3. Audit NZ completed their audit of the 30 June 2023 Annual Report.
4. Audit NZ issued a non-standard audit report, without modifying their audit opinion on 31 October 2023.
5. An emphasis of matter paragraph is included in the audit report relating to the Government introduced legislation to establish four publicly owned water services entities.
6. Five new recommendations were made during the final audit, and one prior recommendation was closed.
7. Council has three open recommendations as at 30 June 2023.
8. The complete Management Report can be found in **Attachment 1**.
9. Staff consider the matters in this report have low significance and that the recommendations comply with the Council's legal requirements.

Discussion - *Matapaki*

Audit recommendations: An overview - *Ko ngaa Tuutohu noo te Arotake Puutea: He Tiro whaanui*

10. Audit NZ use three categories to reflect the significance of their recommendations. These categories are marked as either beneficial, necessary, or urgent.

Prior year open matters

Item 11

Recommendation	Priority	Audit NZ Comments
1. Sensitive expenditure approvals Sensitive expenditure transactions are approved on a one-up basis.	Necessary	<i>In progress</i> <i>50% of the transactions tested during the year were approved on a one-up basis, therefore we consider that this issue as started as City Council has made progress towards fully addressing this issue.</i>
2. Manual processing of weekly timesheets The City Council implements an online timesheet function for processing weekly timesheets. Alternatively, the responsibility for capturing weekly timesheets could be delegated to an individual within the various departments, and the payroll staff members could then just perform a review of the captured information.	Necessary	<i>Open</i> <i>Noted the new system was not implemented and has been postponed until 2024.</i>
3. No organisational business continuity plan or IT disaster recovery plan The City Council prioritises development and testing of Organisational Business Continuity and IT Disaster Recovery plans.	Necessary	<i>In progress</i> <i>DR and BCP plans will continue to be developed, enhanced, and tested over the next 9 months.</i> <i>The City Council has identified several areas that are currently being focussed on related to the current backup environment and have engaged Fujitsu New Zealand to provide recommendations</i>

11. New recommendations:

Recommendation	Priority	Council Response
<p>1. We recommend that the City Council ensure that processes are in place to limit the manual adjustments and look into improving processes and systems to ensure that the WIP balance reflected in the general ledger are more closely aligned with the underlying asset systems.</p>	<p>Necessary</p>	<p><i>Management agrees with the finding, council has invested in additional staff resources – capital support accountant and capital financial analyst to address WIP items that have exceeded their in-use dates.</i></p> <p><i>Management does however disagree with implication in the reason for the adjustment stated which appears to indicate a lack of alignment between councils financial and asset systems. Council reconciles the general ledger and the underlying asset systems regularly and resolves any differences noted.</i></p> <p><i>Additional pressure has been placed on these requirements through the volume of capital expenditure, council has seen a significant increase in the Capital Expenditure programmes over the past two years, 2022 spend was \$292m and in 2023 it was \$321m.</i></p>
<p>2. A review process should be implemented to ensure the system is updated with the adopted rates resolution.</p>	<p>Necessary</p>	<p><i>Council acknowledges a charging error occurred in the 2022/23 Financial year. This error related to Non-Domestic Water Supply Minimum Charges continuing to be charged throughout 22/23 at the 21/22 rate. The impact of this error is an under recovery of approximately \$21K (including GST) or \$18K (excluding GST) of Non-Domestic Water Supply Minimum Charges.</i></p> <p><i>In response to Audit NZ's findings, a review of the application of Non-Domestic Water Supply Minimum Charges has been initiated to ensure clarity on the intended application and compliance with the Rating Act.</i></p>
<p>3. City Council should perform an internal quality review over data inputted by third party to ensure the accuracy thereof for reporting purposes.</p>	<p>Necessary</p>	<p><i>Council has a continuous improvement plan for data collection and management. Staff will ensure that internal review is part of this improvement plan.</i></p>

Item 11

<p>4. Intangible assets budget will need to be investigated in more detail to ensure the completeness and accuracy over this data for the 10 year plan.</p>	<p>Necessary</p>	<p><i>Budgets relating to information services are consolidated into four areas, with actuals captured for each individual projects. The FY23 budgets were not aligned following Council's accounting policy change (SaaS), with alignments being managed through forecasts during the financial year.</i></p> <p><i>LTP 2024-34 budgets reflect the Accounting Policy change with planning completed at the project level. This may result in formal budget setting (through council's budget systems – Psoda and Breeze) containing four consolidated areas, however these will be supported by a work programme. Council does however note an element of reactive projects to a current climate may always occur.</i></p>
<p>5. City Council ensure that condition data is present in asset registers and available for valuers</p>	<p>Necessary</p>	<p>Three Waters - Council acknowledges the AuditNZ recommendation that condition data and/or scoring is to be contained within the Three Waters Asset registers and is made available to valuers to utilise in the revaluation of Three Waters Assets held by Council, where this information is available, and robustly quality assured, as being accurate.</p> <p>Transport - Council has an ongoing condition rating programme for all the Transport assets, and this data is contained within the same database as is used for the Transport revaluation process. The existing level of individual transport asset condition data held is appropriate, sufficiently current and complete as reported by Council's external evaluator. However, staff will continue to improvement condition rating as part of our improvement plan.</p> <p>Parks & Gardens - Council acknowledges Audit NZ recommendation. A business case recently been approved for a range of asset data improvements, including a project to enable the capture of condition inspection results in IPS for open spaces assets.</p>

Financial Considerations - *Whaiwhakaaro Puutea*

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

13. There are no financial implications in relation to this decision.

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

14. Staff confirm that this matter complies with the Council's legal and policy requirements.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

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

16. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report as outlined below.

17. The recommendations set out in this report are consistent with that purpose.

18. Economic wellbeing is managed through the efficient monitoring of Council's financial results. Diligent reporting of Council's budget to actual financial results is required to ensure Council is operating effectively and policy compliance is met.

19. There are no known social, cultural and environmental wellbeings associated with this matter.

Risks - *Tuuraru*

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

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

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

Engagement

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

Attachments - *Ngaa taapirihanga*

Attachment 1 - HCC - Management Report FY23

Report to the City Council on the audit of

Hamilton City Council

For the year ended 30 June 2023

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Key messages

We have completed the audit for the year ended 30 June 2023. This report sets out our findings from the audit and draws attention to areas where the City Council is doing well and where we have made recommendations for improvement.

Audit opinion

We issued a non-standard audit report dated 31 October 2023.

Without modifying our audit opinion, we included an emphasis of matter paragraph in our audit report to draw attention to the disclosures in the financial statements relating to the developments in the Government's water services reform programme with effect between 1 July 2024 and 1 July 2026.

Matters identified during audit planning

In our Audit Plan, we identified the following focus areas for this audit:

- roading revaluations and fair value assessment specifically for three waters;
- the risk of management override of internal controls;
- fair value assessment for assets (non-revaluation year);
- revaluation of investment properties;
- asset impairment considerations;
- affordable water reforms;
- new accounting standard - First-time adoption of PBE IPSAS 41 *Financial Instruments*;
- adoption of PBE FRS 48 Service Performance Reporting; and
- drinking water quality performance measures.

We did identify matters of concern in relation to these focus areas as a result of the audit work we completed. These matters are discussed in more detail in the body of this report. At interim we found that the list of investment properties was not complete but this has since been fixed.

For further detail on our findings, please refer to section 3 below.

Matters identified during the audit

During our audit, we identified the following issues. For further detail on these, please refer to section 4:

- work in progress capitalisation process not being followed;
- incorrect water meter fixed rate charge;
- reliability over data entered by third party for the performance measure – smooth travel exposure; and
- intangible assets budgeting process to be revised.

We have also re-raised a prior year issue relating to asset condition data available for the valuer. Refer to section 4.5 below for further detail.

Thank you

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

Management provided the audit team with read only access to the financial system, which allowed the audit team to access the relevant information required for our testing. We found this to be very beneficial and efficient from an auditing perspective and look forward to the opportunity to use this access on future audits.



Clarence Susan
Appointed Auditor
22 November 2023

1 Recommendations



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

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

1.1 New recommendations

The following table summarises our recommendations and their priority:

Recommendation	Reference	Priority
Processes and systems are improved so that the WIP balance reflected in the general ledger more closely aligns with the underlying asset systems and the need for manual adjustments is reduced.	4.1	Necessary
A review process should be implemented to ensure the billing system is updated with the adopted water meter fixed rate charges.	4.2	Necessary
A quality review should be performed over data input by third parties into RAMM to ensure the accuracy thereof for reporting purposes.	4.3	Necessary
The intangible assets budget is investigated in more detail to ensure the completeness and accuracy of this for the 10-year plan.	4.4	Necessary
Condition data is included in asset registers and available for valuers.	4.5	Necessary

1.2 Status of previous recommendations

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

Priority	Priority			
	Urgent	Necessary	Beneficial	Total
Open	-	3	-	3
Implemented or closed	-	1	-	1
Re-raised as a current year issue	-	1	-	1
Total	-	5	-	5

2 Our audit report

2.1 Our opinion was unmodified



We issued a non-standard audit report on 31 October 2023. Our report included an unmodified opinion. This means we were satisfied that the financial statements and statement of service performance present fairly the City Council's activity for the year and its financial position at the end of the year.

Without modifying our audit opinion, we included an emphasis of matter paragraph in our audit report to draw attention to the disclosures in the financial statements relating to the developments in the Government's water services reform programme.

The Water Services Entities Act 2022, as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023 and the Water Services Legislation Act 2023 on 31 August 2023, establishes ten publicly owned water services entities to carry out responsibilities for the delivery of three waters services and related assets and liabilities currently controlled by local authorities.

Water services entities' establishment dates are staggered, with all the water services entities becoming operational between 1 July 2024 and 1 July 2026. The financial impact of the water services reform on the City Council remains uncertain until the relevant water services entity's establishment date is known, and the allocation schedule of assets, liabilities, and other matters to be transferred is approved. with effect between 1 July 2024 and 1 July 2026.

2.2 Uncorrected misstatements

The financial statements are free from material misstatements, including omissions. During the audit, we discussed with management any misstatements that we found, other than those which were clearly trivial. There were no financial misstatements identified during the audit that were not corrected.

2.3 Uncorrected disclosure deficiencies and performance reporting misstatements

There were no uncorrected disclosure deficiencies or performance reporting misstatements.

2.4 Corrected misstatements

We identified misstatements that were corrected by management. Details of the corrected misstatements are listed in Appendix 2.

2.5 Quality and timeliness of information provided for audit



Management needs to provide information for audit relating to the annual report of the City Council. This includes the draft annual report with supporting working papers. We are satisfied the information requested to support the annual report was provided on time.

The first draft of the annual report that we received excluded group figures and required the adjustments in Appendix 2 to be made. Although the disclosures and reported performance information were complete, a number of minor errors needed to be corrected and changes had to be made to the first draft. We had to spend additional time checking the corrections made to verify that the disclosures and reported performance information were fairly reflected in the annual report. For example, these include errors that related to:

Financial statements:

- benchmarks disclosures;
- severance and remuneration disclosures;
- insurance disclosures;
- exchange versus non-exchange disclosures;
- property, plant and equipment note;
- capital commitments note;
- funding impact statement for the whole of Council;
- statement of Cash Flows; and
- financial instruments disclosure.

Performance reporting:

- reported results for 2022-23 that were incorrect and amended;
- 2021/22 results were amended for non-material measures; and
- performance measure description not 100% aligned with LTP.

3 Matters raised in the Audit Plan



In our Audit Plan of 16 June 2023, we identified the following matters as the main audit risks and issues:

Audit risk/issue	Outcome
Risk of management override	
<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>To address this risk, we performed the following audit procedures:</p> <ul style="list-style-type: none"> • tested the appropriateness of selected journal entries; • reviewed accounting estimates for indications of bias; and • evaluated any unusual or one-off transactions, including those with related parties. <p>We did not identify anything of concern.</p>
Revaluation of Roading assets - revaluation year	
<p>For property, plant and equipment held at fair value PBE IPSAS 17, <i>Property, Plant and Equipment</i>, requires that valuations are conducted with sufficient regularity to ensure that the carrying value does not differ materially from fair value.</p> <p>We understand that the City Council will revalue:</p> <ul style="list-style-type: none"> • parks and gardens; and • roading assets as at 30 June 2023. <p>The roading assets being revalued are a significant portion of the City Council's assets and there is a risk that errors in the process or calculation could result in a material misstatement.</p> <p>The reliability of the valuation depends on the valuation method applied, the completeness and accuracy of the source data and the appropriateness of underlying assumptions.</p>	<p>The City Council's Roading assets were revalued by an independent valuer, Beca. The revaluation gain realised for roading was \$377.6 million for the year ended 30 June 2023. The most significant driver of this increase was large increases in replacement cost unit rates.</p> <p>For the roading revaluation, we have:</p> <ul style="list-style-type: none"> • read the valuation report and held discussions with the valuer to confirm our understanding of the valuation methods, key assumptions and source data used in the revaluation process; • assessed the valuer's expertise for the work and their objectivity; • assessed the valuation method and disclosures in the financial statements for compliance with the requirements of PBE IPSAS 17, <i>Property, Plant and Equipment</i>;

Audit risk/issue	Outcome
<p>Because of the large value of the assets held by the City Council, a small movement in the key assumptions can have a significant impact on the valuation and consequential depreciation expense recognised in the financial statements.</p>	<ul style="list-style-type: none"> • reviewed the overall valuation movement and obtained explanations for any significant or unusual changes in value; • completed tests of detail for a sample of assets, testing the source data, considering the appropriateness and reasonableness of key judgements made and assumptions applied, and testing the calculations in the valuations – this has included looking at how useful lives and remaining useful lives have been determined as well as unit rates for replacement costs; and • assessed whether the valuation movement has been correctly calculated and confirmed that the overall valuation movement has been correctly accounted for by recognising the valuation increase as a result of the revaluation in other comprehensive revenue and expense. <p>From audit work completed, we did not identify any significant issues. We consider that the carrying value of the roading assets in the financial statements is reasonable. However, we identified that the condition of assets is not recorded in the fixed asset register.</p> <p>This means that valuers cannot take condition of the assets into consideration for the valuations performed. This creates a risk that the remaining useful lives of assets in poor condition, and their fair values, are overstated.</p> <p>Refer to 4.5 below for further detail.</p>

Audit risk/issue	Outcome
Fair value assessments for assets - Non-revaluation year (Three Waters)	
<p>For those assets that the City Council is not planning to revalue, the City Council should perform a fair value assessment to determine whether there is a significant difference between the fair value and the carrying value. Where the estimated difference is significant a revaluation may be necessary.</p> <p>An assessment should:</p> <ul style="list-style-type: none"> • factor in local cost information; • utilise relevant and reliable price movement indicators; and • involve consulting with valuers, if necessary. <p>Alternatively, City Council could engage valuers to assist in preparing a fair value assessment.</p> <p>We consider the fair value assessment for Three Waters to be a significant risk due to the value of these assets.</p>	<p>We reviewed the City Council's assessment of fair value against carrying value for each asset class not scheduled to be revalued this year.</p> <p>We are satisfied that there is no material difference between the carrying amount and the fair value for these classes of assets.</p>
Affordable water reforms	
<p>The Affordable water reforms programme (the Reform) is expected to result in significant structural changes to the management, funding and ownership of water supply, wastewater, and stormwater assets in the local government sector.</p> <p>The Government has recently announced a number of changes to the reform. On 13 April 2023, the Government outlined changes to the number of water services entities and a staggering of their establishment dates starting from early 2025, with all the water services entities to be established by 1 July 2026. The timing of the transfer of assets and liabilities is therefore uncertain until amendments to existing legislation are passed.</p>	<p>We have reviewed the disclosure made by the City Council about the Reform and assessed whether this is reasonable. Given the significant impact the reform is likely to have on the City Council, we have included an Emphasis of Matter paragraph in our audit report to draw a readers' attention to this disclosure.</p>

Audit risk/issue	Outcome
Revaluation of investment property	
<p>The City Council revalues its investment property annually. The relevant accounting standard is PBE IPSAS 16, <i>Investment Property</i>.</p> <p>The fair value of investment properties needs to reflect the market conditions as at reporting date.</p> <p>Due to the nature and value of the revaluations, any bias or errors in the inputs used or calculations performed could result in a significant misstatement in the value of investment property.</p>	<p>The City Council's investment properties were revalued by an independent valuer, Telfer Young. The fair value of investment properties decreased by \$4.3 million for the year ended 30 June 2023.</p> <p>We have:</p> <ul style="list-style-type: none"> • reviewed the valuation report and held discussions with management and the valuer to confirm our understanding of the valuation methods, key assumptions and source data used in the revaluation process; • assessed the valuation methods and disclosures in the financial statements for compliance with the requirements of PBE IPAS 16; • evaluated the external valuer's expertise and their objectivity; • assessed the adequacy and reliability of the source data and reasonableness of the key assumptions used; and • reviewed the accounting entries and assessed if the revaluation had been correctly accounted for. <p>From audit work completed, we did not identify any significant issues.</p> <p>We consider that the carrying value of the investment property in the financial statements is reasonable.</p>
Asset impairment considerations	
<p>In accordance with PBE IPSAS 21, Impairment of Non-Cash-Generating Assets and PBE IPSAS 26 Impairment of Cash-Generating Assets, at each reporting date management must assess whether there is any indication that an asset may be impaired. If management identifies any indication of an impairment, then they must estimate the recoverable service amount of the asset.</p>	<p>We have:</p> <ul style="list-style-type: none"> • reviewed the impairment assessment; • considered the reasonableness of the significant assumption used by the City Council; • considered how management has addressed estimation uncertainty; and • re-performed calculations made by management.

Audit risk/issue	Outcome
<p>Irrespective of whether there are any indications of impairment, intangible assets not yet available for use (i.e. work in progress) and intangible assets with indefinite useful lives must be tested for impairment at least annually.</p> <p>Due to the judgemental nature of the valuations used in assessing impairment there is a risk of bias or error in the assumptions and inputs used. Any bias or errors in the inputs used or calculations performed could result in a material misstatement in the carrying value of property plant and equipment/intangible assets and the related impairment expense.</p>	<p>From work performed, we did not identify any issues regarding City Council's impairment review and considerations.</p>
New accounting standard - First-time adoption of PBE IPSAS 41 Financial Instruments	
<p>PBE IPSAS 41: Financial Instruments is effective for periods beginning on, or after 1 January 2022. Earlier application was permitted however the City Council did not early adopt the standard.</p> <p>The standard introduces new and amended classification, measurement, impairment and hedging requirements and disclosure for financial assets and financial liabilities. This standard replaces both PBE IPSAS 29 and PBE IFRS 9.</p> <p>PBE IPSAS 41 is based on PBE IFRS 9, and has been amended to include additional PBE guidance relevant to the New Zealand context.</p> <p>As the City Council is transitioning from PBE IPSAS 29, the transition may result in a number of significant changes.</p> <p>The main changes introduced by PBE IPSAS 41 are that the standard:</p> <ul style="list-style-type: none"> Introduces a new classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and objective for which the asset is held. This could result in some instruments moving from amortised cost accounting to fair value accounting, or vice versa. 	<p>We have reviewed:</p> <ul style="list-style-type: none"> the transition/first time adoption analysis prepared by the City Council for reasonability; the updated accounting policies, presentation and disclosure in the financial statements and assessed whether this is in accordance with the requirements of the standard; and the expected credit loss assessment for significant receivables and other financial assets. <p>From the reviewed performed, we did not identify any significant issues that need to be communicated to Council.</p>

Audit risk/issue	Outcome
<ul style="list-style-type: none"> • Applies a forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing. • Introduces a hedge accounting model that broadens the hedging arrangements in scope of the guidance and removal of the 80-125% effectiveness “bright line” test. The model develops a strong link between an entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. Entities that adopt PBE IPSAS 41 have a choice of either adopting the new hedging model of PBE IPSAS 41 or continuing to apply the hedging model of PBE IPSAS 29. • There are also new disclosure requirements as the standards setters believe additional information on risks such as credit risk are increasingly important to users of the financial statements. <p>The City Council will need to prepare an analysis of the classification of its financial instruments in terms of the standards and determine the necessary accounting and disclosure adjustments required.</p> <p>The City Council will need to update its accounting policies and disclosures in the financial statements to reflect the adoption of the new standard. The 21J Local authorities model financial statements reflect the early adoption of this standard and provide illustrative disclosures.</p>	
Adoption of PBE FRS 48 Service Performance Reporting	
<p>PBE FRS 48 Service Performance Reporting replaced that part of PBE IPSAS 1 Presentation of Financial Statements that deals with service performance reporting requirements and is effective for annual reporting periods beginning on or after 1 January 2022, that is, for the City Council, it is for the year ended 30 June 2023.</p>	<p>We provided the City Council with guidance and a PBE FRS 48 checklist that assisted with the preparation and transition to this standard.</p> <p>We were provided a draft copy of this disclosure for review and made recommendations to ensure compliance with the requirements of the standard.</p>

Audit risk/issue	Outcome
<p>The objective of the standard is “to establish principles and requirements for an entity to present service performance information that is useful for accountability and decision-making purposes in a general-purpose financial report”. PBE FRS-48 requires an appropriate and meaningful mix of performance measures and/or descriptions, including, where appropriate, measures of both the goods and services provided and of what has been achieved in the City Council’s areas of responsibility.</p> <p>In addition, PBE FRS 48 imposes additional disclosure obligations on entities. For example, paragraph 44 requires an entity to “disclose those judgements that have the most significant effect on the selection, measurement, aggregation and presentation of service performance information reported in accordance with this Standard that are relevant to an understanding of the entity’s service performance information”. Further if the City Council changes what it reports as service performance information compared to the previous year, then PBE FRS 48 requires the City Council to explain the nature of the changes and their effect.</p>	<p>During the final audit we reviewed the City Council’s revised version of this disclosure and were able to confirm compliance with the new standard as presented in the Annual Report.</p> <p>We did not identify any significant issues that need to be communicated to Council.</p>
Revaluation of Parks and Gardens assets – revaluation year	
<p>For property, plant and equipment held at fair value PBE IPSAS 17, Property, Plant and Equipment, requires that valuations are conducted with sufficient regularity to ensure that the carrying value does not differ materially from fair value.</p> <p>We understand that the City Council will revalue:</p> <ul style="list-style-type: none"> • parks and gardens; and • roading assets as at 30 June 2023. <p>Parks and reserves is considered to be Area of Audit focus.</p> <p>The reliability of the valuation depends on the valuation method applied, the completeness and accuracy of the source data and the appropriateness of underlying assumptions. Because of the large value of</p>	<p>The City Council’s parks and gardens assets were revalued and reviewed internally by HCC and peer reviewed by an outside independent party, Brian Smith Advisory Services Limited. The revaluation gain realised for parks and gardens was \$41.5 million for the year ended 30 June 2023.</p> <p>We have:</p> <ul style="list-style-type: none"> • read the valuation report and held discussions with the valuer to confirm our understanding of the valuation methods, key assumptions and source data used in the revaluation process; • assessed the valuer’s expertise for the work and their objectivity; • assessed the valuation method and disclosures in the financial statements

Audit risk/issue	Outcome
<p>the assets held by the City Council, a small movement in the key assumptions can have a significant impact on the valuation and consequential depreciation expense recognised in the financial statements.</p>	<p>for compliance with the requirements of PBE IPSAS 17, <i>Property, Plant and Equipment</i>;</p> <ul style="list-style-type: none"> reviewed the overall valuation movement and obtained explanations for any significant or unusual changes in value; completed tests of detail for a sample of assets, testing the source data, considering the appropriateness and reasonableness of key judgements made and assumptions applied, and testing the calculations in the valuations – this has included looking at how useful lives and remaining useful lives have been determined as well as unit rates for replacement costs; and assessed whether the valuation movement has been correctly calculated and confirmed that the overall valuation movement has been correctly accounted for by recognising the valuation increase as a result of the revaluation in other comprehensive revenue and expense. <p>We have identified the following issues:</p> <ul style="list-style-type: none"> There is lack of support for underlying asset quantities for parks and garden assets. Where assets are older and no As-Built reports are readily available, we were unable to obtain supporting documentation to verify the quantity. This poses a risk that the quantity is not accurate and causes the parks and gardens asset class to be misstated As part of the Parks and Gardens asset revaluation, the workings are completed in-house by City Council staff and then independently peer reviewed by an external valuer. The H3 assets (Ugerboeck) were not included in the external peer review. We accepted this as the total balance of H3 assets is not significant.

Audit risk/issue	Outcome
	<ul style="list-style-type: none"> The condition of assets is not consistently recorded in the fixed asset register which impacts on assets in poor condition not being correctly reflected in the valuation and their useful lives being overstated as a result. Refer to 4.5 below for further detail. <p>We performed alternative audit procedures which allowed us to gain comfort that the carrying value of the parks and garden assets in the financial statements is reasonable.</p>
Major capital projects	
<p>The City Council continues to have a significant ongoing capital programme. A number of capital projects are either underway or about to commence.</p> <p>Accounting for capital projects, whether completed during the year or in progress at balance date, requires assumptions and judgements to be made that can have a significant impact on the financial statements. Management and the City Council are responsible for managing the financial statement risks associated with capital projects. This includes ensuring:</p> <ul style="list-style-type: none"> project costs are reviewed to ensure these are appropriately classified as capital or operational in nature; work in progress (WIP) balances for projects already completed or available for use are transferred to the appropriate class of asset in a timely manner and depreciated accordingly from the date of capitalisation; WIP balances on projects that span an extended period of time are assessed regularly for impairment over the period of the project. Costs no longer meeting criteria for recognition as an asset should be expensed in a timely manner; 	<p>We have reviewed the accounting for costs incurred on capital projects, including:</p> <ul style="list-style-type: none"> the correct classification of costs as either capital or operational in nature; appropriate capitalisation point for completed assets, including transfers from work in progress; the reasonableness of depreciation rates and useful lives applied to asset components; and the disclosures included within the financial statements, including those relating to capital commitments. <p>We did not identify any matters of concern as a result of the audit work completed.</p>

Audit risk/issue	Outcome
<ul style="list-style-type: none"> asset components are identified at an appropriate level, and appropriate useful lives are assigned to these components on completion; the value and remaining useful life (RUL) of existing assets remains appropriate given replacement projects underway; and capital commitments related to contracts entered into before balance date are disclosed in the notes to the financial statements. 	
Fair value assessments for assets - Non-revaluation year (other assets, excluding Three Waters)	
<p>For those assets that the City Council is not planning to revalue, the City Council should perform a fair value assessment to determine whether there is a significant difference between the fair value and the carrying value. Where the estimated difference is significant a revaluation may be necessary.</p> <p>An assessment should:</p> <ul style="list-style-type: none"> factor in local cost information; utilise relevant and reliable price movement indicators; and involve consulting with valuers, if necessary. <p>Alternatively, City Council could engage valuers to assist in preparing a fair value assessment.</p>	<p>We reviewed the City Council's assessment of fair value against carrying value for each asset class not scheduled to be revalued this year.</p> <p>We are satisfied that there is no material difference between the carrying amount and the fair value for these classes of assets.</p>

4 Other matters identified during the audit

4.1 Property, Plant and Equipment: Work in progress - Capitalisations

The City Council holds a significant amount (\$417.5 million) of capital work in progress (WIP) as at 30 June 2023. This comprises the WIP balance of \$655.4 million in the general ledger, adjusted for \$238 million of assets recorded as WIP that were already in use at year end. A further manual adjustment has been made to reflect the impact on depreciation of the assets in use but still reflected as WIP in the general ledger. This is to ensure that depreciation is reflected correctly in the financial statements. Because the manual processes are complicated and involve high-value amounts, this increases the risk of error.

Due to the variance between the general ledger and the financial statements we have (as in previous years) spent additional time to verify the reconciling items and therefore the accuracy of the PPE and WIP balances in the financial statements. Based on the work we performed, we are satisfied that the PPE and WIP balances and related disclosures in Note 24 of the financial statements are materially correct.

The practice to manually adjust the WIP balance has been happening at the Council for many years and we have raised issues about this previously. In 2021 we accepted that processes and measures had been put in place to capitalise WIP in a timely manner, and we closed the matter. We found that the outstanding WIP balance has escalated drastically in the last year.

Summary of WIP balance and manual adjustments to reflect the correct WIP balance in the financial statements.

Year ended	WIP balance in financial statements	WIP per GL/ Financial system	Manual adjustments made to capitalised WIP in GL already put in use	% in value of manual adjustments made to reflect correct WIP balance at year end
	\$'000	\$'000	\$'000	
30-Jun-14	57,982	75,180	17,198	22.9%
30-Jun-15	62,660	78,300	15,640	20.0%
30-Jun-16	51,822	60,123	8,301	13.8%
30-Jun-17	68,300	79,109	10,809	13.7%
30-Jun-18	67,104	97,748	30,644	31.4%
30-Jun-19	139,158	151,108	11,950	7.9%
30-Jun-20	203,249	238,561	35,312	14.8%
30-Jun-21	367,766	418,961	51,195	12.2%
30-Jun-22	441,383	513,805	72,422	14.1%
30-Jun-23	416,539	655,410	238,871	36.4%

We recommend processes and systems are put in place so that the WIP balance reflected in the general ledger more closely aligns with the underlying asset systems and the need for manual adjustments is reduced.

Management comment

Management agrees with the finding., Council has invested in additional resources through the newly established capital support accountant team along with the Capital Financial Analyst in the capital development team to actively work on ensuring the capitalisation of WIP items which have exceeded their in-use dates and have not yet been capitalised.

Council reconciles the general ledger and the underlying asset systems regularly and resolves any differences noted.

The delay in capitalisations is because of the complexities in completing the relevant capitalisation forms in a timely manner compounded by the lack of integration between asset and financial systems where manual intervention is required. Additional pressure has been placed on these requirements through the volume of capital expenditure. Council has seen a significant increase in the capital expenditure programmes over the past two years, i.e. 2022 spend was \$292m and in 2023 it was \$321m.

4.2 Water meter fixed rate charges

As part of our rates testing, we checked if the fixed rate charges invoiced were in line with the City Council's rates resolution.

We identified that the Fixed Water Meter charges for the 2022/23 year had been invoiced using the rate in the 2021/22 rates resolution.

City Councils adopted a fixed water rates (per the rates resolution for 2022/23) of \$456.00 (including GST) or \$396.52 (excluding GST). The annual rate charged for 2022/23 is \$444.00 (including GST) or \$386.08 (excluding GST). This has resulted in an overall under charge of \$754k (including GST) or \$656k (excluding GST) for the financial year 2022/23.

We obtained guidance from Audit New Zealand's Professional Practise Group and OAG legal, and it was assessed that the legal risk is low, as ratepayers have not been overcharged which reduces the risk of challenge. Furthermore, the total amount was considered to be immaterial.

However, we do note that it is the City Council's responsibility to assess their risk, consider any next steps, and ensure they have their own legal advice if they think it is necessary.

We recommend a review process is implemented to ensure the billing system is updated with the current and applicable adopted rates resolution.

Management comment

Council acknowledges a charging error occurred in the 2022/23 Financial year. This error related to Non-Domestic Water Supply Minimum Charges continuing to be charged throughout 22/23 at the 21/22 rate. The impact of this error is an under recovery of approximately \$21K (including GST) or \$18K (excluding GST) of Non-Domestic Water Supply Minimum Charges.

In response to Audit NZ's findings, a review of the application of Non-Domestic Water Supply Minimum Charges has been initiated to ensure clarity on the intended application and compliance with the Rating Act.

4.3 Performance reporting - Smooth travel exposure

We identified an error in the data imported into the RAMM data system (Roading asset management system) relating to the Smooth Travel Exposure measure. This data was collected and entered into the RAMM system by a third party.

Further testing performed confirmed that this error was an isolated incident and not reflective of the overall data used to report on this measure.

Although the error is considered an isolated error and not reflective of the overall data used to report on this measure, we recommend a quality review is performed over data input by third parties into RAMM to ensure the accuracy thereof for reporting purposes.

Management comment

Council has a continuous improvement plan for data collection and management. Staff will ensure that internal review is part of this improvement plan.

4.4 Intangible assets budgeting process

When performing our analytical review of the intangible assets closing balance movement between prior year and budget, we identified that the budget was expecting a significant decrease in intangible assets. Upon investigation, we identified that the budget had not been set correctly and had only considered 12 projects out of an approximate 58 projects. Individual project updates were not considered.

We recommend the intangible assets budget is investigated in more detail to ensure the completeness and accuracy of this for the 10-year plan so that the amortisation expense can be accurately forecast as this will impact on the budgeted rates revenue required to cover this cost.

Management comment

Budgets relating to information services are consolidated into four areas, with actuals captured for each individual projects. The FY23 budgets were not aligned following Council's accounting policy change (SaaS), with alignments being managed through forecasts during the financial year.

LTP 2024-34 budgets reflect the Accounting Policy change with planning completed at the project level. This may result in formal budget setting (through council's budget systems – Psoda and Breeze) containing four consolidated areas, however these will be supported by a work programme. Council does however note an element of reactive projects to a current climate may always occur.

4.5 Condition data available for valuer

During the completion of our 2021/22 audit of the three waters asset valuations, we identified that the condition of assets is not consistently recorded in the fixed asset register. This means that valuers cannot take condition of the assets into consideration for the valuations performed. This creates a risk that the remaining useful lives of assets in poor condition, and their fair values, are overstated in the valuations.

We found the same issue for the revaluations undertaken for roading and parks and gardens assets in the current year.

We recommend that condition data is included in asset registers and available for valuers to utilise in the revaluation of assets held by the City Council.

Management comment

Three Waters

Council has an ongoing condition assessment programme for various critical three waters asset classes, the results of which are recorded in Council's asset management system, IPS.

Historically condition factors have not been used to adjust remaining useful lives as these have been assumed to be more subjective and less reliable than age-based methods for assessing fair value.

Council acknowledges the Audit NZ recommendation that condition data and/or scoring, is contained within the Three Waters Asset registers, and is made available to valuers to utilise in the revaluation of Three Waters Assets held by Council, where this information is available, and robustly quality assured as being accurate.

Transport

Council has an ongoing condition rating programme for all the Transport assets, and this data is contained within the same database as is used for the Transport revaluation process. The existing level of individual transport asset condition data held is considered to be appropriate, sufficiently current and complete as reported by Council's external evaluator. However, staff will continue to improvement condition rating as part of our improvement plan. The Transport Revaluation has traditionally been based on current age, and that adjustment for remaining expected life based on current condition is not recommended by Thinkproject, the providers of the RAMM transport asset management database.

Council acknowledges the Audit NZ recommendation that condition data is taken into account and will investigate the potential to revise the transport revaluation procedure to take not account current condition where appropriate.

Parks and gardens

Council acknowledges Audit NZ recommendation. A business case recently been approved for a range of asset data improvements, including a project to enable the capture of condition inspection results in IPS for open spaces assets. The PG revaluation report also includes an improvement task to investigate the use of condition information for the next revaluation (dependent on the business case project).

5 Public sector audit



The City Council is accountable to their local community and to the public for its use of public resources. Everyone who pays taxes or rates has a right to know that the money is being spent wisely and in the way the City Council said it would be spent.

As such, public sector audits have a broader scope than private sector audits. As part of our audit, we have considered if the City Council has fairly reflected the results of its activities in its financial statements and non-financial information.

We have also considered if there is any indication of issues relevant to the audit with:

- the City Council's compliance with its statutory obligations that are relevant to the annual report;
- the City Council carrying out its activities effectively and efficiently;
- waste being incurred as a result of any act or failure to act by the City Council;
- any sign or appearance of a lack of probity as a result of any act or omission, either by the City Council or by one or more of its members, office holders, or employees; and
- any sign or appearance of a lack of financial prudence as a result of any act or omission by the City Council or by one or more of its members, office holders, or employees.

Based on the audit work that we performed this year, we did not identify any issues or concerns.

6 Group audit



The group comprises:

- Hamilton City Council (Parent); and
- Waikato Innovation Growth Limited (Group).

The Council's 50% share of Waikato Regional Airport Limited is equity accounted into the group financial statements.

We have not identified any of the following during our audit for the year ended 30 June 2023:

- instances where our review of the work of component auditors gave rise to a concern about the quality of that auditor's work;
- limitations on the group audit; and
- fraud or suspected fraud involving group management, component management, employees with significant roles in group-wide controls, or others where the fraud resulted in a material misstatement of the group financial statements.

Appendix 1: Status of previous recommendations

Open recommendations

Recommendation	First raised	Status
Necessary		
Sensitive expenditure approvals Sensitive expenditure transactions are approved on a one-up basis.	2022	In progress 50% of the transactions we tested during the year were approved on a one-up basis The City Council has made progress towards fully addressing this issue.
Manual processing of weekly timesheets The City Council implements an online timesheet function for processing weekly timesheets. Alternatively, the responsibility for capturing weekly timesheets could be delegated to an individual within the various departments, and the payroll staff members could then just perform a review of the captured information.	2019	Open We noted that the new system was not implemented and has been postponed until 2024.
No organisational business continuity plan or IT disaster recovery plan The City Council prioritises development and testing of Organisational Business Continuity and IT Disaster Recovery plans.	2015	In progress DR and BCP plans will continue to be developed, enhanced, and tested over the next 9 months. The City Council has identified several areas that are currently being focussed on related to the current backup environment and has engaged Fujitsu New Zealand to provide recommendations.

Implemented or closed recommendations

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

Appendix 2: Corrected misstatements

Current year corrected misstatements	Ref.	Assets	Liabilities	Equity	Financial performance
		Dr (Cr)	Dr (Cr)	Dr (Cr)	Dr (Cr)
Investment Property (through change in fair value)	1	492,472			
Gain or Loss on fair value of Investment property (Income statement)				(492,472)	
Gain on int rate swap	2			(6,043,211)	
Loss on int rate swap				6,043,211	
Total parent and group		492,472	-	(492,472)	-

Explanation of corrected misstatements

- 1 Adjustment to record the value of investment property, 77 Norton Road, omitted in the valuer's report. This value was marginally above our clearly trivial threshold.
- 2 To recognise the July 2022 interest rate swap.

Appendix 3: Disclosures

Area	Key messages
Our responsibilities in conducting the audit	<p>We carried out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the financial statements and performance information and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001.</p> <p>The audit of the financial statements does not relieve management or the City Council of their responsibilities.</p> <p>Our Audit Engagement Letter contains a detailed explanation of the respective responsibilities of the auditor and the City Council.</p>
Auditing standards	<p>We carried out our audit in accordance with the Auditor-General's Auditing Standards. The audit cannot and should not be relied upon to detect all instances of misstatement, fraud, irregularity or inefficiency that are immaterial to your financial statements. The City Council and management are responsible for implementing and maintaining your systems of controls for detecting these matters.</p>
Auditor independence	<p>We are independent of the City Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: <i>International Code of Ethics for Assurance Practitioners</i>, issued by New Zealand Auditing and Assurance Standards Board.</p> <p>In addition to the audit, we have carried out an engagement in relation to Hamilton City Council's debenture trust deed, which is compatible with those independence requirements. Other than the audit and this engagement, we have no relationship with or interests in the City Council or its subsidiaries.</p>
Fees	<p>The audit fee for the year is \$349,354, as detailed in our Audit Proposal Letter.</p> <p>A fee of \$9,500 was charged during the period for the Debenture trust deed limited assurance engagement.</p>
Other relationships	<p>We are not aware of any situations where a spouse or close relative of a staff member involved in the audit occupies a position with the City Council or its subsidiaries that is significant to the audit.</p> <p>We are not aware of any situations where a staff member of Audit New Zealand has accepted a position of employment with the City Council or its subsidiaries during or since the end of the financial year.</p>

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Council Report

Committee: Strategic Risk and Assurance Committee
Date: 07 December 2023
Author: Tracey Musty
Authoriser: David Bryant
Position: Finance Director
Position: General Manager Business Services

Report Name: Annual Credit Rating Report - S&P Global Ratings

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

1. To inform the Strategic Risk and Assurance Committee on the Annual Credit Rating Report prepared by S&P Global Ratings (S&P) based on the year ending 30 June 2023.

Staff Recommendation - *Tuutohu-aa-kaimahi*

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

Executive Summary - *Whakaraapopototanga matua*

3. S&P Global Ratings (previously Standard and Poor's) is the credit rating agency used by Hamilton City Council (HCC) to independently review and issue a credit rating on HCC debt.
4. These credit ratings assess the ability of an organisation to repay debt, by meeting interest payment obligations, as well as the likelihood of default.
5. Lending facilities utilise these credit ratings to determine the cost of debt being borrowed. A higher rating indicates that an organisation is a lower lending risk. This results in lower interest rates when lending.
6. S&P completed their review for HCC and provided the key indicators of HCC's financial health on 25 September 2023.
7. S&P affirmed HCC's long-term foreign-currency and local-currency ratings at AA-, and short-term rating at A-1+.
8. The long-term rating outlook has been revised to negative from stable.
9. The published Rating Action Commentary (RAC's) can be found in **Attachment 1**.
10. Staff consider the matters in this report to have low significance and that the recommendations comply with Council's legal requirements.

Discussion - *Matapaki*

11. S&P have been engaged by Council to review the credit ratings since the 2020.

12. S&P have updated their analysis based on the publication of Council's 2023-24 Annual Plan, as well as completing interviews with senior members of staff, the CE and the Mayor.
13. Ratings are supported by Hamilton's growing local economy, financial management and New Zealand's institutional framework.
14. Key considerations that support the Issuer Credit Rating include:
 - i. Council's financial management and institutional framework support ratings;
 - ii. New Zealand's institutional settings and Hamilton's experienced management team support S&P's ratings on the Council; and
 - iii. Hamilton's growing local economy is supported by a diverse range of industries.
15. The outlook revision reflects the risk that Hamilton's after-capital account deficits will increase as a percentage of total revenues as it continues to deliver on a large infrastructure program.
16. Key factors supporting the revised rating outlook include:
 - i. Rising interest costs;
 - ii. An improved delivery of large capital program at peak delivery phase and one-off land purchases.

Financial Considerations - *Whaiwhakaaro Puutea*

17. This is a regular operating activity funded through the Long-Term Plan.
18. There are no financial implications in relation to this decision as the credit rating remains unchanged.

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

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

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

21. 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').
22. 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.
23. The recommendations set out in this report are consistent with that purpose.
24. Economic wellbeing is managed through the efficient monitoring of Council's financial results. A stable outlook and affirmed credit rating supports the economic wellbeing.
25. There are no environmental, social or cultural wellbeing implications identified in the formulation of this report.

Risks - *Tuuraru*

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

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

Item 12

Significance

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

Engagement

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

Attachments - *Ngaa taapirihanga*

Attachment 1 - S&P Global Credit Ratings Report 2023

Research Update:

Hamilton City Council Outlook Revised To Negative On Weakening Fiscal Metrics; 'AA-/A-1+' Ratings Affirmed

September 25, 2023

Overview

- Hamilton City Council's fiscal metrics are underperforming our previous expectations. Operating surpluses are roughly half of our previous forecasts because inflation, interest rates, and other costs are outstripping revenue growth.
- The council is delivering a large capital expenditure program that is resulting in substantial after-capital account deficits and rapidly rising debt. Its debt is among the highest in the world for 'AA-'-rated local peers.
- Liquidity coverage will be structurally lower than in the past, driven by increased budgetary needs and higher interest expenses.
- Therefore, we revised our long-term rating outlook on Hamilton to negative from stable. At the same time, we affirmed our 'AA-/A-1+' long- and short-term issuer credit ratings.

Rating Action

On Sept. 26, 2023, S&P Global Ratings revised its long-term rating outlook on Hamilton City Council, a New Zealand local government, to negative from stable. At the same time, we affirmed our 'AA-/A-1+' long- and short-term issuer credit ratings on the council.

Outlook

The negative outlook reflects our view that Hamilton's budgetary metrics will remain weak over the next two years, leading to rapidly rising debt and narrowing tolerances within the 'AA-' rating.

Downside scenario

We could lower our ratings on Hamilton if we believed its financial management is weakening. This

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Research Update: Hamilton City Council Outlook Revised To Negative On Weakening Fiscal Metrics; 'AA-/A-1+' Ratings Affirmed

could be displayed by after-capital account deficits regularly exceeding 25% of total revenues, debt rising beyond our forecasts, or liquidity coverage weakening. The New Zealand central government's (the Crown) water service reforms could be a driver behind this.

Upside scenario

We could revise our outlook on Hamilton to stable if the council were to materially reduce its after-capital account deficits. This would result in debt not rising as rapidly, and liquidity coverage improving compared with our forecasts. The Crown's water service reforms could be a driver behind this.

Rationale

The outlook revision reflects the risk that Hamilton's after-capital account deficits will regularly exceed 25% of total revenues, structurally weakening the council's credit metrics. We estimate Hamilton will continue to deliver record high levels of capital expenditure (capex) each year across fiscals 2024-2026 (years ending June 30) as it tries to address growth pressures. Capital grants from the Crown will likely remain elevated, only partially offsetting some of the pressure on the council's budget.

Very large after-capital account deficits of about 25% of total revenues will pressure Hamilton's debt levels and liquidity coverage. We forecast the council will have one of the highest debt-to-operating revenue metrics among 'AA-'-rated peers globally.

Hamilton's financial management, growing local economy, and New Zealand's institutional settings continue to support the council's credit profile. We have updated our analysis for Hamilton through to financial year 2026 following the release of the council's annual plan for fiscal 2024.

Our base case excludes the potential effects of the Crown's proposed water reforms. The reform program, as currently envisaged, could shift the responsibility for drinking water, wastewater, and stormwater assets from local government councils to 10 new regional water service entities from early 2025. The reforms are still under development, and subject to Crown election outcomes.

Weaker operating margins and very high capital spending will accelerate debt beyond previous forecast; rising interest costs and larger deficits will pressure liquidity coverage

We estimate Hamilton will deliver after-capital account deficits averaging 27.7% of total revenues over fiscal years 2022-2026 as it proceeds with its large infrastructure program. We expect capex of around NZ\$260 million per year across 2024-2026. Hamilton is a high-growth council and expects strong population increases over the next decade. The council is responding by building infrastructure to support residential housing growth. Nearly one-third of the capital program in 2024 is related to the Peacocke and Rotokauri greenfield developments. This includes building wastewater capacity, water treatment plant upgrades, and transport and road projects (such as the Waikato River Bridge), connecting Peacocke to the rest of the city. Once complete, Peacocke will provide housing for up to 20,000 residents.

The council almost fully delivered on its NZ\$325 million capital budget outlined in the 2022-2023 plan. This resulted in a hefty after-capital account deficit of 42% of total revenues in 2023, significantly higher than our previous expectation. The improved delivery reflects a large

concentration of the capital program in growth developments at peak delivery phase and one-off land purchases. Rated New Zealand councils, including Hamilton, typically underdeliver on capex compared with budget, due to planning delays, supply chain constraints, labor shortages, and difficulties in obtaining external approvals. Our capex forecasts include haircuts of 10%-20% compared with the council's estimates.

Additional grants and subsidies only partially offset the substantial fiscal weakening of Hamilton's metrics. These include substantial roading subsidies from Waka Kotahi (New Zealand Transport Agency). More recently, the council was successful in its NZ\$150 million grant-funded Infrastructure Acceleration Fund application to support brownfield development within the city center.

We view Hamilton's fiscal flexibility as neutral to the rating. We believe it would be difficult for the council to substantially reduce expenses such as capex relative to our forecasts without creating large backlogs, given its acute growth pressures. Further, its general property rate increase for 2024 was well below inflation.

Operating margins are narrowing for Hamilton. We expect operating surpluses to average about 13% of operating revenues in 2022-2026; down from our previous forecasts of about 21% for 2021-2025. While high in a global context, these operating surpluses are at the lower end among rated New Zealand councils. Hamilton's operating expenses rose about 13% in 2023, underpinned by high inflation, rising payments to suppliers and employees, and a sharp rise in interest costs. Average property rates rose by 4.9% in fiscal 2024, excluding the effect of growth in the ratepayer base. This is the lowest property rates increase in the Waikato region and among the lowest of rated New Zealand councils.

We forecast total tax-supported debt will be about 312% of operating revenues in 2026, up from 243% in 2023. Interest expenses will average about 10.4% of operating revenues between 2023 and 2025, in our assessment. Reflecting Hamilton's debt levels and rising interest rates, its interest expenses will likely reach 12.2% of operating expenses in 2026. This is more than twice the ratio in 2022.

Included in Hamilton's tax-supported debt is NZ\$129 million of drawdowns from a loan facility as part of the Housing Infrastructure Fund. Hamilton may draw up to NZ\$180.3 million from this facility to support the Peacocke development. Drawdowns are interest-free for 10 years. The council has negotiated with the Ministry of Business Innovation and Employment to defer NZ\$16.4 million of loan payments originally scheduled for June 2023 to July 2027.

Hamilton's debt-service coverage ratio, which includes interest costs and upcoming budget needs, has weakened by our measures. Widening after-capital account deficits and ballooning interest costs have led the council's debt-service coverage ratio to be structurally lower than in the past. Hamilton has a total free cash position sufficient to cover about 114% of debt service during the next 12 months. We estimate the council has about NZ\$174 million in cash and NZ\$100.5 million of bank lines to cover NZ\$95 million of upcoming debt maturities, and NZ\$37 million of interest in fiscal 2024.

Further, we consider that access to the New Zealand Local Government Funding Agency (LGFA) provides Hamilton with strong access to a well-established source of external liquidity. In our view, the LGFA benefits from an "extremely high" likelihood of extraordinary central government support and has helped Hamilton to both lengthen its maturity profile and reduce its interest expenses compared with the past.

We consider Hamilton's contingent liabilities to be very small, with little uninsured exposure to natural disasters or to off-balance sheet council-controlled organizations. The council is part of the Waikato Local Authority Shared Services syndicate with 11 other councils in the region, and is

jointly insured for above- and below-ground assets.

Strong local economy, experienced financial management, and New Zealand's institutional framework support the rating

New Zealand's extremely strong and predictable institutional framework underpins Hamilton's credit profile. We believe the country's institutional framework is one of the strongest and most predictable globally.

The New Zealand local government system promotes a strong management culture and high financial disclosure among local councils. Additionally, the framework supports the rate-collection ability of the councils. The system allows Hamilton to support higher debt than some of its international peers at the current rating level.

Hamilton's financial management supports our ratings. Its budgets are credible and processes are well established, with the council preparing 10-year long-term plans every three years, and annual plans in the intervening years, in line with New Zealand requirements. The council's treasury management policy sets prudent limits on borrowing, liquidity, and interest-rate risk. Hamilton only borrows in local currency, in accordance with legislation.

Local council elections held in October 2022 saw the reelection of Mayor Paula Southgate and seven new councilors. We believe the new council will continue to focus on infrastructure development to alleviate growth pressures. Day-to-day management is delegated to a full-time chief executive. The council has recently restructured its executive leadership team to establish a leaner and more agile organization.

Persistent inflation, supply chain disruptions, and rising interest rates have weighed on economic growth nationally. Our real GDP growth projections for New Zealand have been revised to 1.4% for calendar 2023 (see "Economic Outlook Asia-Pacific Q4 2023: Resilient Growth Amid China Slowdown" published Sept. 25, 2023). We forecast national GDP per capita will be about NZ\$75,600 in 2023.

According to provisional estimates by economic consultancy Infometrics, the local Hamilton economy grew by about 3.8% in the year to June 2023, higher than the national average. This reflected strong consumer spending and construction activity in the back half of 2022. As with the national economy, rising headwinds have dampened economic activity more recently.

Hamilton's economy is supported by a diverse range of industries as well as being the nation's third-fastest-growing urban area behind Auckland and its surroundings. According to Infometrics, Hamilton city has recorded average yearly population growth of 2.1% per year over the past 10 years, compared with 1.6% nationally. Strong population growth will add to the knowledge-intensive labor force and benefit the local economy. The population is among the youngest of New Zealand's territorial authorities--79% of the population is below 55 years, compared with 71% nationally.

The city region historically relied on the dairy industry for most of its income and associated jobs, but employment is now more diversified. Research, education, and services have been expanding as the population grows. We believe large ongoing greenfield projects such as Peacocke and Rotokauri will contribute to the recovery of the city's economy and meet residential housing demand.

Key Statistics

Table 1

Key statistics--Hamilton City Council

Selected Indicators (Mil. NZ\$)	--Year ended June 30--				
	2022	2023e	2024bc	2025bc	2026bc
Operating revenues	290	320	344	352	376
Operating expenditures	249	280	299	314	329
Operating balance	42	40	45	38	47
Operating balance (% of operating revenues)	14.4	12.5	13.1	10.9	12.5
Capital revenues	107	105	118	104	106
Capital expenditures	242	322	279	260	260
Balance after capital accounts	(94)	(177)	(116)	(117)	(107)
Balance after capital accounts (% of total revenues)	(23.7)	(41.8)	(25.1)	(25.7)	(22.3)
Debt repaid	73	64	95	85	115
Gross borrowings	253	176	207	202	221
Balance after borrowings	86	(66)	(4)	(1)	(1)
Tax-supported debt (outstanding at year-end)	705	835	948	1,065	1,171
Tax-supported debt (% of consolidated operating revenues)	242.7	261.2	275.5	302.2	311.6
Interest (% of operating revenues)	5.7	8.7	10.9	11.9	12.3
National GDP per capita (single units)	71,005	75,854	76,952	79,841	83,112

The data and ratios above result in part from S&P Global Ratings' own calculations, drawing on national as well as international sources, reflecting S&P Global Ratings' independent view on the timeliness, coverage, accuracy, credibility, and usability of available information. The main sources are the financial statements and budgets, as provided by the issuer. bc--Base case reflects S&P Global Ratings' expectations of the most likely scenario. N/A--Not applicable. N.A.--Not available. N.M.--Not meaningful.

Ratings Score Snapshot

Institutional Framework	1
Economy	1
Financial Management	2
Budgetary Performance	4
Liquidity	2
Debt Burden	5
SACP	aa-
ICR	AA-

Key Sovereign Statistics

- Sovereign Risk Indicators. An interactive version is available at <https://www.spratings.com/sri>.

Related Criteria

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Governments | International Public Finance: Methodology For Rating Local And Regional Governments Outside Of The U.S., July 15, 2019
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Economic Outlook Asia-Pacific Q4 2023: Resilient Growth Amid China Slowdown, Sept. 25, 2023
- Default, Transition, and Recovery: 2022 Annual International Public Finance Default And Rating Transition Study, May 24, 2023
- Institutional Framework Assessment: New Zealand Local Governments, May 17, 2023
- New Zealand Local Government Funding Agency, March 1, 2023
- Pipedream Or Panacea: New Zealand's "Three Waters" Reforms Pt.1, Feb. 27, 2023
- Pipedream Or Panacea: New Zealand's "Three Waters" Reforms Pt.2, Feb. 27, 2023
- Global Ratings List: International Public Finance Entities 2023, Jan. 9, 2023
- Local And Regional Governments Outlook 2023: Rougher Seas Ahead, Nov. 29, 2022
- Credit FAQ: Lifting The Lid On New Zealand's "Three Waters" Reforms, Oct. 12, 2022
- Comparative Statistics: Local And Regional Government Risk Indicators: Asia-Pacific LRGs' Post-Pandemic Appetite For Capital Spending Is Strong, Sept. 22, 2022

In accordance with our relevant policies and procedures, the Rating Committee was composed of analysts that are qualified to vote in the committee, with sufficient experience to convey the appropriate level of knowledge and understanding of the methodology applicable (see 'Related Criteria And Research'). At the onset of the committee, the chair confirmed that the information provided to the Rating Committee by the primary analyst had been distributed in a timely manner and was sufficient for Committee members to make an informed decision.

After the primary analyst gave opening remarks and explained the recommendation, the Committee discussed key rating factors and critical issues in accordance with the relevant criteria. Qualitative and quantitative risk factors were considered and discussed, looking at track-record and forecasts.

The committee's assessment of the key rating factors is reflected in the Ratings Score Snapshot above.

Research Update: Hamilton City Council Outlook Revised To Negative On Weakening Fiscal Metrics; 'AA-/A-1+' Ratings Affirmed

The chair ensured every voting member was given the opportunity to articulate his/her opinion. The chair or designee reviewed the draft report to ensure consistency with the Committee decision. The views and the decision of the rating committee are summarized in the above rationale and outlook. The weighting of all rating factors is described in the methodology used in this rating action (see 'Related Criteria And Research').

Ratings List

Ratings Affirmed; Outlook Action

	To	From
Hamilton City Council		
Issuer Credit Rating	AA-/Negative/A-1+	AA-/Stable/A-1+

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.spglobal.com/ratings for further information. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

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Council Report

Item 13

Committee: Strategic Risk and Assurance Committee

Date: 07 December 2023

Author: David Bryant

Authoriser: David Bryant

Position: General Manager Business Services

Position: General Manager Business Services

Report Name: Strategic Risk and Assurance Committee - Annual Self Review

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

1. The purpose of this report is to present the 2023 annual self-review of the Strategic Risk and Assurance Committee, completed by Keiran Horne, Chair of this Committee.
2. This year as part of the annual self-review for the Strategic Risk and Assurance Committee, Committee members have been asked to reflect on the effectiveness of the Committee and its role in supporting Council.

Staff Recommendation - *Tuutohu-aa-kaimahi*

3. That the Strategic Risk and Assurance Committee
 - a. receives the report;
 - b. thanks Chair Keiran Horne for her work this year; and
 - c. notes any areas for improvement or additional training for the Committee in 2024.

Executive Summary - *Whakaraapopototanga matua*

4. The purpose of this report is to present the 2023 annual self-review of the Strategic Risk and Assurance Committee, completed by Keiran Horne, Chair of this Committee.
5. This year as part of the annual self-review for the Strategic Risk and Assurance Committee, Committee members have been asked to reflect on the effectiveness of the Committee and its role in supporting Council. The questions are based on a private governance board self-assessment but tailored to suit this Committee. Responses are anonymous, the feedback obtained is included below.

Background - *Koorero whaimaarama*

6. Committee members have been asked to respond to the questions out of 10. The purpose is to encourage the Committee to reflect on its performance and provide an opportunity to look at changes or improvements in preparation for the 2024.

Discussion - *Matapaki*

Self-assessment responses

Item 13

Question	Individual scores						Average score/10
The Committee meets the duties/expectations set out in terms of reference	9	9	10	10	10	8	9
Members have an understanding of their role on the Committee	8	8	8	10	-	7	8
The balance and mix of skills of the Committee is appropriate	8	8	8	10	9	9	9
The Committee is sufficiently informed regarding relevant strategic risk topics in the external environment which can affect the Council	6	8	10	10	-	9	9
The Committee understands the organisation's significant financial risks	7	9	10	10	-	7	9
The Committee ensures adequate oversight of internal and external audit activities	7	7	10	10	-	9	9
The frequency and duration of Committee meetings is appropriate	9	7	7	10	-		8
Committee agendas cover the right issues in a timely way	8	7	10	10	-	9	9
Committee papers are clear and provide meaningful insight	6	8	10	9	-	9	8
The Committees use of time is effective - the time available is mostly allocated to the most important issues and there is sufficient time allocated for a full discussion	9	8	7	10	7	9	8
The workshops are informative and provide enough time to openly discuss risk topics	9	7	8	9	-	7	8

7. Not all Committee members responded, however those who did scored relatively highly. Other feedback from Committee members included comments as follows:
- i. Whether more work can be done on insights, forewarning regarding Council's credit rating and current negative watch (e.g. in time to influence rate increase discussions and decision making).
 - ii. The time allotted for meetings sometimes being insufficient to cover all agenda items in-depth.
 - iii. A continued focus on shorter presentations at workshops to allow more time for discussion and questions.
 - iv. A desire to develop the work of the Committee to:
 - I. match Council's strategic risk profile against the 2024/34 LTP for relevance; and
 - II. discuss and look carefully at how we monitor the financial risk through the financial strategy

Financial Considerations - *Whaiwhakaaro Puutea*

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

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

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

Climate Change Impact Statement

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

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

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

Risks - *Tuuraru*

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

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

Significance

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

Engagement

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

Attachments

Attachment 1 - HCC Strategic Risk and Assurance Committee Self Review 2023

Committee: Strategic Risk and Assurance Committee

Date: 23 November 2023

Author: Keiran Horne

Meetings

1. Since the last self review, the Strategic Risk and Assurance Committee have met on the following dates:
 - 13 November 2022
 - 14 December 2022
 - 29 March 2023
 - 21 June 2023
 - 28 September 2023
 - The Committee also held an informal workshop on 28 November 2022 -to review the Annual Report. 13 December 2022- strategic risk review and reframing, and CCO annual risk review. 20 June 2023- project briefing, Climate Related Disclosure update, insurance update. 28 September 2023 Risk appetite discussion.

Chair's Activities

2. The Chair held additional meetings with the internal auditors, PWC and KPMG to discuss progress with current internal audit matters. A procurement process resulted in PWC being replaced by KPMG.
3. Liaison with the external auditors throughout the audit process as well as numerous fee setting discussions.
4. Throughout the year the Chair of any potential frauds (none substantiated), protected disclosures (none made) or significant claims against Council. Any resulting investigations have been monitored. An annual fraud questionnaire was provided to the external auditors.
5. The Chair liaised with staff to review the Committee agenda and the reports schedule in order to facilitate a strategic focus to Committee discussions.
6. The following meetings were attended throughout the year by the Chair either in person or by videoconference:
 - Regular meetings, and ad hoc correspondence, with General Manager – Business Services, Finance Director and Governance and Assurance Manager.
 - Meetings with the Chief Executive prior to each Committee meeting.
 - Liaising with staff regarding workshop planning.
 - Liaison with senior management with regards to various emerging risks and incidents that have relevance to this Committee.
7. Many of these tasks and meetings were also attended by the second independent Committee member.
8. The Chief Executive expenses have been reviewed on a six-monthly basis.
9. The Chair has also monitored media, noting any issues that may be relevant to this Committee.

Annual Reporting Process

10. The Committee oversaw the engagement of the external auditors and the completion of the annual financial statements and made recommendations to Council where required.
11. The Committee reviewed accounting policies, material estimates, and asset impairment where appropriate and reviewed the interim and annual external auditor management report.

Risk Management

12. The Committee monitored emerging risks and the key organisational risks and recommended action where required with a focus on continuous improvement. Risk appetite was reassessed by Executive Leadership Team (ELT) and Elected Members. Reporting at all levels within Council was considered to ensure that effective risk management is more fully integrated throughout the organisation.
13. Insurance strategy and cover where also reviewed.

Health, Safety and Wellness.

14. Over the past year the Committee has continued its focus on driving continual improvement in Council's HSW performance. The way that Council governs and manages the health, safety and wellness of its staff, contractors and community continues to evolve. The Safety Governance Committee continues to meet quarterly with overview from the Strategic Risk and Assurance Committee.
15. Increased resourcing in this area has allowed new systems and processes to be developed and integrated into Council's way of working. There has been a particular focus on improving Council's contractor management HSW systems and processes.

Organisational Improvement

16. The Committee received reports from external parties which included recommendations for improvement, including:
 - Audit New Zealand – Annual Audit and Controls
 - PwC – Internal Audit reports
 - Credit Rating Report
17. Progress with significant recommendations was monitored and reported to the Committee.

Cyber Security

18. As cyber security treats continue to increase, so too must Council's ability to defend against these treats and mitigate the impact of attacks. During the year the Committee continued to monitor cyber security maturity levels and the cyber roadmap toward achieving target maturity levels. Given the increased cyber security risk globally, this will continue to be an area of focus for the Committee over the coming year.

Closing

19. I would like to thank Councillors and management for their support, engagement and hard work this year. I would like to particularly commend their commitment to the Health, Safety & Wellness work programme which ultimately impacts Council's ability to keep all those that they interact with safe and well.

Council Report

Committee: Strategic Risk and Assurance Committee

Date: 07 December 2023

Author: Julia Kofoed

Authoriser: David Bryant

Position: Insurance Lead

Position: General Manager Business Services

Report Name: General Insurance Activity Update

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

1. To inform the Strategic Risk and Assurance Committee on the 2023/2024 General Insurance Renewal.

Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Strategic Risk and Assurance Committee:
 - a) receives the report; and
 - b) notes the renewal of Council's general insurances.

Executive Summary - *Whakaraapopototanga matua*

3. Council purchases its insurance programme as a collective through Co-Lab, the Waikato Local Authority Shared Service, with Aon New Zealand (Aon) as the appointed broker. The purpose of this relationship is to leverage the region's collective insurance requirements, deliver economies of scale through reduced brokerage and premium costs, and reduce the impact of fluctuations in premiums costs and market capacity.
4. The insurance programme is regarded as a risk management tool to mitigate financial loss associated with unforeseen and significant adverse events.
5. All existing policies have renewed on 1 November 2023, with the exception of the Public Liability and Professional Indemnity policies; which were extended for a period of 14 days and formally renewed on 15 November 2023. Overall premiums have increased 25% on expiring rates which is funded through existing budgets. Increases are mostly in line with indications that Aon had provided following the large weather events earlier in the year. Though expected, the renewal proved incredibly challenging for Aon following these events, both in terms of pricing, capacity, and timeliness. An update on the different lines of business and their specific market pressures is noted below under Insurance Market Commentary.

6. Values insured under Council's physical damage policies have continued to increase owing to new assets on the schedule following project completion and revaluation exercises alongside inflationary pressures. Council's largest insurance policy by premium spend, Material Damage, experienced a 23% increase in the total declared values of insured assets for the period while the actual rate charged per dollar insured increased 14%. For this policy the insurer has also increased the base deductible under the policy from \$10,000 to \$25,000 and applied a new flood deductible of \$100,000.
7. During the year staff have also completed fire loss modelling which has resulted in a lower fire loss limit being purchased and a savings to Council in the amount of Fire Service Levy (FSL) paid. The liability policy limits were also reviewed during the year however no changes have been made to the amount of cover purchased. There continues to be limited capacity in the market for local government risk though the premium increases being applied by the local insurers remain stable in comparison to previous years.
8. For this renewal Aon have provided commentary on non-traditional methods of insurance and relevance to Council's portfolio. Based on Aon's comments, staff consider the purchase of traditional insurance the most suitable and cost-effective option for Council at this time.
9. Staff consider the matters in this report to have a low significance and that the recommendations comply with Council's legal requirements.

Discussion - *Matapaki*

Insurance market commentary

10. The insurance market is under significant pressure following global weather related losses. As the main corporate insurers in New Zealand are owned offshore, the effect on their bottom line continues to impact on renewal pricing in addition to the combined impacts of the Auckland Anniversary flooding, and Cyclone Gabrielle at the beginning of 2023. The estimated value of claims for these events in Auckland has now exceeded \$2 billion. In Hawke's Bay, claims related to Cyclone Gabrielle have surpassed \$1 billion.
11. As the increase of weather events leaves a path of destruction in their wake, disaster costs continue to be affected by inflationary pressures which are still persistent in many parts of the world. Recovery from these events is lengthy, costly and provide important lessons for the future of disaster resilience. Inflation, worker shortages, global supply chain issues (a remnant of Covid-19 and the Ukraine/Russia conflict), all have an influence in this area.
12. In the property insurance market, the first half of 2023 saw the fifth highest economic impact from disaster losses on record and the highest since 2011. February 2023 alone saw deadly earthquakes in Turkey and Syria, extreme flooding and landslips in Northland, Auckland and Coromandel, Cyclone Gabrielle in Auckland, Coromandel, Hawkes Bay, and Gisborne, with other severe convective storms in the US. This leads to an increase in reinsurance costs for insurers, who buy insurance on their book of business, and the reinsurers reinsure. The global reinsurance treaties are usually 1 January, and the expectation leading up to this year's treaty, was they were going to be challenging.
13. We have been purchasing insurance in a hard market for six years. It is anticipated the property insurance market will continue to become significantly harder following the ongoing weather events. A reduction in capacity and an increase in pricing have been indicated. Limitations on coverage and increasing deductibles are being imposed by insurers on certain risks. Initial suggestions were that rating increases would be between 15% to 20%, however increases in values need to be considered as well as increases to the pure rate. Where values have increased by 10% for example, the overall premium increases will be in the region of 25% to 30%.

14. The liability markets are currently more stable than the property markets with received premium increases being in the region of 10%. Insurers are requesting more information around Councils activities, specifically around the types of building consents being issued and whether there is any exposure to PFAS (commonly referred to as forever chemicals).
15. Most other classes of insurance are relatively flat in terms of rating with motor being the only possible exception. Motor placements are primarily rated on claims performance however due to the large number of motor losses following the Auckland Anniversary Floods and Cyclone Gabrielle it had been signalled that there would be a rating increase applied to the base rate.

2023/2024 Annual Policy Renewal

16. The insurance programme is purchased as a collective through Co-Lab with Aon as the appointed broker. The purpose of this relationship is to leverage the region's collective insurance requirements and deliver economies of scale.
17. Insurance is purchased for a probable maximum loss (PML) reinstatement value for the Material Damage, Business Interruption, and Infrastructure policies. This is as opposed to insuring the full replacement value of all Council assets. This approach allows spend on premium to be balanced with associated risk and likelihood of a major event.
18. As part of the continued relationship with the global market, the Waikato collective were represented with Aon at the overseas market presentations this year. These were well received and assisted with the continued availability of offshore capacity and a more in-depth and correct understanding of the role of local authorities in New Zealand have and the associated risks carried.

Physical Damage Policies

19. Material Damage and Business Interruption cover is purchased for assets listed on Council's property schedule with cover extending beyond natural disasters to include other perils including but not limited to fire, theft, and vandalism. The property schedule is mainly made up of buildings and other above ground structures, for example destination playgrounds, feature gardens, reservoirs, and their associated plant, stock, contents, and equipment. Council takes a default position of insuring assets for their full insurance replacement value. Exceptions are made where assets are intended to be demolished or have been impaired. These assets are insured for their demolition value only.
20. Material Damage and Business Interruption premiums for the 2023/2024 renewal year have increased 38%. This is driven by an approximate 23% increase in the total declared values of insured assets for the period reflecting revised insurance valuations and completed capital work. The actual rate charged per dollar insured increased 14%. This increase reflects the challenging market conditions discussed earlier and is in line with indications Aon provided earlier in the year following the major weather events.
21. As part of the renewal terms, Council's lead insurer has increased the base deductible under the policy and applied a separate flood deductible. The base deductible has increased from \$10,000 to \$25,000 and the flood deductible is \$100,000. For the latter, both fluvial (river/sea) and pluvial (rain) flooding events are included. There is no change to the "natural disaster" deductible which is applied as a percentage of the location sum insured for losses arising from earthquake, volcanic activity, hydrothermal activity, geothermal activity, subterranean fire, or tsunami.

22. The changes to deductible levels noted above did not come with any premium relief though may have been used by underwriters to lessen higher rate increases. Council did seek further options for higher excess amounts. An option for the base to be increased to \$250,000 was provided with a premium savings of \$100,000. Given Council's claims history under the policy this was not deemed worthwhile, noting that claims under this amount would fall back to the applicable business units to manage within existing budgets.
23. Since the last General Insurance Activity Update in June 2023, staff have completed fire loss modelling for the Material Damage portfolio. Aon Risk Services were commissioned to assess the potential damage and loss to the above ground property portfolio if a significant fire event were to occur. The work was intended to inform the suitability of the existing \$120 million sub limit for fire currently held on the Material Damage policy. After an initial screening report, Claudelands was chosen as the site for PML modelling. The accumulation of assets at Claudelands represents almost 15% of the portfolio value and includes a number of collocated interconnected fire cells. Aon subsequently completed a detailed study of the potential insured losses from a significant fire at Claudelands. Fire loss estimates were produced for a range of probabilities of occurrence considered conservative for informing insurance decision making in line with Aon's standard practice for reporting fire loss potential. These are shown in the table below.

Average recurrence interval (years)	Estimated MD loss (\$m)
100	8.51
250	12.48
500	21.47
1,000	27.34
2,500	34.67
5,000	39.16
10,000	43.60

24. For this year's renewal a fire limit of \$90 million has been purchased. This allows for a significant loss at Claudelands based on the PML modelling above as well as providing capacity for other frequency fire claims and associated business interruption claims. A reduction in limit does not impact overall insurer premium however does deliver a saving to Council for applicable levies. FSL is paid based on the fire loss limit and the lower limit reduces the charge by approximately \$35,000 per year.
25. Natural disaster loss modelling was not completed during the year as planned. Council purchases a loss limit of \$300 million for all other losses (excluding fire) with the limit being informed by PML modelling for earthquake (being the most likely peril to cause catastrophe loss). PML modelling is informed by the National Seismic Hazard Model which estimates the likelihood and strength of earthquake shaking in different parts of New Zealand. This model is widely used by government, industry, reinsurers, and insurers to help estimate earthquake risk. It was recently updated to include the latest science, data, and knowledge from significant earthquakes around New Zealand over the last two decades (including Canterbury and Kaikoura). Full updated datasets were not available in time to inform this year's renewal so the loss modelling exercise has been delayed until 2024 to allow time for a comprehensive and up to date analysis to be completed.
26. Staff continue to work with teams to confirm values insured are current and linked to recent insurance valuations which can be provided to insurers on request. Our lead insurer is pushing back on schedules where values are not updated on renewal or where values are not clearly linked to sources of truth. The lead insurer also continues to undertake risk surveys at our larger sites. These surveys provide an opportunity for staff to work directly with the insurer and consider incorporating risk mitigations when future planning. During 2022 and 2023 sites

visited were the Water Treatment Plant, Wastewater Treatment Plant, Waterworld, FMG Stadium, Claudelands and the Waikato Museum. Risk reports and suggested improvements identified during these visits are worked through with teams.

27. The Infrastructure Placement increased 21% this year due mostly to a 15% increase in insured values following a revaluation exercise of waters assets. The true rate increase was 5% which was less than previously indicated by Aon following the major weather events earlier in the year. Aon considered this rating increase in the context of the global weather events to be an excellent outcome, and due in large part to the continued investment in the relationship with the overseas markets.
28. The Infrastructure Placement provides partial catastrophe cover following a natural disaster for underground water reticulation assets and key high value bridges that are deemed critical to the waters network. There has been no change at this renewal to the loss limits that Council purchases. This is in line with the loss modelling exercise completed in 2021 which was collectively undertaken by the Waikato group to test the group's earthquake exposure against the current limit.
29. Commercial Motor premium has decreased from last year following a decision to increase the minimum deductible from \$500 to \$2,500. The insurer provided a \$45,000 reduction in premium for the higher deductible which will be returned to the fleet management team to cover the cost of lower value repairs directly. While there is no direct saving for taking a higher deductible if lower value claims remain similar, a higher deductible reduces staff administration time involved in claims lodgement and reduces the number of interactions on relatively simple transactions. The true rate increase when removing the effect of the excess is 7.5%.
30. Council holds a Fine Arts Policy, underwritten through Lloyd's of London which provides cover for the Waikato Museum's collections, the Central Library's heritage assets, and various pieces of public artwork based around Hamilton. Following a full revaluation exercise in 2020/2021, declared values have remained consistent and no significant change to rate has been experienced this renewal.

Liability Policies

31. In June 2023, staff completed an exercise to review the existing loss limits on the Professional Indemnity, Public Liability and Statutory Liability policies. Consideration was also given to the Excess Layer Placement which sits above the primary limits for the Public Liability and Professional Indemnity policies. Opinions from two external firms were obtained. One firm considered limits reasonable and appropriate which aligned with Aon's position. The other firm considered our Public Liability and Statutory Liability limits reasonable, however noted the main risk to Council was exceptional claims that could exceed the \$15 million Professional Indemnity primary layer. Examples of exceptional claims are large multi-unit developments which have an underlying consenting problem, commercial developments, subdivisions, unforeseen and exceptional natural disasters, or weather events. In their opinion, these may result in potential exposure to Council exceeding the primary layer. Council purchases an excess layer of \$145 million that is shared across 36 councils in New Zealand excluding Auckland City Council and Wellington City Council. There is a risk, outside Council's control, that the excess layer may run out due to payments made to others also covered by the excess layer. Their view was that it would be prudent to increase the primary layer to \$20 million, if feasible. This level of covers accords Council with the typical higher levels of exposure and reduces reliance on the excess layer.
32. Staff requested a pricing option for this year's renewal to increase the primary layer for Professional Indemnity to \$20 million for consideration. Unfortunately, there was no appetite in the local market to provide additional capacity in the primary layer. Council has retained the \$15 million limit.

33. Public Liability and Professional Indemnity policies were extended for a two week period while changes proposed by the lead insurer were reviewed. These changes mainly affected the Public Liability wording and included new exclusions for claims related to sexual molestation, polyfluoroalkyl substances (PFAS), also known as forever chemicals, and a tidy up of the existing exclusion for controlled fire by permit wording. The insurer has also included a natural disaster annual aggregate limit which is now two times the policy limit (\$30 million). For the purpose of this limit, natural disaster claims are defined widely as claims arising directly or indirectly out of:
- i. earthquake, flood, tsunami, volcanic activity, hydrothermal activity, geothermal activity, convective storm or named windstorm, landslip and/or subsidence, or subterranean fire;
 - ii. fire resulting directly or indirectly from any of the above; or
 - iii. the actual or alleged failure of assets, schemes, systems, or mechanisms intended to avoid or mitigate the impact of flooding, or of a barrier that stops or restricts the flow of surface water or underground streams.

The exclusion for PFAs has also been applied to the Statutory Liability policy.

34. On average Council's liability policies have increased 10% on expiring premium with no other changes to terms, conditions, or deductibles other than those noted above.
35. Council does not hold liability insurance for cyber related incidents and has not added cyber insurance into this year's renewal. Staff are engaged in several projects to improve our security position. The cyber insurance market remained challenging but showed some signs of emerging stability. Insurers continue to intensify their scrutiny of organisation's overall cyber security position and quality underwriting submissions are required. Staff will continue to review purchasing cyber insurance and the investment in security will support any future submissions.

Premium Summary

36. All Council's insurance policies have renewed effective 1 November except as noted above for Public Liability and Professional Indemnity, which renewed on 15 November following a two week extension. Aon have not advised any other significant changes to Council's policy conditions for the 2023/2024 renewal year other than those noted in this report.
37. Premiums are summarised in the table below by policy type. Figures are inclusive of all applicable levies and fees and exclusive of GST. Date references are for the insurance renewal year, effective 1 November 2023.

Policy	2022/2023 Premium \$	2023/2024 Premium \$	Premium Change %
Physical damage policies:			
Material damage and business interruption	1,383,074	1,913,919	38%
Material damage excess layer	252,186	330,885	31%
Infrastructure placement	852,450	1,033,839	21%
Commercial motor	145,305	121,091	-17%
Fine arts	104,907	105,467	1%
Annual contract works	26,225	47,425	81%
Boiler explosion	3,474	3,508	1%
Liability policies:			
Professional indemnity	428,023	470,754	10%
Public liability	80,713	88,713	10%
Liability excess layer	42,260	47,543	13%
Crime	32,532	35,784	10%
Statutory liability	8,024	8,755	9%
Aviation liability	2,494	2,807	13%
Employers liability	1,287	1,415	10%
Other policies:			
Personal accident	1,334	1,182	-11%
Business travel	392	808	106%
Total	3,364,680	4,213,895	25%

Financial Considerations - *Whaiwhakaaro Puutea*

38. The 2023/2024 insurance renewal premiums are a regular operating activity funded through existing budgets within the Long Term Plan. On a pro rata basis, to align the insurance renewal year with financial year, premiums are \$4,016,206 against a budgeted amount of \$4,169,886. The budget also allows for an adjustment premium during the year, for example, completed capital work being added to the property schedule, which incurs a pro rata insurance premium.

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

39. Staff confirm this matter complies with Council's legal and policy requirements.

Climate Change Impact Statement

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

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

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

Risks - *Tuuraru*

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

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

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

Engagement

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

Attachments - *Ngaa taapirihanga*

There are no attachments for this report.

Council Report

Committee: Strategic Risk and Assurance Committee
Date: 07 December 2023
Author: Michelle Hawthorne
Authoriser: David Bryant
Position: Governance and Assurance Manager
Position: General Manager Business Services
Report Name: Draft Work Programme - 2024

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

1. To seek approval from the Strategic Risk and Assurance Committee of the draft work programme for the Strategic Risk and Assurance Committee meetings of 2024.

Staff Recommendation - *Tuutohu-aa-kaimahi*

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

Executive Summary - *Whakaraapopototanga matua*

3. Prior to the commencement of each calendar year, it is recommended that the Strategic Risk and Assurance Committee sets a work programme.
4. Staff recommend the draft work programme be adopted as detailed in paragraphs 13 and 14 below.
5. Staff consider the matters in this report to have low significance and that the recommendations comply with Council's legal requirements.

Background - *Koorero whaimaarama*

6. Prior to the commencement of each calendar year, it is recommended that the Strategic Risk and Assurance Committee sets itself a work programme. While priorities can shift during the year as unexpected issues arise, the work programme is a useful tool to enable Committee Members to set their direction and to allow staff to understand the work priorities that need to be achieved.

7. The Strategic Risk and Assurance Committee will also need to consider whether its draft work programme is consistent with its Terms of Reference.
8. The purpose of the draft schedule of reports (which will be circulated in early 2024) is to provide Committee Members with oversight of the planned and upcoming activities/schedule of work for 2024 for Council and all its committees. Decisions from this report on the Strategic Risk and Assurance Committee's work programme will inform the overall draft schedule of reports.
9. The Chair will continue to have close oversight of items for upcoming committee meetings via the agenda planning meetings. As per the normal process, the relevant Chair's approval will be sought where an upcoming agenda item needs to be added or removed after the agenda planning meeting has taken place.
10. The Governance and Assurance Unit and the Executive Leadership Team Executive Assistants will take responsibility for maintaining an up-to-date record of planned reports. Committee Members can request updates to the schedule via the Governance Team or Principal Advisors.

Discussion - *Matapaki*

11. The following draft work programme is proposed for discussion by the Strategic Risk and Assurance Committee. The work programme identifies issues which have been developed and reviewed on a quarterly, annual, and ad hoc (two to three yearly) basis as a suggested base work programme.
12. There may be other matters that the Strategic Risk and Assurance Committee may wish to consider for inclusion or replacement in the work programme.
13. The proposed standing reports for each meeting are:
 - i. Chief Executive's Report
 - ii. Safety and Wellness Report
 - iii. Risk Management Report
 - iv. Internal Audit
 - v. External Audit (Audit NZ)
 - vi. Organisational Improvement Register
 - vii. Compliance, Fraud and Protected Disclosures
 - viii. PX Legal Risks
 - ix. PX Loss of information or access to systems (Cyber Risks)
14. In addition to the above the following reports have been proposed for each meeting date in 2024:

March 2024	June 2024	September 2024	December 2024
Committee Reports			
<ul style="list-style-type: none"> Schedule of reports for Council and Committees for 2023 Annual Report and audit planning update Risk Management Policy Review Update on Physical Security Review Annual Report – Letter of engagement of auditors 	<ul style="list-style-type: none"> Accounting Treatment Review Annual pre-renewal Insurance Report Crisis, Emergency, Incident, and Business Continuity Update Report Annual Report - Interim Management Report (Audit NZ) 	<ul style="list-style-type: none"> LTP – Audit Report Climate change disclosure report 	<ul style="list-style-type: none"> Annual Credit Rating Update Annual post-renewal Insurance Update Report. Draft work programme and meeting dates 2025 Civil Defence and Emergency Management capability review Annual SRA Committee Self Review Internal Audit Plan 2025
		October 2024	
		<ul style="list-style-type: none"> Annual Report, Final Audit Report and letters of representation 	

• LTP – Audit Report			
Proposed Workshop Items (TBC)			
<ul style="list-style-type: none"> • Annual Strategic and Organisational Risk Review • Annual Council Controlled Organisations Material Risks Update 	<ul style="list-style-type: none"> • Safety and Wellbeing – Critical Risks Deep Dive 	<ul style="list-style-type: none"> • Safety and Wellbeing Education item 	<ul style="list-style-type: none"> • Annual Council Controlled Organisations Material Risks Update

15. The proposed work programme is consistent with the Strategic Risk and Assurance Committee's Terms of Reference

Options

16. It is open to the Strategic Risk and Assurance Committee to amend its work programme, there are some limitations regarding the timing of reports, specifically for Council's Annual Report, and some external audits.

Financial Considerations - *Whaiwhakaaro Puutea*

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

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

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

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

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

Social

22. The draft work programme from the Strategic Risk and Assurance Committee provides the community with an oversight of the planned and upcoming schedule of work for 2023 Committee meetings. This increases transparency and encourages greater engagement in the democratic process.

Economic

23. Council's management of the risks and opportunities through the Committee will the impact on the community's economic wellbeing.

Environmental

24. Council continues to manage its response to the impact on the environment by establishing services that are safe and sustainable in addition embedding climate change considerations into priority projects across Council.

Cultural

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

Risks - *Tuuraru*

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

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

Significance

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

Engagement

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

Attachments - *Ngaa taapirihanga*

There are no attachments for this report.

Council Report

Committee: Strategic Risk and Assurance Committee
Date: 07 December 2023
Author: Michelle Hawthorne
Authoriser: David Bryant
Position: Governance and Assurance Manager
Position: General Manager Business Services
Report Name: Compliance Reporting Update

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

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

Staff Recommendation - *Tuutohu-aa-kaimahi*

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

Executive Summary - *Whakaraapopototanga matua*

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

Background - *Koorero whaimaarama*

Protected Disclosures

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

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

Fraud and Corruption

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

Discussion - *Matapaki*

Protected Disclosures

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

Fraud and Corruption

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

Privacy Act 2020

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

Council and Management Policy Schedule

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

Financial Considerations - *Whaiwhakaaro Puutea*

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

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

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

Climate Change Impact Statement

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

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

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

Risks - *Tuuraru*

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

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

Significance

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

Engagement

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

Attachments - *Ngaa taapirihanga*

Attachment 1 - Policy List for SRAAC Compliance Reporting - as at 20 November 2023

Strategic Risk and Assurance Committee

Policies Update as at 20 November 2023

KEY
In progress
Due for review/Review paused, awaiting prioritisation or resourcing/ Under consideration
Current

Item 16

Attachment 1

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

[D-4220057](#)

Update as at 20 November 2023

Finance and Monitoring	Revenue and Financing Policy	GM Business Services	Jun-21	Jun-24	In progress	Government Rating Act 2002 Local Government Act 2002
Community & Natural Environment	External Funding Applications Policy	GM Partnerships, Communication and Maaori	Oct-23	Oct-26	Current	n/a
Economic Development	Freeholding of Council Endowment Land Policy	GM Strategy, Growth and Planning	Aug-21	Aug-24	Current	Hamilton Domain Endowment Act 1979
Council	Delegations to officers specific to the Resource Management Act 1991	GM Strategy, Growth and Planning	Oct-21	Oct-24	Current	Resource Management Act 1991
Community & Natural Environment	Monuments and Memorial Art Policy	GM Customer and Community	Nov-21	Nov-24	Current	n/a
Community & Natural Environment	Permanent Public Art Policy	GM Customer and Community	Nov-21	Nov-24	Current	n/a
Economic Development	Event Sponsorship Policy	GM Venues, Tourism and Events	Mar-22	Mar-25	Current	n/a
Community & Natural Environment	Naming of Roads, Open Spaces and Council Facilities Policy	GM Infrastructure and Assets	Jun-22	Jun-25	Current	n/a
Infrastructure and Transport	Hamilton Parking Policy	GM Infrastructure and Assets	Aug-22	Aug-25	Current	n/a
Community & Natural Environment	Disability Policy	GM Customer and Community	Sep-22	Sep-25	Current	n/a
Council	Elected Members Support Policy	GM Business Services	Nov-22	Nov-25	Current	Local Government Act 2002
Council	Climate Change Policy	GM Strategy, Growth and Planning	Jun-22	Jun-27	Current	n/a
Finance and Monitoring	Procurement Policy (new)	GM Business Services	new	new	Under consideration	n/a
Community and Natural Environments OR Council (TBC)	Te Reo Maaori Policy (new)	GM Partnerships, Communication and Maaori	proposed	proposed	In progress	n/a
Council (TBC)	Te Tiriti o Waitangi Statement (new)	GM Partnerships, Communication and Maaori	proposed	proposed	Under consideration	n/a
Community & Natural Environment	Tree Policy (new)	GM Customer and Community	proposed	proposed	In progress	n/a
Community & Natural Environment	Provisional Local Alcohol Policy (LAP) (new)	GM Customer and Community	under consideration	under consideration	Under consideration	Sale and Supply of Alcohol Act 2012
Strategic Growth and District Plan	Acquisition of Land (new)	GM Strategy, Growth and Planning	under consideration	under consideration	under consideration	Local Government Act 2002

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

MANAGEMENT POLICIES						
Management Policy Title	Purpose	Last reviewed and approved	Next Review Date	Status	Sponsor	Policy Owner Name
Records Management	Defines the role and functions of Records Management and establishes the principles and responsibilities of Hamilton City Council and its officers to ensure appropriate management of records.	Dec-14	Dec-17	In progress	Information Systems	Susan Souren/Chris Mardon
Herbicide Use	To provide high level guidelines around the use of herbicides in the management of unwanted vegetation.	Mar-15	Mar-18	In progress	Customer and Community	Maria Barrie
Smoke Free Workplace	To provide a healthy work environment for workers and visitors to our facilities and open spaces. It is an additional requirement that sets our minimum standard above current legislation to prevent the detrimental effects of smoking on the health of people who do not smoke, or who do not wish to smoke.	Oct-16	Mar-20	In progress	People, Safety & Wellness	Marie Snowball
Gifts and Hospitality	To explain the principles and procedures for Council Staff to follow when considering whether to accept or decline offers of Gifts or Hospitality.	Jun-23	Jun-26	Current	Finance	Igor Magud
Asset Management	To outline the organisation's approach to asset management to ensure the City's physical infrastructure is managed in a way that delivers the desired level of service in a sustainable, well planned and cost effective manner.	Jun-18	Jun-26	Current	Programme Manager, Assets Strategy	Paul Gower

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

Child Protection	To take all practicable measures to protect young people under the age of 18 years by providing a safe environment for children attending council-owned and operated facilities. Hamilton City Council will work in partnership with government and social development agencies to ensure the safety and wellbeing of children whilst meeting the requirements of the Vulnerable Children's Act (2014).	Jan-22	Jan-25	Current	People, Safety & Wellness	Dan Finn
Health and Safety	To contribute to all aspects of Hamilton City Council's organisational health and safety performance as part of a demonstratable commitment to continuous improvement in health and safety.	Jan-22	Jan-25	Current	People, Safety & Wellness	Dan Finn
Recruitment and Selection	To ensure that the recruitment and selection of HCC staff is undertaken in a fair, consistent, transparent and cost effective way.	Jan-22	Jan-25	Current	People, Safety & Wellness	Dan Finn
Litter Enforcement	To provide guidance to Council officers on issuing infringement notices under the Litter Act 1979.	Jan-22	Jan-25	Current	Sustainable Resource Recovery Team (Infrastructure)	Tania Hermann
Civil Defence and Emergency Management	To ensure that Hamilton City Council (HCC) meets the requirements of the Civil Defence Act 2002 and is able to effectively and efficiently respond to and recover from an emergency event.	Mar-22	Mar-25	Current	Risk & Emergency Management	Kelvin Powell
Staff Election Protocols	To help employees understand and balance their role in a politically neutral public organisation, with their right to participate in the local democratic process and local elections.	Mar-22	Mar-25	Current	Governance and Assurance	Michelle Hawthorne
Media and Social Media	to ensure Council staff understand our process to take a coordinated and consistent approach to communicating with the public and media.	Jun-22	Jun-25	Current	Communications	Nicole Nooyen
Revaluation	To outline the organisations approach to revaluations to ensure that the value and depreciation held for the City assets is accurate.	Jun-22	Jun-25	Current	Finance	Tracey Musty
Workplace Diversity and Inclusion Policy	To ensure all Council employees work in an environment where diversity and inclusion (D&I) is encouraged, respected and embraced in day-to-day operations; individuals are supported. Recognised as valuable. Treated with respect, positively included and feel safe; and Council's commitment to D&I in the workplace helps us to be inclusive in our engagement with the community and delivery of services. Note this includes the Rainbow Policy and, in future, Religion Policy, ethnicity Policy etc.	Aug-22	Aug-25	Current	People, Safety & Wellness	Dan Finn
LGOIMA Charging Policy	To provide guidance on when and how HCC will charge for LGOIMAs and the considerations in doing so.	Aug-22	Aug-25	Current	Governance and Assurance	Michelle Hawthorne
Fleet	To ensure that Council fleet is operated and managed in a manner that is fit for purpose, cost efficient, safe, lawful, and reduces carbon emissions.	Oct-22	Oct-25	Current	Facilities	Anita Oliver
Cash Handling	To ensure that there is consistent cash management practices which minimise risk and hazards, and enable cash handling processing to be carried out in a safe and secure manner.	Oct-22	Oct-25	Current	Finance	Tracey Musty
Membership of Professional Organisations	To specify the circumstances when Council will pay for/reimburse the cost of professional membership fees for Council employees.	Oct-22	Oct-25	Current	Finance	Tracey Musty
Study Assistance Policy	To support staff who wish to continue to develop their personal and/or professional skills through further study, in support of their career development whilst working at Council. The purpose of this Policy is to outline relevant information in support of staff pursuing further study through approval, which is relevant and beneficial to both the staff member and Council.	Nov-22	Nov-25	Current	People, Safety & Wellness	Dan Finn
Drug and Alcohol	To: show our responsibility and commitment to ensure a safe and healthy workplace for our staff; ensure that our staff can work in an environment free of alcohol and drug use or abuse; outline Council's expectations and requirements for creating and maintaining an alcohol and drug-free work environment and for dealing with substance abuse in the workplace; and provide an opportunity to staff members with a substance use problem to get well.	Nov-22	Nov-25	Current	People, Safety & Wellness	Dan Finn
Bullying, Harassment and Discrimination	To provide a safe and supportive working environment for all its employees and customers. To promote awareness of the issues and define workplace harassment, bullying, discrimination and conflict.	Dec-22	Dec-25	Current	People, Safety & Wellness	Dan Finn
Performance Management and Disciplinary	To ensure that HCC has a performance management and disciplinary process that is fair, transparent and applied consistently.	Dec-22	Dec-25	Current	People, Safety & Wellness	Dan Finn

Code of Conduct	To set out the rules and expectations of staff while they are employees at Hamilton City Council.	Dec-22	Dec-25	Current	People, Safety & Wellness	Dan Finn
Customer Feedback	This customer feedback policy sets out how Council will adhere to good governance obligations in relation to complaints, compliments, and customer insights about our services as the territorial authority for the people of Hamilton.	Aug-23	August 202	Current	Customer	Michelle Kerbers
AI Use (new)	To provide guidance and direction for the use of artificial intelligence (AI) tools by Hamilton City Council (the Council) staff.	n/a	n/a	In progress	IS	Allan Lightbourne
Information security (new)	To protect the confidentiality, integrity and availability of data; and ensure that staff and contractors understand their role and responsibilities, have adequate knowledge of security policy, procedures and practices and know how to protect information.	n/a	n/a	In progress	IS	Allan Lightbourne
Mis-Information Management (new)	To reduce the impacts of misinformation (scope includes dis-information and mal-information) in relation to the activities of Hamilton City Council (the Council) on our community by defining and supporting an organisational approach to managing this in relation to the activities of Council.	n/a	n/a	In progress	Communications and Engagement	Nicole Nooyen

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

DELEGATIONS MANAGEMENT POLICIES						
Delegations Management Policy Title	Purpose	Last reviewed and approved	Next Review Date	Status	Sponsor	Policy Owner Name
Delegations to Officers under the Public Works Act 1981	To set out the delegations from the Chief Executive to Council Officers under the Public Works Act 1981.	Oct-23	Oct-26	Current	Strategy, Growth and Planning	Nicolas Wells
Financial Delegations to Officers	To ensure consistency in carrying out activities and to ensure that the authority to commit (or bind) Council to arrangements with third parties (suppliers, vendors, contractors, tenants, event promoters, sales agencies, CCO's, government departments and statutory organisations, etc.) is properly delegated and correctly monitored.	Mar-17	Oct-26	Current	Finance	Tracey Musty
Delegations to Officers under the Trespass Act 1980	To set out the delegations from the Chief Executive to Council Officers under the Trespass Act 1980.	Dec-20	Dec-23	Current	Customer and Community	Kelvin Powell
Delegations to Growth Officers and City Safe Unit Officers (excluding delegations under the RMA)	To set out the delegations from the Chief Executive to Council officers in Growth and the City Safe Unit.	Jul-21	Jul-24	Current	Strategy, Growth and Planning	Blair Bowcott
Delegations to City Infrastructure Officers (new)	To set out the delegations from the Chief Executive to Council Officers in City Infrastructure.	new		In progress	Infrastructure and Assets	Eeva-Liisa Wright

Resolution to Exclude the Public

Section 48, Local Government Official Information and Meetings Act 1987

The following motion is submitted for consideration:

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

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

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

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

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