

Notice is hereby given that an ordinary meeting of the Horowhenua District Council Risk and Assurance Committee will be held on:

Date:	Wednesday 1 March 2023
Time:	1:00pm
Meeting Room:	Council Chambers
Venue:	126-148 Oxford St Levin

Risk and Assurance Committee OPEN AGENDA

MEMBERSHIP

Chairperson	Cr Sam Jennings	
Deputy Chairperson	Cr Paul Olsen	
Members	Cr Alan Young	
	Cr Clint Grimstone	
	Cr Jonathan Procter	
	Mayor Bernie Wanden	
	Jenny Livschitz	Independent Member
	Sarah Everton	Independent Member

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Website: www.horowhenua.govt.nz

Full Agendas are available on Council's website
www.horowhenua.govt.nz

Full Agendas are also available to be collected from:
Horowhenua District Council Service Centre, 126 Oxford Street, Levin
Te Awahou Nieuwe Stroom, Foxton,
Shannon Service Centre/Library, Plimmer Terrace, Shannon
and Te Takeretanga o Kura-hau-pō, Bath Street, Levin

Note: The reports contained within this agenda are for consideration and should not be construed as Council policy unless and until adopted. Should Members require further information relating to any reports, please contact the Chief Executive Officer or the Chairperson.

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Karakia

1 Apologies

2 Public Participation

Notification of a request to speak is required by 12 noon on the day of the meeting by phoning 06 366 0999 or emailing public.participation@horowhenua.govt.nz.

3 Late Items

To consider, and if thought fit, to pass a resolution to permit the Council to consider any further items which do not appear on the Agenda of this meeting and/or the meeting to be held with the public excluded.

Such resolution is required to be made pursuant to Section 46A(7) of the Local Government Official Information and Meetings Act 1987, and the Chairperson must advise:

- (i) The reason why the item was not on the Agenda, and
- (ii) The reason why the discussion of this item cannot be delayed until a subsequent meeting.

4 Declarations of Interest

Members are reminded of their obligation to declare any conflicts of interest they might have in respect of the items on this Agenda.

5 Confirmation of Minutes

6.1 Health, Safety and Wellbeing Quarterly Report - March 2023

File No.: 23/94

1. Purpose

To provide the Committee with health, safety and wellbeing information and insight up to the end of February 2023 and to update the Committee on key health and safety critical risks and initiatives.

2. Recommendation

- 2.1. That Report 23/94 Health, Safety and Wellbeing Quarterly Report - March 2023 be received.
- 2.2. That this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.

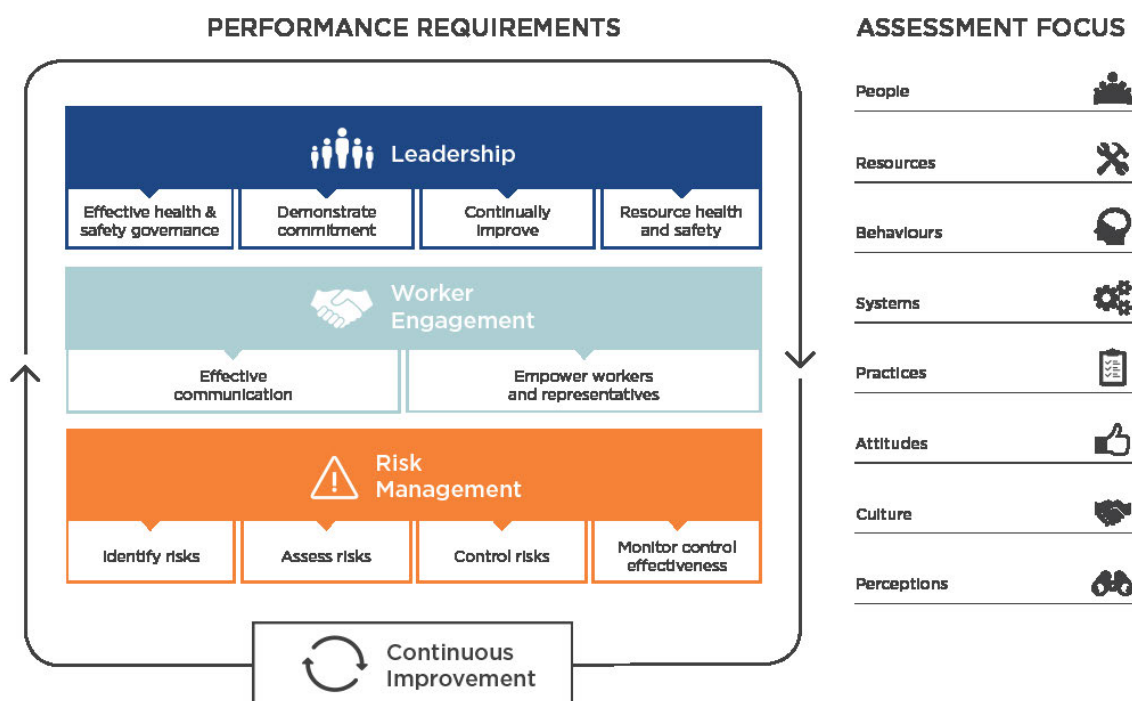
3. Background/Previous Council Decisions

- 3.1. Elected members, as 'Officers' under the Health and Safety at Work Act 2015 (HSWA), are expected to undertake due diligence on health and safety matters.
- 3.2. The Health and Safety at Work Act requires those in governance roles, and senior management, to have a greater understanding of their organisation's health and safety activities. Under the Health and Safety at Work Act 2015, all elected members are deemed 'officers' and must exercise a duty of due diligence in relation to health and safety. These reports provide information to assist elected members to carry out that role and provides the health and safety information it needs to be aware of to meet its responsibilities under the Act.

4. Discussion

SafePlus

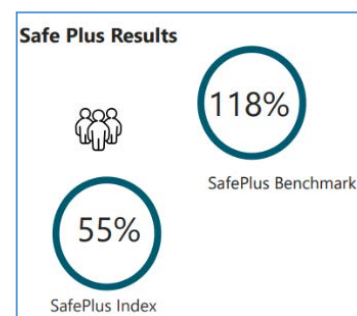
- 4.1. Council's Health and Safety function remains focussed on a number of recommendations outlined in the SafePlus Assessment Report to mature and lift the approach to Health and Safety across the Organisation.
- 4.2. SafePlus aims to help lift the performance of workplace health and safety in New Zealand businesses. SafePlus has been jointly developed, with industry, by WorkSafe New Zealand, the Accident Compensation Corporation (ACC) and the Ministry of Business, Innovation and Employment (MBIE), in collaboration with health and safety experts.
- 4.3. SafePlus includes a framework of 10 performance requirements, which are organised under three key elements: Leadership, Worker Engagement, and Risk Management. Each performance requirement has a three-level maturity scale applied to it: Developing, Performing and Leading.
- 4.4. The Manawatu/Whanganui Local Authority Share Services (MWLASS) Health, Safety and Wellbeing Forum complete SafePlus Assessments as a group. The first SafePlus assessment was completed in December 2018, Horowhenua District Council achieved Developing, in the second assessment in March 2021 achieved Performing. This is a very positive improvement in health, safety and wellbeing across Council. The next full assessment is planned for October 2023.



HDC SafePlus Reporting – Dashboard

- 4.5. To assist in monitoring HDC's progress in its cultural maturity, another layer of detail has been added to assist in understanding how well HDC is doing in lifting maturity within the performing category where we currently sit.
- 4.6. On the HDC HSW Quarterly Report (attachment) there are two metrics provided – the SafePlus Index and the SafePlus Benchmark.
- 4.7. The methodology behind the SafePlus Index is:

- The three SafePlus levels (Developing, Performing, Leading) are placed on a linear scale of 0-5 with 0 being the bottom of developing and 5 being the top of leading. The mid-point is 2.5 which places it in the middle of performing. A score of 2.5 equates to 50% on the SafePlus Index that charts our journey in percentage terms each quarter. To further refine this, the identified 'positive achievements' and identified 'areas for improvement' in the quarterly self-assessment survey report are examined. Positive achievements put us in the upper half of our current level (performing) and areas for improvement put us in the lower half of our current level (Performing). The combined balance of these two pools gives us a score of where we sit above or below the mid-point of the performing level. The current SafePlus Index Score combined score for HDC is 63%. This means within the performing category HDC currently sits slightly above the mid-point.



- 4.8. The SafePlus Benchmark Index uses the same scoring methodology and applies it to the SafePlus results of a pool of 12 central government ministries and local government bodies that we have access to. The combined scores form a benchmark (100%). HDC's SafePlus Index score is then matched to the benchmark. HDC's current SafePlus Benchmark Index score of 137% means HDC's current rating in SafePlus is higher than the combined benchmark of the other organisations.

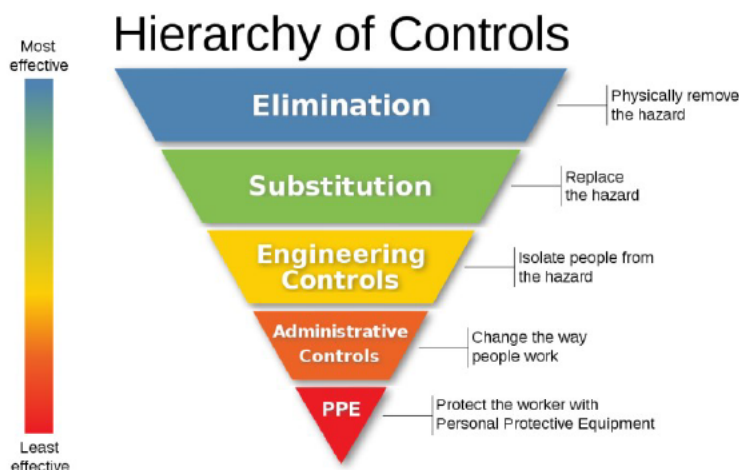


Hazards and Risks

- 4.9. As part of the ongoing quarterly reports we will deep dive into health and safety risks and hazards.
- 4.10. A hazard is something that might cause harm. A risk is a combination of the chance that the hazard will cause harm, and if it does, how bad that harm will be.
- 4.11. An example of a current hazard is the Foxton Trolley Bus System, which has been identified as in a state of disrepair and is at risk of collapse causing serious injury to staff and/or pedestrians and serious damage to vehicles and property.
- 4.12. The Foxton Trolley Bus System is attached to the Te Awahou Nieuwe Stroom building along the Wharf Street side, where staff and customers enter and exit the building. This hazard and the associated risks were added to the Health and Safety Significant Hazard and Risk Register in October 2021. We are currently working with WorkSafe to reach an outcome on the trolley bus system removal and as it eventuates a further update will be provided.



- 4.13. Managing hazards and risks in the workplace includes systems that identify, eliminate or minimise the risk, manage and then monitor the risks. Supporting documents include Hierarchy of Controls, where elimination is the most effective management of a risk and PPE is the least effective. Risk Matrix showing likelihood and consequence measurements and the Plan, Do, Check and Act steps that Worksafe promote to help manage work health and safety risks.

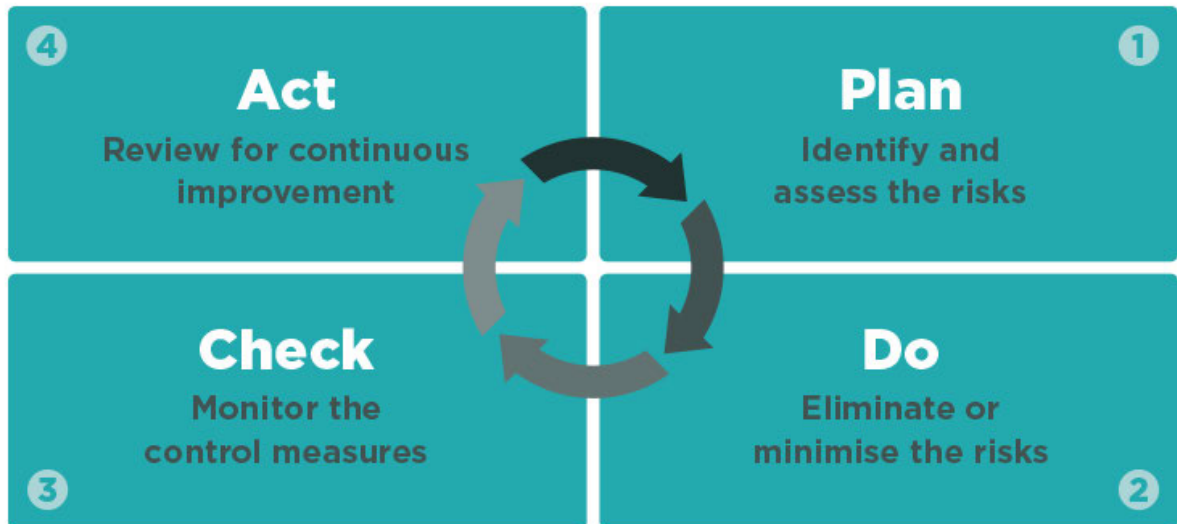


Risk Matrix

RISK HAZARD MANAGEMENT: Purpose - To further improve the method for systematically identifying, assessing and controlling hazards in the workplace as required by the Health & Safety at Work Act 2015

	Consequence				
Likelihood	1 - Very minor	2 - Minor	3 - Moderate	4 - Major	5 - Catastrophic
5 - Almost certain	Low	Moderate	Significant	Extreme	Extreme
4 - Very Likely	Low	Moderate	Significant	Significant	Extreme
3 - Likely	Low	Moderate	Significant	Significant	Extreme
2 - Unlikely	Low	Low	Moderate	Moderate	Moderate
1 - Extremely unlikely	Low	Low	Low	Low	Low

Worksafe – Plan Do Check Act chart.



Health and Safety Committee – Komiti Oranga



- 4.14. The Komiti Oranga (KO) are a diverse group of staff from across all facilities and work groups/teams, including Horowhenua Alliance, at Council. The KO is made up of 14 Health and Safety Representatives (HSR) and three support members. Meetings are held once a month and a representative of the Executive Leadership team also attend.
- 4.15. The work the KO engage in is supported by the Health and Safety at Work Act 2015 Part 3 - Worker engagement, participation and representation. This ensures that staff who do the work have a say in the health and safety of the workplace.
- 4.16. The KO are also leaders/leading in the Wellbeing space, with a strong cohort of HSR interested in and planning Wellbeing opportunities for all staff.
- 4.17. The functions of the KO are to:
- facilitate co-operation between the Council and workers in instigating, developing and carrying out measures designed to ensure the workers' health & safety at work;
 - provide assistance in developing and releasing any standards, rules, policies, or procedures relating to H&S that are to be followed or complied with at the workplace;
 - to make recommendations relating to workplace health & safety;
 - to perform any other functions that are: -
 - agreed between the Council and the KO;
 - driven by legislation or regulations
 - ensuring all KO minutes are available for all workers to access;
 - provide assistance to the H&S Advisor/Lead as may be required to:
 - monitor the effectiveness of the organisation's means of reporting, recording, and investigation of incidents/accidents/near misses;

- ensure appropriate support for the effective implementation of approved rehabilitation schemes;
- review and make recommendations on all serious harm accidents;
- assess accident and incident trends and reports; and
- Continually review and improve systems, procedures, and work practices to support injury prevention.
- actively encourage and support positive H&S activities on a regular basis whilst undertaking work

4.18. The KO assist in achieving the milestones identified in the Strategic Charter attached.

Attachments



No.	Title	Page
A	HDC Risk and Assurance Committee HSW Dashboard March 2023	15
B	HS - HDC Health and Safety Strategic Charter and Plan 2020 - 2023 - Adopted 28 October 2020 - March 2023	23



Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

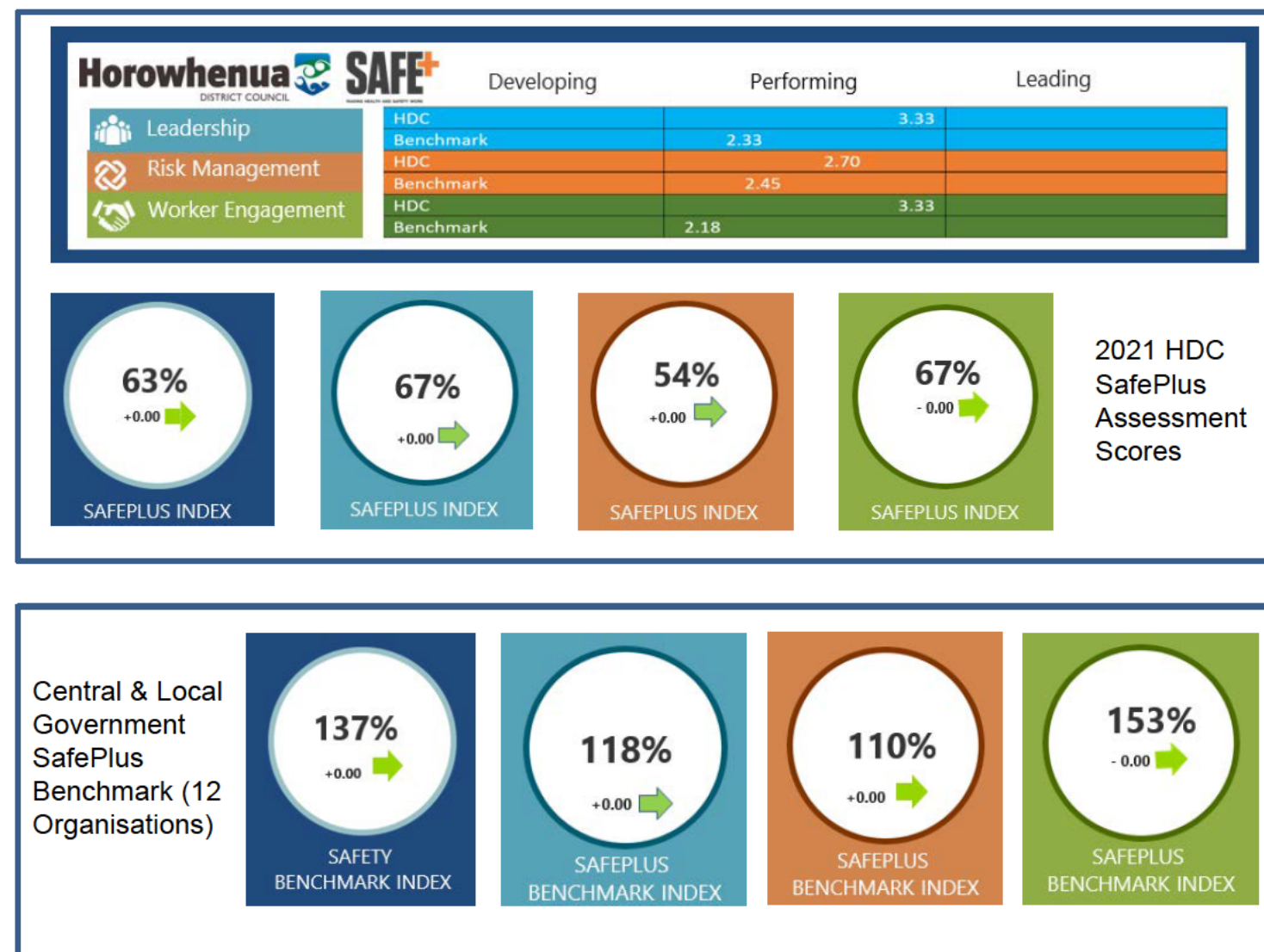
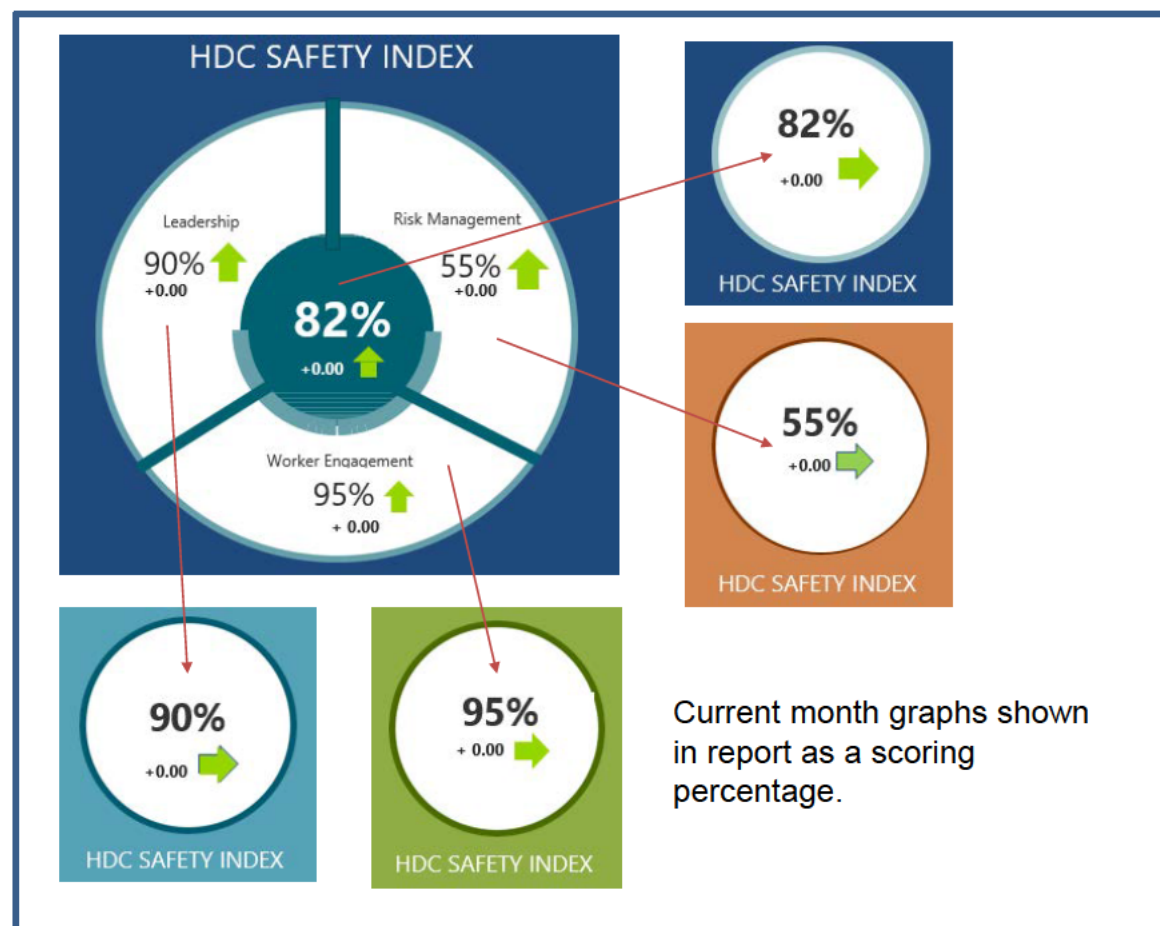
- containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

Signatories

Author(s)	Ashley Huria Business Performance Manager	
	Tanya Glavas Health & Safety Lead	

Approved by	Jacinta Straker Group Manager - Organisation Performance	
	Monique Davidson Chief Executive Officer	

INTRODUCTION TO DASHBOARD REPORTING



Introduction to Dashboard Reporting

- Produce balance scorecard detail once metrics are confirmed
- Arrows are shown sideways as there is no movement – this will change to up and down, red and green once data has monthly comparison available and the Online Assessment Tool underway regularly.
- Results from SafePlus Online Self Assessment tool will replace the SafePlus Index metrics.

Weighting

30% Leadership
30% Risk Management
40% Worker Engagement

HEALTH, SAFETY AND WELLBEING - COUNCIL REPORT 2023



Developing

Performing

Leading

	Leadership
	Risk Management
	Worker Engagement

HDC	3.33	
Benchmark	2.33	
HDC	2.70	
Benchmark	2.45	
HDC	3.33	
Benchmark	2.18	

Horowhenua
District Council
August 2022 –
January 2023

95%

+2.00



HDC SAFETY INDEX

63%

+0.00



SAFEPLUS INDEX

137%

+0.00



SAFEPLUS
BENCHMARK INDEX

HDC SAFETY INDEX





Leadership

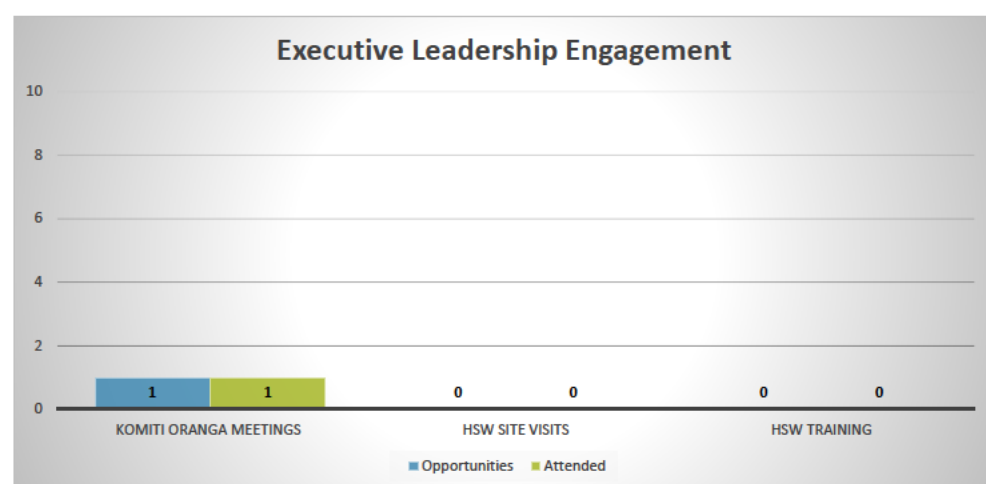
Developing

Performing

Leading

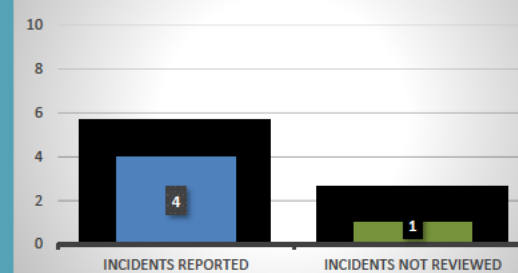
HDC	3.33
Benchmark	2.33

Executive Leadership Engages With Health, Safety and Wellbeing (Due Diligence Obligations - Engagement) January 2023

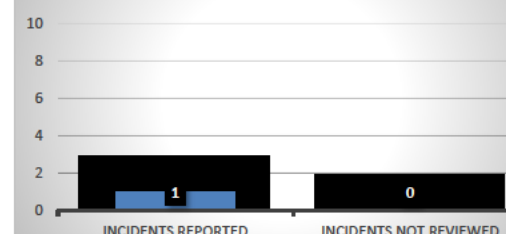


We Review All Incidents (All Incident are Reviewed Within 2 Weeks) January 2023

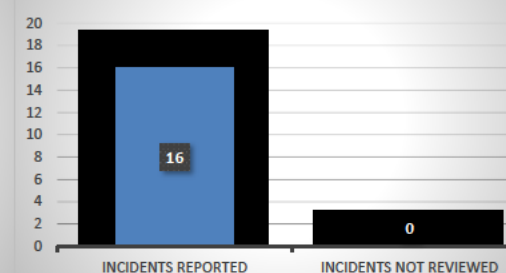
Community Centres/Libraries



Rest of Council



Aquatics



Leadership

August 2022 – January 2023

100%

+0.00 →

HDC SAFETY INDEX

67%

+0.00 →

SAFEPLUS INDEX

118%

+0.00 →

SAFEPLUS
BENCHMARK INDEX

Leadership in Health and Safety Strengths – Executive Management

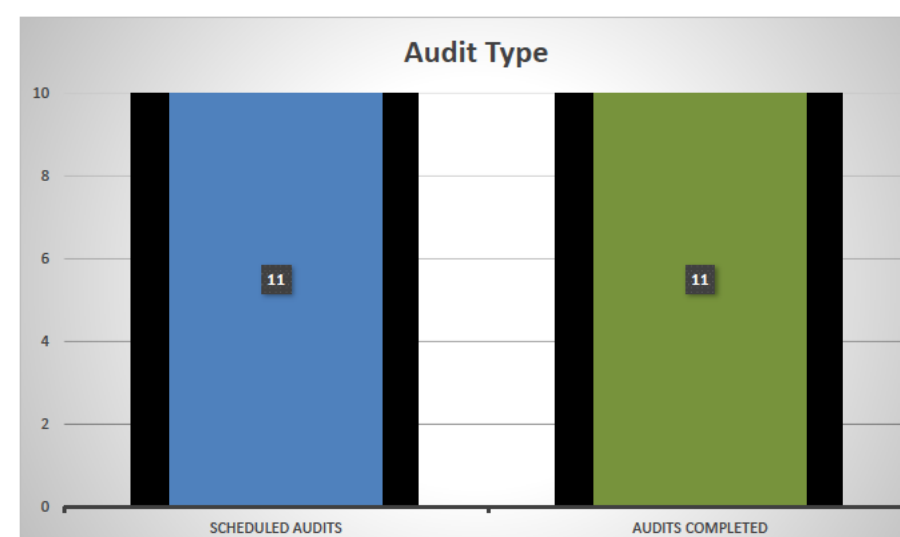
- The role of executive management for meeting HDC's primary duty of care and personal due diligence obligations is prescribed by the HSWA. How those responsibilities are met is left for the executive management to interpret.
- Executive management have an excellent revised reporting dashboard that offers them a broader range of metrics to give a clearer picture of current performance in HSW and emerging trends.
- There are good initiatives and services in place within HDC that promote and support the wellbeing of our people.

Opportunities – Executive Management

- Bring more voices to the table as required to share observations with executive management on risk management initiatives and challenges.
- Give executive management a greater understanding of the practical activities that assist them in meeting their due diligence obligations as an officer of the PCBU.
- HDC to explore what the wellbeing means to us and our people. The outcome would be an intentional wellbeing framework that articulates HDC's vision and values regarding wellbeing and integrates those with the organisational values and Four Pillars.

We Check that Our Sites Have Essential Health and Safety Controls in Place

(Scheduled Audits completed) January 2023





Risk Management

Developing

Performing

Leading

HDC	2.70	
Benchmark	2.45	

Risk Management

August 2022 –
January 2023

Risk Management

Strengths – Risk Management

- HDC has a good framework for identifying, assessing, and managing HSW risk.
- HDC is working towards closer linkages between organisational risk management and HSW risk management.

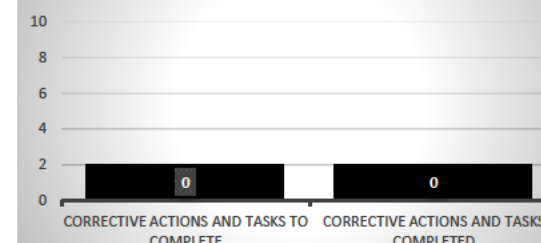
Opportunities – Risk Management

- Closer linkages between the organisational risk framework and the HSW risk framework
- More active monitoring of the effectiveness of risk reduction defences and the residual risk ratings of identified risks, including the impact of risk amplifiers.
- Blending risk management seamlessly into operational management.
- Ensure risk assessment and the effectiveness of controls are a core focus of incident investigations.

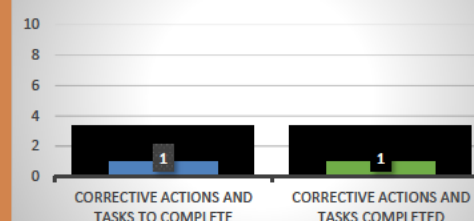
We Ensure Corrective Actions and Tasks are Completed

(PeopleSafe Task Completion)
January 2023

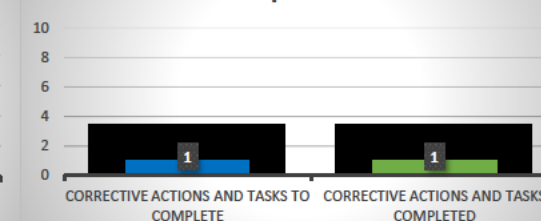
Rest of Council



Community Centres/ Libraries



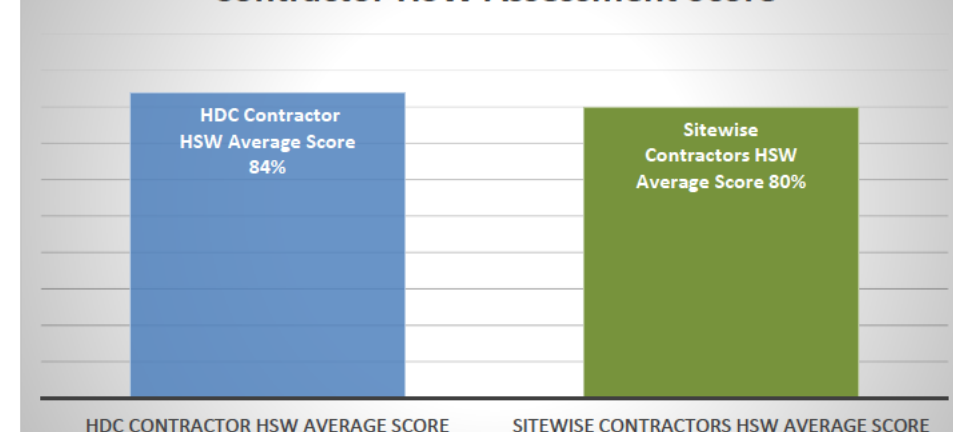
Aquatics



We Ensure All Contractors Maintain a High Standard of Health, Safety and Wellbeing

(Our Contractors HSW Assessment Scores are Above Average in Sitewise)

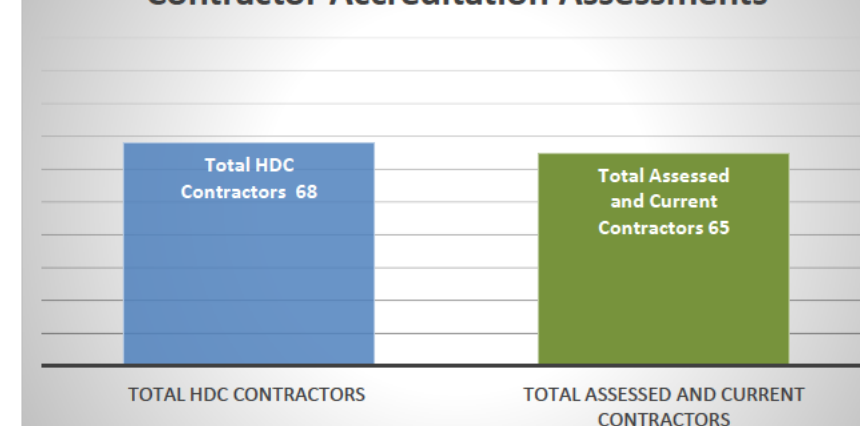
Contractor HSW Assessment Score



We Ensure All Contractor Accreditation Assessments are Up to Date

(Sitewise Assessments and Insurances are all up to date for all contractors)

Contractor Accreditation Assessments



90%

+0.00



HDC SAFETY INDEX

54%

+0.00



SAFEPLUS INDEX

110%

+0.00



SAFEPLUS
BENCHMARK INDEX



Developing

Performing

Leading



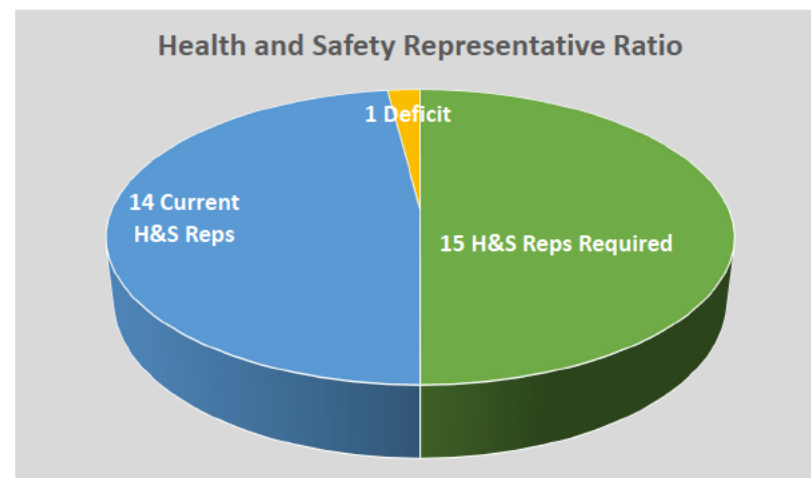
HDC	3.33	
Benchmark	2.18	

Worker Engagement

August 2022 –
January 2023

We Ensure We Have Enough Health and Safety Representatives

(1:19 Health and Safety Representative ratio maintained)



Worker Participation in HS&W

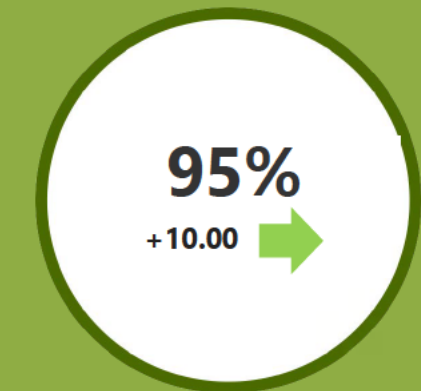
Worker participation in HSW is a core component of the HSWA. The requirements of HSWA are described in more details in the HSWA Regulations for Worker Participation.

Strengths – Worker Participation

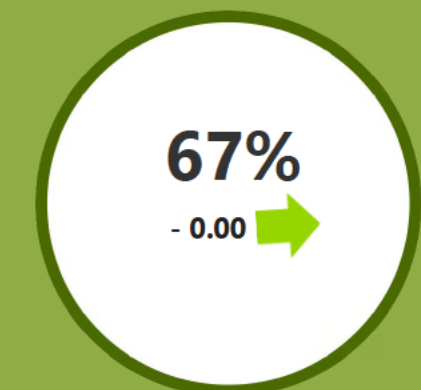
- There is a high functioning health and safety committee operating with broad representation on it.
- HDC has a long history of strong worker engagement on the HSW Committee that stems from its days when there was not a dedicated subject matter expert employed for HSW.

Opportunities – Worker Participation

- A revision of the roles and responsibilities in the worker participation framework that includes how the layers of the framework communicate with each other and clarity over which issues need to be escalated and to whom.
- A focus on recognition of the role of H&S Representatives at HDC and encouragement and opportunities for them to demonstrate leadership in HSW.



HDC SAFETY INDEX



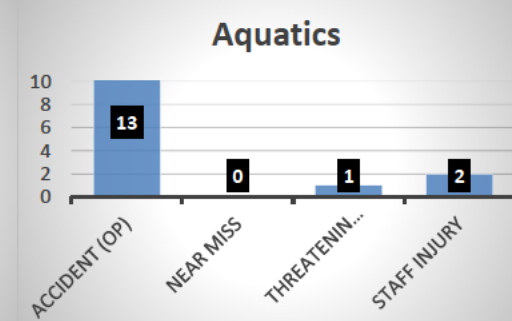
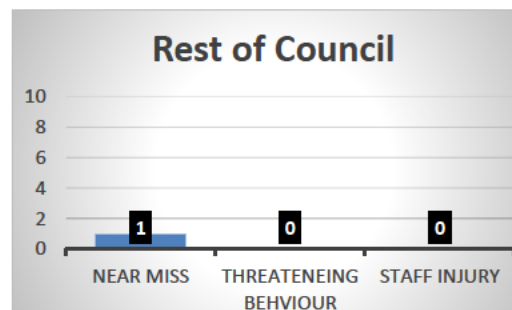
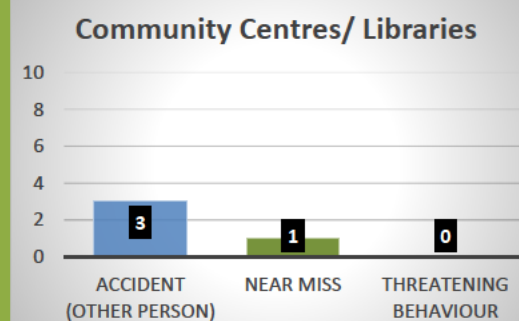
SAFEPLUS INDEX



SAFEPLUS
BENCHMARK INDEX

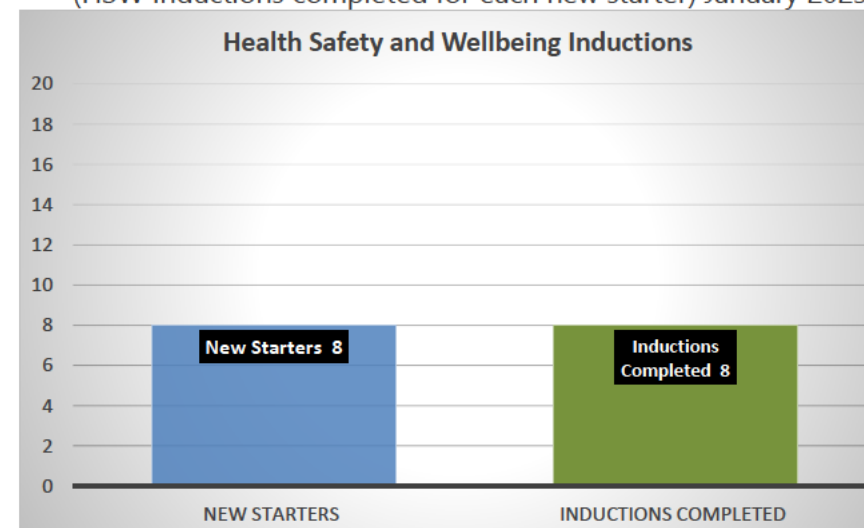
We Ensure All Incidents Are Reported

(All Incidents are Reported in PeopleSafe) January 2023



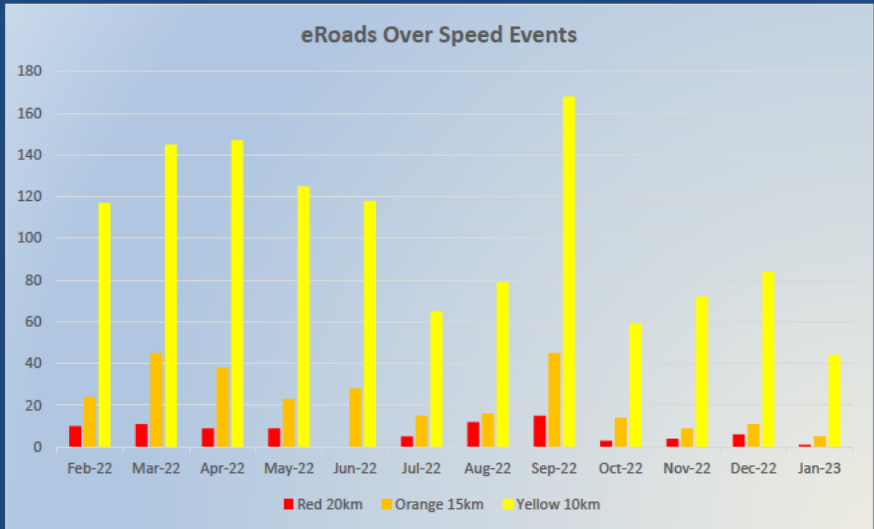
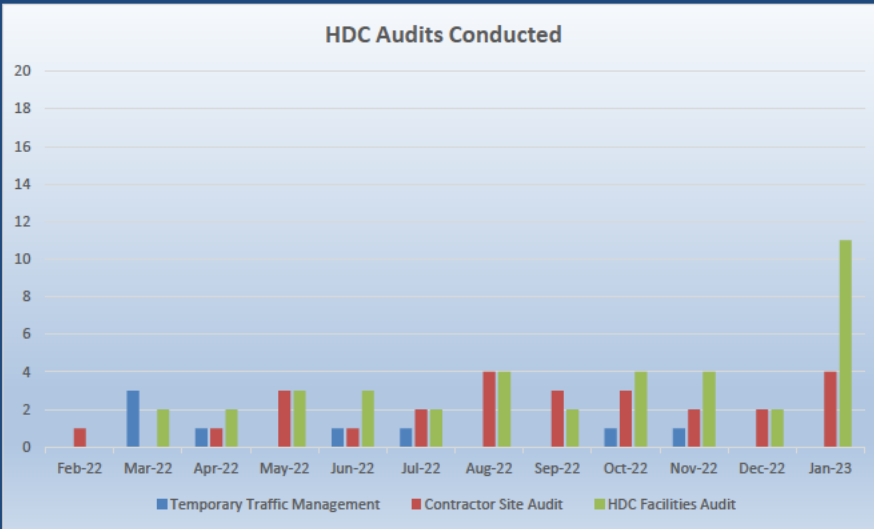
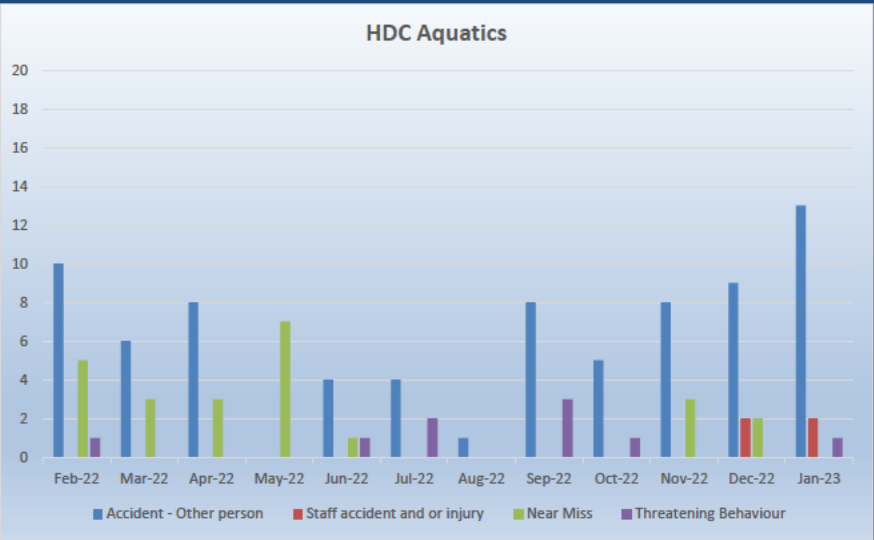
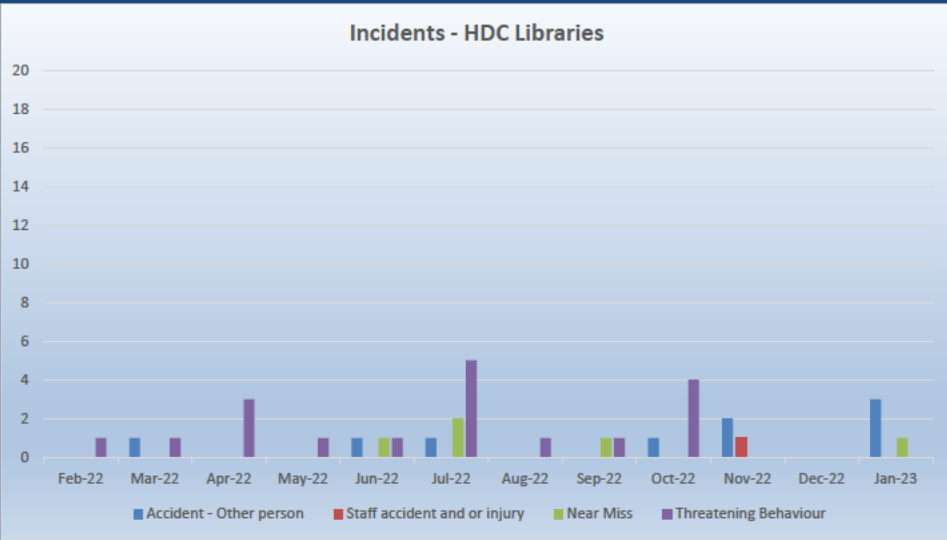
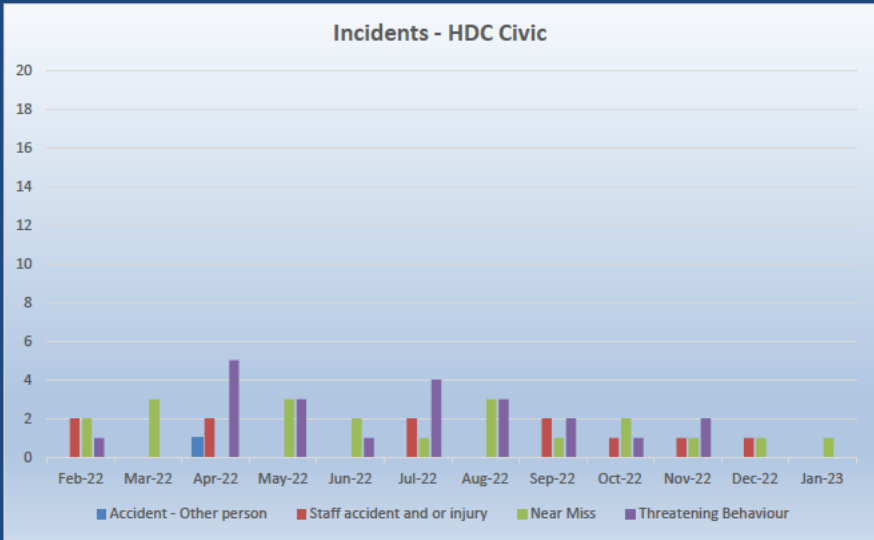
We Ensure All new Starters Receive Essential Health, Safety and Wellbeing Information

(HSW Inductions completed for each new starter) January 2023



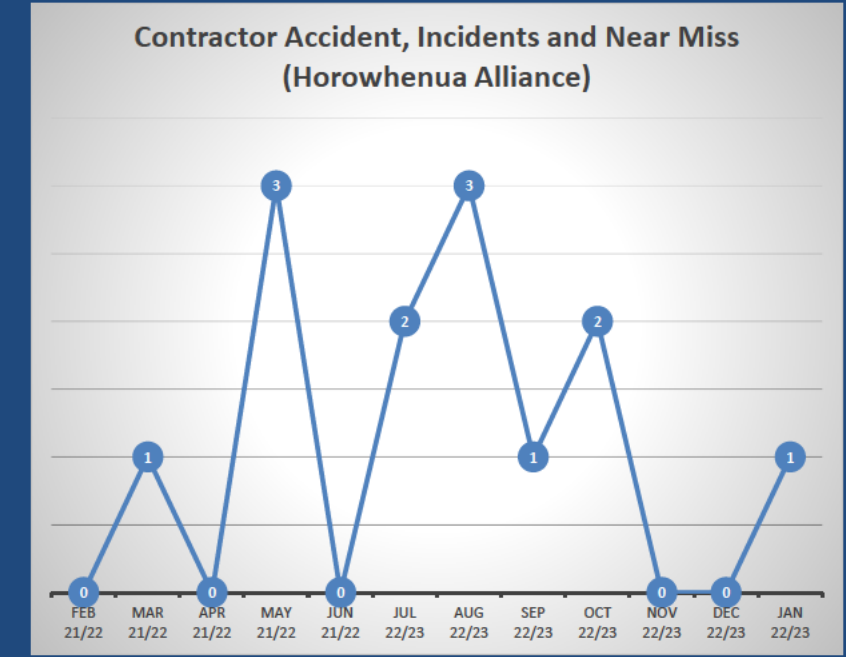
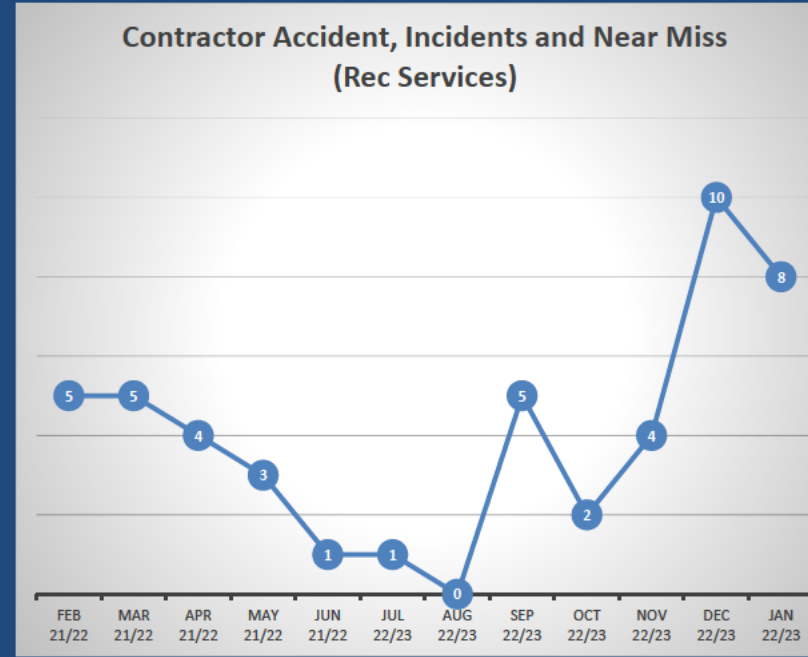
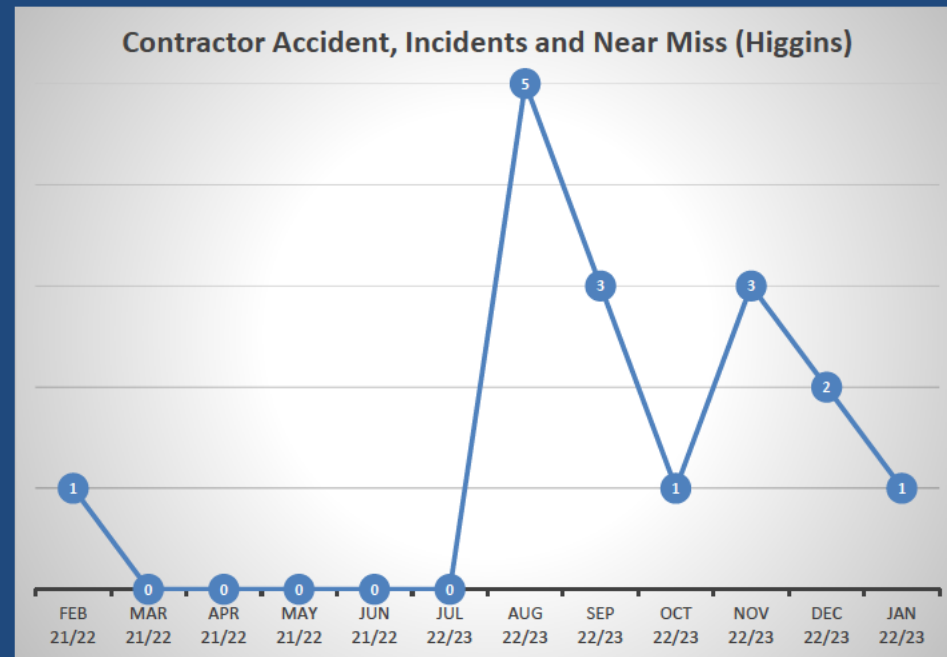
HEALTH, SAFETY AND WELLBEING – 12 MONTH TRENDS as at 28 February 2023

Horowhenua
District Council
2022/2023 Year



HEALTH, SAFETY AND WELLBEING Contractor Information

Horowhenua
District Council
2022/2023 Year



Downers New Zealand	Sitewise Rating	All New Zealand	Civil Construction	Last Assessment 16/01/2023	Valid to 16/01/2024	Sitewise Score 100
Recreational Services Limited	Sitewise Rating	All New Zealand	Civil Construction	Last Assessment 09/01/2023	Valid to 09/01/2024	Sitewise Score 100
Higgins Group Holdings Limited	Sitewise Rating	All New Zealand	Civil Construction	Last Assessment 01/07/2022	Valid to 01/07/2023	Sitewise Score 100



HOROWHENUA DISTRICT COUNCIL HEALTH & SAFETY STRATEGIC CHARTER AND PLAN 2020/2023

1. Vision Statement

Horowhenua District Council Elected Members subscribe to the principle that a key part of our governance role is ensuring our community and staff feel safe and healthy in the spaces the Horowhenua District Council provides.

To this end the Elected Members of Horowhenua District Council acknowledge their responsibility to take reasonable steps to understand the Council's operations and health and safety risks, and to use this knowledge to influence health and safety outcomes by ensuring those risks are managed through a high-functioning health and safety framework.

2. Health and Safety Leadership Charter

In this key component of the Strategic Health and Safety Plan for Horowhenua District Council, the Chief Executive and Elected Members, commit to fulfilling their due diligence requirements to support the continuous improvement of Health and Safety functionality in our workplace. This commitment is founded on the principle that the effective management of health and safety is essential to the operation of a successful and thriving organisation.

Specifically, Horowhenua District Council Chief Executive and Elected Members commit support to the following:

- To ensure Chief Executive and Elected Members remain current in their knowledge of health and safety matters;
- To ensure the Council has and uses, appropriate resources and processes to identify then eliminate or minimise health and safety risk;
- To strive for continuous health and safety improvement and to provide leadership and support to the Chief Executive to achieve this;
- To ensure Council is an environment that engages with staff on matters which will or are likely to affect their health or safety;
- To have worker participation practices that provide staff with reasonable opportunities to participate effectively in improving health and safety; and
- To extend health and safety efforts, wherever relevant, beyond the workplace recognising and supporting related initiatives within the community.

The attached strategic plan sets out how the Council intends to provide a safe workplace for all those that undertake Council work or may be influenced by Council work being undertaken.

Adopted by the Horowhenua District Council on this date: 28 October 2020

Objectives	Expected Outcomes	Responsibility	Risk Mitigation	
			Due Diligence	Council Monitor
1. Policy and Planning				
a) Develop and implement a robust annual health and safety plan for Council with a focus on risk management and continuous improvement.	Plans to be completed and operational by 31 July each year	Chief Executive/ Group Managers	Original Documents sighted	Finance, Audit and Risk Committee
b) Ensure all contracts for major or minor capital works are Council registered as approved contractors and have health and safety relevant documentation attesting to their competency	Council audits all Contractor Health and Safety documentation before acceptance on the Council approved Contractor Register		Quarterly management reporting	Leadership Team
c) Provide informed and relevant access to current H&S policy and procedures to all staff of Council which cover all aspects of best practice health and safety management	Policy and Procedures available to all staff as relevant in both electronic and hard copy form.		Management Performance Standards	
d) Continue to implement a regular policy and procedures review process	All policies and procedures are part of a review timetable monitored by the Health and Safety Advisor.		Health and Safety Committee updates in quarterly reports	
e) Develop and implement an internal audit process utilising the expertise of trained Health and Safety Committee representatives	Ensure the Health and Safety audit timetable remains fully operational – reportable to the Health and Safety Committee monthly.		Independent Audit - 2 yearly (SafePlus)	
			Internal audit reports	
f) Continue to progress internal systems and processes for the gathering of accurate information to support health and safety management and reporting	Systems and processes are developed and continue to provide full support for health and safety management		Reporting is timely and accurate	

Objectives	Expected Outcomes	Responsibility	Risk Mitigation	
			Due Diligence	Council Monitor
2. Delivery				
a) Ensure the development of Critical risk action plans to identify and control Council risk caused by the work undertaken, using either elimination or minimisation controls.	Council will have a Risk Action plan for every work group where critical risk or high probability risk has been identified.	Chief Executive/ Group Managers	Work Group risk action plans available at the request of the Audit and Risk Committee.	Finance, Audit and Risk Committee
b) Ensure a robust and regular risk action plan review process for all areas of Council	Every risk action plan will be reviewed following every notifiable incident and annually by the Health and Safety Committee and in consultation with staff.		Independent Audit 2 yearly (SafePlus) Internal audit reports Internal quarterly reporting	Leadership Team
c) Ensure all Managers performance measures include the standards of Health and Safety Management expected of them to achieve the strategic Health and Safety objectives	All manager PDP's have clear and measurable health and safety objectives to achieve		Achievement of personal Health and Safety objectives for senior managers reported annually.	
d) Ensure that appropriate emergency management plans are in place for all sites and that preparedness is regularly tested.	Continue to progress, educate, implement and regularly test the quality of emergency management plans		Emergency plans available for scrutiny. Quarterly reporting on preparedness testing.	
e) Ensure the right level of expertise to advise on Health and Safety best practice and to oversee the technical aspects of health and safety management	Employ or contract the level of expertise which will provide best practice and technical advice		Specialist external advice and expertise available to Council if/when required	
f) Ensure that appropriate training is available for all staff but in particular for those roles that require more relevant and role specific Health	Continue to build on progress to date regarding internal health and safety inductions		Training programme and timetable	

and Safety training such as the Council Health and Safety Representatives.	and education programmes for staff. Contract training programmes to assist those with specific health and safety responsibilities such as H&S representatives and those responsible for managing critical risks.		Attendance and attainment reporting	
g) Facilitate engagement and participation with staff on all matters of health and safety including planning, monitoring and management through accessible worker participation practices.	Staff consulted and active in Worker Participation Practices such as Health and Safety Committee functionality work and operational Health and Safety management. Staff clear on their H&S requirements to not endanger themselves or others in any work undertaken.		Health and Safety Committee quarterly reports Achievement of personal Health and Safety objectives for senior managers reported on at least annually	
h) Proactively manage health and safety risk when undertaking work jointly with other organisations where able and where it is reasonably practical to do so.	Council will consult, co-operate and co-ordinate with all other businesses on matters of health and safety when working on joint undertakings.		Contractor Tenders Memorandum of Understandings for health and safety initiatives	



Objectives	Expected Outcomes	Responsibility	Risk Mitigation	
			Due Diligence	Council Monitor
3. Monitor				
a) Monitor absence through accident/illness and EAP usage and ensure staff are supported and return to work plans are completed as is reasonable practicable	Establish clear return to work and rehabilitation policies and absence monitoring systems	Chief Executive/ Group Managers	Sick leave and accident/incident/near miss quarterly reporting. EAP usage	Finance, Audit and Risk Committee
b) Monitor and review all incidents, noncompliance and near misses and be satisfied with the adequacy of the response via Peoplesafe	Develop and implement a review of incident/accident and near miss reporting process for all incidents including serious incidents		Quarterly incident, accident and near miss and serious incident reporting	Leadership Team
4. Review				
a) Ensure continuous improvement in health and safety management by regular review of systems and processes	Develop review timetable and parameters using appropriate reporting/statistical information	Chief Executive/ Group Managers	Independent Audit Audit Reports	Finance, Audit and Risk Committee
b) Ensure all audit outcomes are affected in a timely and complete manner	Follow up on audit recommendations		Incident, accident and near miss statistical data	Leadership Team

6.2 Risk Management Status Quarterly Report - March 2023

File No.: 23/95

1. Purpose

The purpose of this paper is to report to the Risk and Assurance Committee the risk landscape, risk management work in progress and to ignite discussion with the committee about risk.

2. Recommendation

- 2.1 That Report 23/95 Risk Management Status Quarterly Report - March 2023 be received.
- 2.2 That this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.
- 2.3 The Risk and Assurance Committee endorse the Risk Management Framework, Strategy and Work Plan in providing a key part in leading the Risk Management architecture and culture within the organisation.

3. Background/Previous Council Decisions

With a newly formed Council, Risk and Assurance Committee, Executive Leadership Team and the appointment of the Risk Manager position, the time is ripe to review, completely overhaul and refocus our organisations approach to managing risk within our business.

Ideally the Risk Status Report will form a part of the RAC agenda, primarily to keep the committee abreast of significant risks, whilst molding the development and direction of the Risk Management Framework. Ultimately this will become business as usual as our Risk Management (RM) architecture and culture evolves, forming regular and routine approach, designed to provide governance with oversight and input into the way that identified risks are being managed by Council.

As you can appreciate the benefits of 'reporting up' risk, provides the RAC the opportunity to consider these reports and should be the basis of discussion that covers and adds value to all elements of the risk management spectrum (Identify, Analyze, Evaluate, Treat, Monitor, Report). The intention is that these reports facilitate discussion that identifies new risk, as well as focusing on existing listed and managed risks.

As we find ourselves in unprecedented times, councils find themselves with aging infrastructure, rising debt levels, crippling interest rate increases, climate change and environmental influences such as Covid that impact on revenue streams, skill shortages and extreme pressure on inflation. It is more important than ever that our approach to running our business needs to be well measured including applying a Risk Management Framework that allows us to make value added propositions with well-informed measurements and data.

Risk Management isn't a religion, however it will enhance our ability to approve or decline new initiatives or projects based on the value of the proposition. The risk management measurement 'Likelihood' needs to be applied rigorously in determining our level of exposure to risk. Too often we apply a costly sledge hammer approach to a deliverable, project or activity without the appropriate information to making a more informed decision. This can be a costly mistake that severely tarnishes an organisations trust and reputation within the community. In certain categories we need to soften our Risk Appetite to ensure we meet the core needs of our community and district.

4. Issues for Consideration

Risk Management Framework

The approach we as an organisation take to managing risk within our business is the core of the framework, and includes components covering the scope and design of the system itself as well as the processes for control and development of the system.

I have purposely kept the document to the point and simple to ensure risk management remains user friendly and workable at all levels. The framework will continue to evolve as I better understand the mechanics of our organisation and open dialogue ensures constructive feedback which improves buy-in from key stakeholders.

The overall approach is based on the Joint Australian New Zealand International Standard Risk Management- Principles and Guidelines (AS/NZS ISO 31000:2018) and is an integrated approach consisting of 3 interrelated components:

- Leadership and Commitment – Roles & Responsibilities
- Principles of Value Creation and Protection
- Process for Risk Management

While the last two components are important the success of Risk Management and realising its benefits, Leadership & Commitment for the organisation with staff and elected members starts right here within this group. Roles and Responsibilities have been purposely highlighted early in the document as we set the tone in influencing the key objectives of the strategy and the Workplan.

As mentioned earlier in the document we will also be looking to update the Risk Appetite Document in the short/mid-term.

As with other key priorities the success of the framework and its continuous improvement is a journey, both architecturally and culturally. We will need to keep this document alive as we mold our framework as one of the best in the country.

Risk Management Strategy & Workplan

To support the Council in the delivery of the Council's Long- Term Plan (LTP), we need to consider the impact of uncertainties on its objectives. The deliverables associated with the plan are diverse and complex, often prioritised on our ability to deliver with the limited resources we have. The Council's vision is to enhance its risk capability and maturity across its different business groups using a deliberate and integrated approach will positively support the delivery of its community outcomes. To support the delivery of this vision the

Council has recently refreshed its risk management initiatives including conducting management and elected member workshops and risk reviews.

The Risk Management Strategy & Workplan is direct and purposely decisive in highlighting our key focus areas

1. Awareness & Understanding
2. Risk Framework
3. Risk Communication and Reporting

Supporting the three focus areas are the key elements of the Risk Management Strategy & Workplan include:

- Risk Maturity
- Risk Appetite
- Risk Framework
- Risk Governance
- Risk Communication
- Risk Awareness & Training

These elements are supported by the Workplan objectives we have set to achieve over the next 3 years (2023-25). As mentioned previously, understanding this is a journey, providing prescribed goals and achieving set outcomes will support our organisation into ensuring we succeed.

5. Next Steps

RAC and Executive Leadership Team focus on Risk Management continues to be the establishment and embedding of a common single system for managing and reporting all risks.

Welcome feedback and guidance of the RAC on the future of this report and other matters with respect to Risk Management in the organisation.

Attachments





No.	Title	Page
A	Horowhenua District Council - Risk Management Framework Rev 1.5 Draft	33
B	Horowhenua District Council - Risk Strategy & Workplan 2023 Rev 1.4a Draft	55
C	HDC Risk Register Top 10 February 2023	67

Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

Signatories

Author(s)	Rob Benefield Risk Manager	
	Ashley Huria Business Performance Manager	
Approved by	Jacinta Straker Group Manager - Organisation Performance	
	Monique Davidson Chief Executive Officer	



Risk Management Framework

Year 2023 - 2025



Document Review & Approval

Section	Organisation Performance
Author & Contact	Risk Manager
Approval	Executive Leadership Team
Date Approved	TBC
Review Date	1 April 2025
Version	1.5

Acknowledgement

The Horowhenua District Council & Risk and Assurance Committee acknowledge those who created and implemented the existing Risk Management Framework, processes and tools at the HDC. These have created the foundation and context of this framework.

Further, the following resource documents have been relied on for development of this framework:

- 'Risk management – Principles and guidelines', ISO AS/NZS 31000:2009
- 'Risk Management Guidelines – Companion to AS/NZS ISO 31000: 2009'
- All of Government (AoG) Risk Maturity Resources
- Auditor Generals - Observations of Risk Management in Local Govt

HDC Risk Mission Statement

The value underpinning this Risk Management Framework document is one of working together (mahi kotahitanga). Our objective is for HDC to adopt the same language when discussing risk for transparent communication when it comes to identifying, assessing, and managing risk across Council.

Risk Document Review Approach

The Framework will be reviewed biannual (every two years). Importantly the **Risk Appetite** for HDC will also be reviewed within the same timeframes. The review of this document during the initiation phase, and assessment of the efficacy of the operation of the risk management process by Council, Risk & Assurance Committee and delegated to the Executive Leadership Team. Further iterations of, or supplements to, this document are likely to be issued as the risk function of HDC matures and the relationship with, and understanding of, the framework deepens.

- We acknowledge that there may be points of overlap between Health, Safety and Wellbeing, Project Risk and Group Risk where more than one risk register may have been implemented.
- Irrespective of having multiple risk registers in place, there is an expectation that all relevant risk, whether the risk be **Strategic, Legal, Service Delivery, Financial or Reputational**, are reported to the relevant register, where the residual risk remains significant or extreme it is reported immediately through to the Group Manager or Executive. This is imperative so the Risk & Assurance Committee and Council can operate on a **"no surprises basis"**.

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1. Introduction

The successful management of risk is essential to enable Horowhenua District Council (HDC) to support the Horowhenua region by making informed decisions and fulfilling its objectives. The Terms

of Reference for the Risk & Assurance Committee states that, on behalf of Council, it will contribute to improving the governance, performance, and accountability of the Horowhenua District Council by:

- a) Ensuring that the Council has appropriate financial, health and safety, risk management and internal control systems in place.
- b) Seeking reasonable assurance as to the integrity and reliability of the Council's financial and non-financial reporting.
- c) Providing a communications link between management, the Council and the external and internal auditors and ensuring their independence and adequacy.
- d) Promoting a culture of openness and continuous improvement.

HDC is committed to the effective management of risk and recognises that risk is present in everything Council does. For risk management to be effective it must be integrated into Council's governance, business operations, projects, policies, processes and decision-making as part of everyone's 'Business as Usual'. The following chart shows the flow of responsibility for HDC.

Figure 1 - Flow of Risk Management Governance Structure



2. Purpose

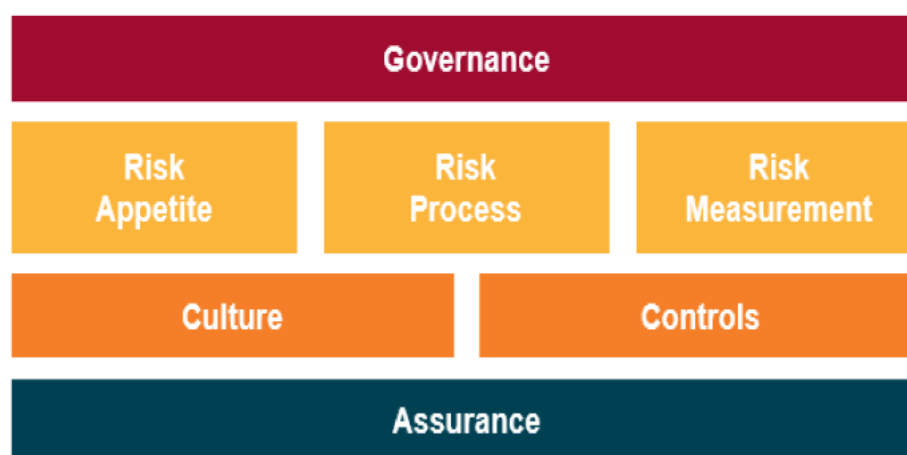
The value of the Risk Management Framework is to provide the basis for the development and maintenance of a coordinated set of activities to respond to risks that may affect the ability of the Council to achieve its mission and strategic objectives. This is an effective system to guide and support the integration of risk management processes and practices across the Council. This enables the management of risks in a planned and coordinated manner.

The framework outlines the plans, relationships, accountabilities, resources, processes, and activities that need to be undertaken to manage risk.

The framework is based on the Australia/New Zealand Risk Management Standard AS/NZS ISO 31000:2009 and establishes:

- A methodology for the identification, assessment and management of risk.
- Responsibilities for risk management across Council.
- Accountabilities for good governance.
- Mechanisms for the formal reporting of information relating to risk. Key elements of the framework are summarised in the following diagram:

Risk Management Framework



The framework will be reviewed regularly by the Risk Manager in conjunction with the Executive Leadership Team with any significant changes to be approved by the Risk and Assurance Committee and adopted by Council.

3. Risk Appetite

Council's Risk Appetite was last reviewed in 2020 (Appendix G), in light of a newly elected Council the appointment of the new Risk and Assurance Committee (RAC) and Executive Leadership Team (ELT) needs to be reviewed to reflect current climate.

Moving forward

We define risk appetite in the context of creating, preserving, and realising value. Risk appetite is based on the established prior strategies, mission, vision and culture.

- Risk appetite is the acceptable type and amount of risk for our organisation in course of the achievement of the set strategy and business objectives.
- Risk appetite determines the upper limit of the key risks. It also influences distribution of resources, arrangement of processes, and creation of the organisational infrastructure necessary for efficient monitoring and responding to risks.
- Risk appetite can be either quantitative or qualitative or combination of the both, the best approach is to align with risk assessment criteria.
- Risk appetite (risk appetite statement) is characterised as follows:

- it reflects our strategy, including business objectives, financial restrictions, and expectations of the stakeholders;
- it embraces every key aspect (direction) of activity;
- it considers the desire and the ability to take risks;
- it defines our attitude towards risk;
- it is regularly revised with the consideration of business context;
- it requires efficient monitoring of the risk.
- We shall, no less than once a year, determine the risk appetite, i.e. ability to take risks in order to pursue our strategy and business objectives.
- Risk appetite can be articulated in the context of: • Strategic categories;
- Commonly used objectives;
- Risk categories.
- Risk profile, risk capacity, RMF capability and maturity may also be considered while determining risk appetite.
- Risk capacity is the maximum amount of risk we can absorb in pursuit of strategy and business objectives.
- To articulate the amount of risk we are willing to take to achieve strategy risk appetite scale may be used to provide a system of gaining uniform consensus across our organisation on the level of risk we are willing to take (see appendix 1. Risk appetite scale).
- Wherever possible, risk appetite statements shall be using language that mimics that used for strategy and business objectives.
- All our risk appetite-related results and suggestions shall be agreed with the business units concerned, including those in charge of the strategy, planning, and corporate financing.
- The obtained risk appetite shall be regarded as a basis of further risk management related decision-making. To fully embed risk appetite into decision-making at various levels, it needs to be cascaded through and align with other practices.
- Risk appetite is communicated to appropriate levels within our organisation, either broadly or to senior roles only.

4. Approach to Managing Risk

The approach HDC takes to managing risk is the core of the framework, and includes components covering the scope and design of the system itself as well as the processes for control and development of the system.

The overall approach is based on the Joint Australian New Zealand International Standard Risk Management- Principles and Guidelines (AS/NZS ISO 31000:2018) and is an integrated approach consisting of 3 interrelated components:

- Leadership and Commitment – Roles & Responsibilities
- Principles of Value Creation and Protection
- Process for Risk Management

5. Leadership & Commitment

The mandate for risk management comes from Council and Executive Leadership Team (ELT) team. The continued engagement and support of these groups is critically important – without it, risk management fails. These groups understand this and are committed to ensuring sustainable and effective risk management. This commitment must be mirrored by the ELT and employees at all levels.

HDC is committed to managing risk in a structured and practical way, and integrating risk management consistently across all levels within the Council by:

- Maintaining the risk management strategy and reviewing periodically to ensure that it is consistent with Council objectives.
- Promoting and encouraging all staff to take a proactive approach to risk management



5.1. Risk Roles & Responsibilities

Everyone involved with HDC plays a role in managing risk. Sub-consciously we manage risk everyday both at work and in our private lives. Defined roles and responsibilities in the work environment provide visibility & clarity that structures the interactions of staff and various groups to achieve effective alignment, collaboration and accountability. Highlighted below are key roles within the wider HDC that oversee the successful delivery of both the risk management architecture as well as defining the tone and the culture within our environment.

Council – Elected Members

- Ensures that an appropriate risk governance structure is in place.
- Ensures that risks are adequately considered when setting the Council's objectives, and understand the risks facing the Council when pursuing those objectives.
- Is responsible for setting the risk appetite in conjunction with management.

Risk and Assurance Committee

- Ensures that management has appropriate risk management and internal controls in place.
- Approves and reviews risk management programmes and risk treatment options for high level risks.

Chief Executive

- Is the risk management sponsor.
- Tone at the top that leads the enhancement of risk awareness.
- Determination how risk management activities will be coordinated in the organisation
- Allocation resources to achieve the objectives of the risk management framework

Reporting Officer – Risk and Assurance Committee

- Reports high and extreme risks and how they are being managed to the Risk and Assurance Committee.
- Provides oversight of the risk management process.

Executive Leadership Team (Collective)

- Provides overall responsibility for the monitoring and management of risk relating to Council activities.
- Assists the Council to set its risk appetite, and ensures risks are managed in accordance with that appetite.
- Objectively analyses and monitors reported risks.
- Ensures the risk management framework is in place and reviewed periodically to facilitate continuous improvement.
- Ensures legislative and governance obligations are met.
- Integrates risk management with Council policies, processes and practices.

Group Managers

- Promote a risk management culture within their groups.
- Communicate and raise awareness of risk management to Council staff and managers, including attendance at risk management training.
- Regularly identify, manage and monitor risks in their groups, and ensure that those risks are appropriate in the pursuit of the Council's objectives. Including elevation of significant or extreme risks to the ELT.

Risk Manager

- Manages & Mentors the risk management process including facilitating staff risk management inductions and training
- Supports the business in maintaining the Council's risk registers.
- Reports on strategic, high and extreme risks and how they are being managed to the Executive Leadership Team.
- Periodically reviews the risk registers and the effectiveness of the management of high and extreme risks.
- Reviews the effectiveness of the risk management framework and reports to the Executive Leadership Team on findings and options for continual improvement.
- Receives information on emerging risks and considers the adequacy of how they are being managed.
- Facilitates the management of cross-organisational risks.
- Leads & supports the assessment both internally and/or externally, the organisations risk maturity. Providing updated reports as it evolves

Managers/Team Leaders/Co-ordinators

- Manage activity / project / asset risks, including individual project risk registers and monitor individual risk action plans.
- Continually identify and assess risks, and respond appropriately in light of the Council's risk appetite.
- Elevate Moderate, Significant & Extreme risks to Group Manager.

All Employees

- Complete Risk Management Induction
- Be aware of the risk management framework and their role and responsibilities within it.
- Identify, monitor, and report potential risks and actual events as soon as possible.
- Understand that everyone in the Council is responsible for managing risk.

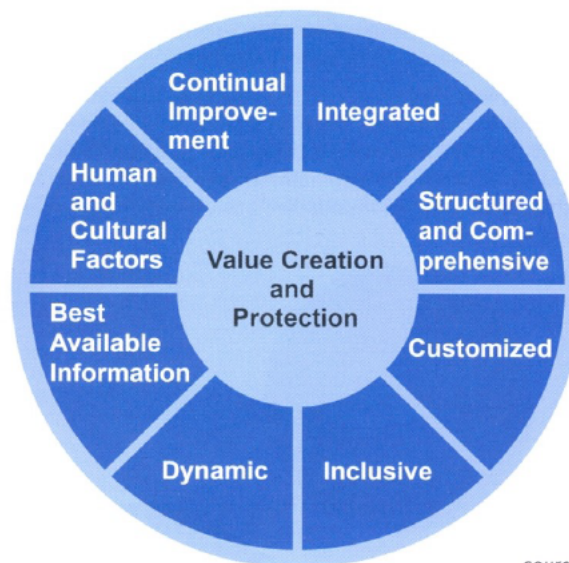
6. Principles

HDC has a statutory obligation to meet the requirements as set out in section 10(1) (b) of the Local Government Act 2002, i.e. 'to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future'. The Council's Long-Term Plan sets out the 20 year key outcomes and priorities to respond to the projected growth of the district.

Effective risk management directly contributes to meeting these objectives by reducing the threats to success and realising opportunities to obtain success. It also provides organisational resilience in responding to, managing and recovering from emergency situations.

It is important for HDC staff and stakeholders to have a shared understanding of what an effective risk management framework looks like. To achieve this, HDC has adopted a set of standard principles to communicate what our organisation is aiming to achieve in regard to risk management. Risk management at HDC is based on the following principles:

- **Integrated:** integrating risk management into all strategic and operational activities.
- **Structured and comprehensive:** adopting a comprehensive approach to risk management to ensure consistent, comparable, and reliable results.
- **Customised:** aligning the risk management approach with the vision and strategic outcomes of HDC and its risk appetite and enabling the reporting of risk issues quickly to the appropriate level within HDC.
- **Inclusive:** the appropriate and timely involvement of HDC stakeholders to ensure that their views are considered, facilitating improved awareness and informed risk management decisions.
- **Dynamic:** ensuring that the HDC risk management framework and risk management plan is sufficiently agile to sense and respond to changes in the external and internal context of the Council, including changes in knowledge and external environment.
- **Best available information:** considering relevant data, experience, stakeholder feedback, observation, evidence, forecasts, expert judgement while considering any limitations of the data or modelling used, or possible divergence of expert opinion.
- **Human and cultural factors:** recognising that human behavioural and cultural factors influence risk management at every level.
- **Continual improvement:** ensure a continual focus on improvement of risk management through learning and experience.



source: ISO 31000:2018

7. The Culture

The culture, capabilities and practices are integrated into strategy and execution that we rely on to manage risk and in creating, preserving and realising value to our community. Commitment to core values is fundamental to efficient functioning of the RMF. We must embrace risk-aware culture by:

- Maintaining strong leadership: The Council and the Management place importance on creating the right risk awareness and tone throughout our organisation. Culture and, therefore, risk awareness cannot be changed from second-line team or department functions alone;
- Employing a participative management style: The Management encourages employees to participate in decision-making and discuss risks to the strategy and business objectives;
- Enforcing accountability for all actions: The Management documents policies of accountability and adheres to them, demonstrating to employees that lack of accountability is not tolerated and that practicing accountability is appropriately rewarded;
- Aligning risk-aware behaviours and decision-making with performance: Remuneration and incentive programs are aligned to the core values of our organisation including expected behaviours, adherence to codes of conduct, and promoting accountability for risk-aware decision-making and judgment;
- Embedding risk in decision-making: The Management addresses risk consistently when making key business decisions, which includes discussing and reviewing risk scenarios that can help everyone understand the interrelationship and impacts of risks before finalising decisions;
- Having open and honest discussions about risks we face: The Management does not view risk as being negative, and understands that managing risk is critical to achieving the strategy and business objectives;
- Encouraging risk awareness across our organisation: The Management continually sends messages to employees that managing risk is a part of their daily responsibilities, and that it is not only valued but also critical to our success and survival.

The culture affects how risk is identified, assessed and responded to from the moment of setting strategy through to execution and performance given the influence of internal and external factors. We acknowledge that level of the culture may affect:

- Scoping of strategy and business objectives. The culture of organisation may affect the types of strategic alternatives being considered.
- The level of rigor applied to the risk identification and assessment processes. Depending where an organisation sits on the culture spectrum, the nature and types of risks and opportunities may differ. What are viewed as potential risks by a risk averse organisation may be considered as opportunities worthy of pursuit by another.
- Selecting risk and allocating finite resources. A risk-averse organisation may allocate risk treatments or additional resources in order to gain higher confidence of the achievement of a specific business objectives. The cost and benefits associated with incremental risk treatments may be interpreted less favourably by more risk-aggressive organisation.
- The level of reviewing performance. Trends in the risk profile or business context may be addressed differently by organisations on different points of the culture spectrum. A risk-averse organisation may make changes more quickly to risk treatments as variations in performance identified. Organisations that are more risk aggressive may wait longer before making changes or may make smaller changes.

8. Integration into Organisational Processes

Risk management process is an iterative process, which consists of activities of communicating and consulting, establishing the context and assessing, treating, monitoring, reviewing, and reporting risk, and must be systematically applied and integrated to our established activities.

In particular risk management process must be embedded in the following key processes:

Planning and budgeting process: a step in integrating risk management process may simply be to include one page to articulate: first, what events are business units concerned with that may impair their ability to achieve budget/business plan objectives, and second describe what activities they will undertake to monitor and manage those possible events.

Project and programme management: As part of good project management practice, risks are actively identified, managed, escalated and reported throughout the lifetime of the project.

Development and review of our policies and procedures: our policies and procedures specify the approach and expected actions required to manage a variety of risks, including those associated with legislative compliance, people management, and finance and asset management.

Procurement and asset management: Risk management must be factored into decision making for significant procurement and asset management related processes.

9. Risk Profiling

Assessing risks to the strategy and business objectives requires our organisation to understand the relationship between risk and performance. Risk profile provides a composite view of the risk at particular level of organisation (overall organisation level, business unit level). We should initially understand the potential risk profile when evaluating alternatives strategies. Once strategy is chosen, the focus shifts to understanding the current risk profile for that chosen strategy and related business objectives.

- Risk profile helps management to determine what amount of risk is acceptable and manageable in the pursuit of strategy and business objectives. Risk profiles may help management:

- Understand the level of performance in the context of the organisation's risk appetite;
- Find the optimal level of performance given the organisation's ability to manage risk;
- Determine the tolerance for variation in performance related to the target;
- Assess the potential impact of risk on predetermined targets.

10. Strategy & Objective Setting

10.1. Business Context

We consider business context when developing strategy to support mission, vision and values.

We have complex and diverse missions that set the stage for the overall strategy to provide services to the community. Developing and carrying a strategy can be complicated by changes in budget, political climate, highly visible community oversight, and overall mission.

We may be influenced by any or all of the following external factors:

- Political landscapes that affect funding and priorities.
- Budget allocations by legislatures that impact the priorities and any mission changes.
- Demographic, including population growth rates and age distribution that impact the size of the population we serve.
- Technological shifts that impact the type and amount of automation within operations and the challenge to keep pace.
- Changing leadership within government that create new priorities or modify existing ones.
- Climate change, which impacts scrutiny of related government policies.

We may also be influenced by the following internal factors:

1. Availability of capital, which depends on the current political atmosphere and may require our organisation to constrain activities or quickly relocate funds.
2. Attrition and competition, which can impact the availability of highly skilled employees.
3. Operational failures that challenge the ability to carry out mission.
4. Availability of investment for technology infrastructure that impacts the ability to perform and interconnected activities

11. Risk Management Process

There are many sources of uncertainty that could threaten council's HDC's ability to meet its objectives. Council requires that there is a **systematic** application of management policies, procedures and practices to the task of establishing the context, identifying, analysing, evaluating, treating, monitoring and communicating risk. The Risk & Assurance Committee expects that staff:

- Consider material risks to the Council, e.g. **Strategic, Financial, Legislative, Reputational, and Service Delivery** risks as business as usual.
- Embed a risk culture throughout the Organisation with staff routinely reporting upwards on risks.
- Tailor business planning and processes of the Organisation, e.g. business cases and procurement plans to include a consideration of strategic, financial, legislative, reputational and service delivery risks.

HDC has adopted the best practice process outlined in ISO Risk Management Guidelines (ISO 31000: 2018) to identify, analyse, evaluate, and report current and emerging risks. This standard outlines the risk management process to ensure risks are dealt with uniformly and systematically. The risk management process is illustrated in the following diagram and summarised in the following sections:



11.1. Communication & Consultation

Communication and consultation with both internal and external stakeholders is an important element in the risk management process. All communication and consultation should be timely and in accordance with the approved approach established by HDC to ensure effective participation of stakeholders in the risk management process.

11.2. Scope, Context – Defined by Risk Appetite

The scope, context and **risk appetite** tailors the risk management process, ensuring that it is aligned to the objectives of Council, enabling effective risk management and risk treatment.

Establishing the context allows for a better understanding of Council's objectives and defining internal and external factors that may be a source of uncertainty and setting scope and risk appetite accordingly. ISO 31000: 2018 describes the internal and external context as:

External Context:

- Social, cultural, political, legal, regulatory, financial, technological, environmental and economic factors.
- Key drivers or trends affecting objectives.
- External stakeholder relationships, views and expectations.

- Contractual commitments.
- Complexity of networks and dependencies.

Internal Context:

- **Vision, mission and values.**
 - Governance, organisation structure, roles and accountabilities.
 - Strategy, objectives; policies; standards, guidelines and models adopted by HDC.
 - The culture of the organisation.
 - Capabilities in terms of resources and knowledge, data, information systems and information flows.
 - Contractual commitments.
1. Internal stakeholder relationships, views, expectations; interdependencies and interconnections.
 2. Risk Appetite Statement is a directive from the Council indicating their comfort levels for acceptance of risks. Action of all staff including mitigation actions should be based on the Risk Appetite Statements.
 3. Risk appetite is established at the beginning of the risk management process. However, as risk appetite is based on context, which changes over time, the risk appetite should be continuously reviewed and amended where necessary.

11.3. Risk Assessment

11.3.1. Risk Identification

The purpose is to identify areas of uncertainty and determine how these might impact the objectives of HDC. The risk identification process involves recognising and describing risks and is a process that all staff need to consider and contribute to.

With the tone set at the top, staff members are empowered, and required by the Chief Executive, to identify and communicate risks to five key areas of **Strategic, Financial, Legal, Service Delivery** and **Reputation** through line managers. Appropriate risks will be recorded in a Risk Management Register held on behalf of the Chief Executive to ensure that the impact on the Vision or strategic outcomes is managed.

It is important to make use of a comprehensive and systematic approach during the identification process, as risks that are not identified will not be further analysed.

11.3.2. Risk Analysis

The identified risks should be analysed to develop an understanding of the level of "inherent" risk, the sources of the risk, the likelihood of the risk occurring, the full range of potential consequences as well as the controls and their effectiveness. Inherent risk can be described as 'risk that exists prior to any mitigations or actions taken to manage the risk'.

The identification of likelihood and consequence is a qualitative or semi-quantitative exercise. It is therefore difficult to identify where the impact of an event may fall, and it is the usual practice to provide an indicative descriptor table to place the consequence or impact. The Risk Consequence Table (Appendix A) and the Risk Likelihood Table (Appendix B) measured with the Control Effectiveness (Appendix D) provide a four-point scale (Appendix C) to assist with the estimation of the consequence and likelihood of occurrence for a risk.

HDC's Risk Matrix Profile (Appendix C) allows the prioritisation of identified risk. It identifies and captures the likelihood of identified risks and evaluates the potential damage or interruption caused by those risks

11.3.3. Risk Evaluation

The purpose of risk evaluation is to support the decision making.









Risk evaluation involves comparing the results of the risk analysis and the risk appetite statement to determine whether any additional action is required. The table (Appendix C) below shows how the likelihood and consequence scores are combined to yield a rating for a described risk. The Heat Map (Appendix E) boundary zones reflect the risk appetite of HDC.

The strength of the current controls in place is considered and their effectiveness determined.

Controls should be designed to mitigate or limit the impact of a risk. The below indicators are used to assess the effectiveness of controls includes:








- **Deficient** – No controls in place, or identified as deficient.
- **Partial** – some controls in place, yet to be fully successful.
- **Moderate** – controls in place, operating effectively but need to be improved
- **Strong** – Comprehensive controls in place, working effectively

Appendix A: Risk Consequence Table

Consequence		SUB-CONSEQUENCE ENABLED 	ACTIVE 	
Catastrophic	5.00	Death. Huge financial loss (>\$10m). National press coverage. Cessation of service for more than 1 week.		
Major	4.00	Extensive injuries. Loss of Channel. Loss of production capability. Major financial loss (\$1m - \$10m). Cessation of service of less than 1 week.		
Moderate	3.00	Medical treatment required. High financial loss (\$100k - \$1m). Cessation of service for up to 1 day.		
Minor	2.00	First aid treatment. Medium financial loss (less than \$100k).		
Insignificant	1.00	No injuries. Low financial loss (\$10k).		

Appendix B: Risk Likelihood Table

Default Rating Criteria

Likelihood		ACTIVE 	
Almost Certain	5.00	The event is expected to occur with 80% chance in the next 12 months.	
Highly Likely	4.00	The event will probably occur with 25% chance within the next 12 months or once in 4 years	
Possible	3.00	The event might occur with 10% chance within the next 12 months or once in 10 years	
Unlikely	2.00	The event will probably not occur with a 4% chance within the next 12 months or once in 25 years	
Rare	1.00	The event is not expected to occur with a 1-2% chance within the next 12 months or once in 50+ years	

Appendix C: Risk Matrix Profile

Scores & Escalations

0-7
LOW

Low Level Risk Score Rating

Escalate to: Manager

Review Frequency: No Review Required

✓ Sign off explanation required

✗ Escalated sign off explanation required

7-12
MODERATE

Mid Level Risk Rating

Escalate to: Risk Management Lead

Review Frequency: 6 months

✓ Sign off explanation required

✗ Escalated sign off explanation required

12-19
SIGNIFICANT

High Risk Score Rating

Escalate to: Risk Management Lead

Review Frequency: 3 months

✓ Sign off explanation required

✓ Escalated sign off explanation required

19-60
EXTREME

Very High risk Score

Escalate to: Risk Management Lead

Review Frequency: 1 month





✓ Sign off explanation required

✓ Escalated sign off explanation required

Add Score Range

Likelihood	Consequence/Impact				
	1 - Insignificant	2 - Minor	3 - Moderate	4 - Major	5 - Catastrophic
5 - Almost certain	Low	Moderate	Significant	Extreme	Extreme
4 - Highly Likely	Low	Moderate	Moderate	Significant	Extreme
3 - Possible	Low	Moderate	Moderate	Moderate	Significant
2 - Unlikely	Low	Low	Moderate	Moderate	Moderate
1 - Rare	Low	Low	Low	Low	Moderate

Appendix D: Control Effectiveness

Control Effectiveness			ACTIVE ✓ 
Deficient	1.00	No controls in place, or identified as deficient.	
Partial	0.75	Some controls in place, yet to be fully succesful	
Moderate	0.50	Controls in place, operating effectively but need to be improved.	
Strong	0.20	Comprehensive controls in place, working effectively.	

Appendix E: Heat Map Example



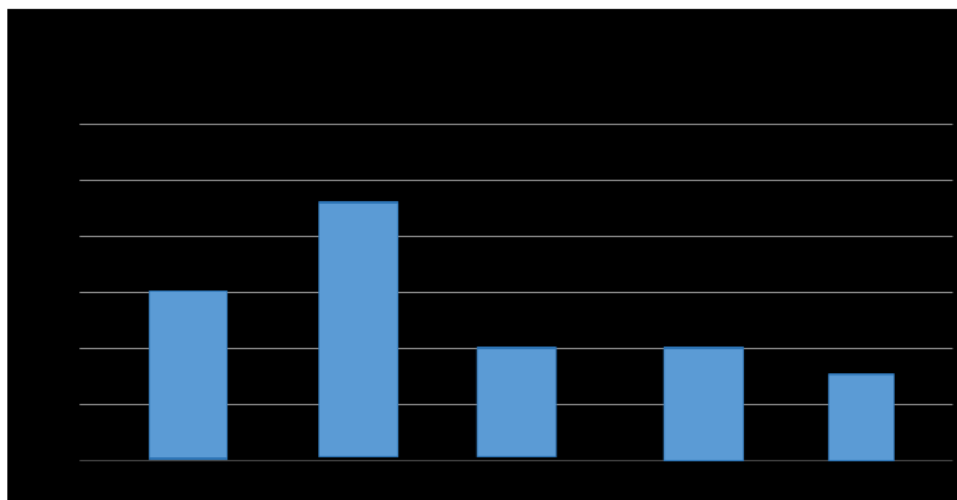
Appendix F: HDC Consequence & Impact Examples

	Insignificant	Minor	Moderate	Major	Catastrophic
Financial	Direct loss or increased cost up to \$100k.	Direct loss or increased cost or liability of up to \$500k from \$100k.	Direct loss or increased cost or liability of up to \$1m from \$500k.	Direct loss or increased cost or liability of up to \$4m from \$1m.	Direct loss or increased cost or liability over \$4m.
Service Delivery	Loss of service to [0-10] households for period of no more than [8] hours. Loss of service to an industry for period of less than [8] hours Public amenity partially closed or delivering reduced service	Loss of service to [10-30] households for a period of [8-24] hours Loss of service to an industry for period of [8] hours Public amenity closed for up to a week or more Isolated service standard failure	Loss of service to [30-100] households for period of [24] hours Loss of service to an industry for a period of [8-24] hours. Public amenity closed 1 week to 1 month Customer complaints or complaints relating to more than one business area.	Loss of service to [100-300] or more households for a period of [24-72] hours Loss of service to an industry for a period of [24-72] hours Public amenity closed for 1 month or more	Loss of service to [300] + households for period of greater than [3] days Loss of service to an industry for period of greater than [3] days Permanent loss of public facility Delay in major project of over a year
Political / Governance / Statutory Obligations	Letter of complaint to CEO, dealt with at Officer level. Request for information from government Department	Council delays decisions or public consultation on key documents External Review	Decision-making process breaks down. Government Department Enquiry	Widespread public demand for political and management resignations. Government investigation into the running of Council.	Elected members replaced by Government Commissioner Ministerial enquiry or Appointment of commissioners
Reputation	Negative community view expressed via local media or social networks	Negative local media or social network comments for up to a week.	Negative national media coverage or social network comment for two days.	Negative national multimedia coverage or social network comment for several days.	Negative national multimedia coverage or social network comment for 1 month plus.
Community Wellbeing	Minor injury on site not requiring medical attention	Injury requiring medical attention on site	Serious illnesses through network failure Injury requiring hospitalisation	Widespread illness requiring hospitalisation through network failure Multiple injuries on site	Widespread loss of life through network failure Multiple loss of life on site
Legal	Very minor administrative breach, no prosecution.	Minor audit qualification. Minor breach of legal obligation, threat of prosecution	Major breach of breach of legislative obligations, legal action taken	Ongoing breach of legislative obligations through embedded systematic failure, resulting in maximum fines or penalties.	Legal action resulting in maximum fines or penalties, legal actions taken by community. Penalties resulting in maximum fines or imprisonment.

	Insignificant	Minor	Moderate	Major	Catastrophic
Environmental	Environmental damage cleaned up within hours of event. Managed in house.	Environment restored after one week cleanup Managed with committed external resources	Environmental damage requiring up to 1 year to reverse Managed by additional external resources	Widespread environmental damage reversed after 1 year Short-term assistance required from outside the region	Permanent widespread environmental damage and loss of biodiversity Ongoing assistance required outside of the region
People & Culture	Work injury or illness with up to one week off. Staff turnover exceeds 10% p.a.	Staff turnover exceeds 15%	Work injury or illness with 1 week to 6 months time off. Staff turnover exceeds 20% p.a. Loss of staff confidence in Management Team members. Inability to recruit into key skilled positions	Work injury or illness leading to permanent disability. Staff turnover exceeds 25% p.a. Work injury or illness with more than 6 months time-off. Loss of CEO confidence in Management Team members. Inability to recruit into key positions on an ongoing basis.	Loss of Life. Work injury with no return to work. Staff turnover exceeds 30% p.a. or is less than 5% for a prolonged period.
Information Management	Key information systems disrupted for 2 hours. Minor breach of information security and information loss, fixed within hours.	Key information systems disrupted for 1 working day.	Key information systems disrupted for 2-3 working days. Loss of all information systems for 1 hour	Key information systems disrupted for a week. Financial system not available at year-end. Loss of archived records / backup. Loss of all information systems > 1 day. Theft or misuse of private / restricted information	Loss of all historical information (backups) Widespread unauthorised entry to information systems.
Health & Safety	No injury or potential injury	Minor injury – First aid only	Hospitalisation	Severe injuries or potential injuries	Long-term disability or death
Strategic Outcomes Legal and regulatory	Internal query	Special Audit by outside agency or enquiry by Ombudsman	Litigation	District or Environmental Court (excluding normal operations)	High Court or Criminal Action
Relationships	Disagreement	Dispute or major disagreement	Temporary loss of contact	Mediation or external party required to restore relationship	Irreversible breakdown



Appendix G: Risk Appetite 2020 (to be reviewed)



2020 Statement

It is recommended Council adopts an 'open' to 'hungry' appetite towards risks in the Strategic risk category. Council is therefore signalling it is willing to accept strongly justified risks and uncertainty in this category as we address the challenges and opportunities presented by the COVID-19 recovery and a return to a Growth response footing for our District. The 'cautious' appetite in the Reputational category indicates Council prefers to avoid risks in this area but is willing to accept them, and any issues that emerge out of other risk categories such as Strategic, if the benefits will outweigh the negatives.

Until the longer term impacts of COVID-19 are better understood, it is recommended Council adopts a 'minimal' appetite towards the Service Delivery risk category, meaning Council's preference is always for its safe delivery and with only a small margin for failure. However, Council also accepts with a 'minimal' appetite in the Finance risk category, some operational risks may subsequently be exposed with the levels of service delivery and trade-offs may be required.

Lastly, it is recommended Council sustains 'averse' and 'minimal' appetites towards legal risks meaning we will be extremely conservative, have a very low level of uncertainty, and will only reluctantly trade-off objectives.

The result means Council is willing, under the right conditions, to pursue and accept options in the Strategic risk category if the rewards are evident. Council is, however, to remain focused on excellence with our customer service delivery, to remain legally and legislatively compliant, and maintain a reputation of being a responsible and accountable Local Authority.



Risk Strategy & Work Plan

Year 2023 - 2025



Document Review & Approval

Section	Organisation Performance
Author & Contact	Risk Manager
Approval	Executive Leadership Team
Date Approved	TBC
Review Date	1 April 2024
Version	1.4

HDC Strategic Vision for Enterprise Risk

Horowhenua District Council (Council) is committed to the effective management of risk and recognises that risk is present in everything in all its business activities.

The Council is on a risk management maturity journey. It has a vision to lift risk capability and maturity by implementing and embedding the core elements of a Risk Management framework to enable effective risk management

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1. Supporting Councils Strategy & Long Term Plan

Over the next 20 years, it is expected that the Council will be experiencing significant population growth. The Council's Long-Term Plan 2021-2041¹ sets out the Council's key outcomes and priorities in responding to the growth.



To support the Council in the delivery of the Council's Long-Term Plan (LTP), the Council will need to consider the impact of uncertainties on its objectives². The Council's vision is to enhance its risk capability and maturity across its different business groups using a deliberate and integrated approach will positively support the delivery of its community outcomes. To support the delivery of this vision the Council has recently refreshed its risk management initiatives including conducting management and elected member workshops and risk reviews.

The Council's risk function plays an important role in supporting the delivery of the council's strategy and aligns with the delivery of its community outcomes (Ngā Putanga Hapori):

Figure 1 - Community Outcomes (Long Term Plan)

 Vibrant Economy	 Outstanding Environment	 Fit for purpose Infrastructure	 Partnership with Tangata Whenua	 Strong Communities
<ul style="list-style-type: none"> • We are business friendly. • We will work with others to enable our economy to grow. • We support diversity and resilience in our local economy. • We aspire for economic security for all of our people. • We seize growth opportunities for our district. 	<ul style="list-style-type: none"> • We contribute to improving our natural environment for current and future generations to enjoy. • We protect the important natural features in our district. • We ensure our built environment supports the wellbeing of our people. • We manage competing pressures on resources sustainably. 	<ul style="list-style-type: none"> • We develop and maintain facilities and infrastructure to meet the needs of current and future generations. • We provide efficient, reliable and affordable infrastructure. • We work with partners to develop infrastructure that enables growth. • Our community facilities and infrastructure are resilient, helping us to respond to climate change and natural hazards. 	<ul style="list-style-type: none"> • We will uphold Te Tiriti o Waitangi and its principles. • We build mutually respectful partnerships with tangata whenua. • We support Mana Whenua to maintain and enhance tikanga with their ancestral lands and waterways, wāhi tapu and other taonga. • We support whānau, marae, hapū and iwi in achieving their aspirations. • We recognise the role of Mana Whenua as kaitiaki of their rohe. 	<ul style="list-style-type: none"> • We value the diversity of our people. • We recognise the value of our district's heritage and its contribution to our communities sense of identity and pride. • We take an inclusive approach and encourage our people to participate in local decision making. • We provide infrastructure and services as a foundation for resilient and connected communities. • We build collaborative relationships with service providers to help enable all of our people to live positive and health lifestyles. • We help create facilities and places where people of all ages and backgrounds feel included, safe and connected.

¹Long Term Plan 2021-2041 (Te Mahere Tūroa) - Horowhenua District Council

² Definition of "Risk" ISO 31000:2018

How Risk Management Links to Council Strategies and Outcomes?

- A good risk management framework supports and facilitates change and supports growth by enabling council to take advantage of opportunities and innovation.
- Risk management enables and improves council use of data and information to make better decisions.
- By increasing awareness and understanding of risk and the management of risks, better outcomes can be achieved.
- The overarching Risk Management Framework incorporates policy documents that include any document(s) that provide process, procedures, and or guidelines.

2. Risk Management Strategy Overview

Council's key focus will on the following **three** aspects:

Figure 2 - Risk Strategy Focus Areas



3. Context and Background

A Changing Risk Landscape

Risk is ever present in our highly volatile world. Risks are increasingly more interconnected and interdependent than ever before, and organisations need to place a greater focus on identifying emerging risks and building resilience.

The COVID19 pandemic exposed several vulnerabilities in operating models and risk approaches. Councils have justifiably focused on managing impacts of the pandemic, but at the same time, they are increasingly aware of other challenges like regulatory changes, climate change, supply chain disruption, cyber and people risks.

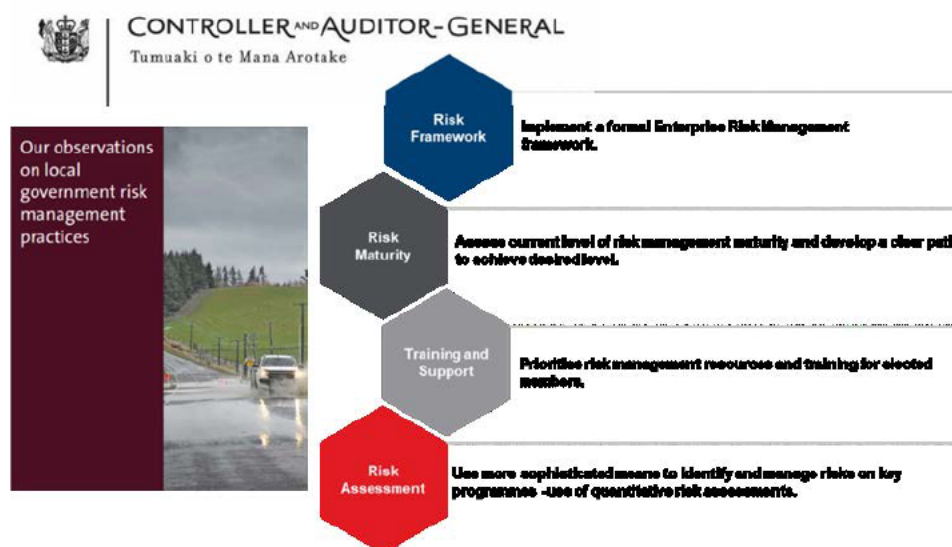
Councils are experiencing higher expectations from communities, stakeholders, and regulatory bodies around how risks are managed and governed. Existing and emerging risks will continue to challenge councils across the country as councils deliver on their Long-Term Plans.

4. Office of the Auditor General Review

In October 2021, the Office of the Auditor General ("OAG") produced a report³ outlining key observations and recommendation on the findings on risk management practices undertaken by local councils. This was a follow up report from a 2016 finding⁴ noting that risk management is one of the least mature elements of governance in the public sector. A survey of councils was undertaken and, additionally, four councils (Auckland, Waipa, Environment Canterbury and Queenstown-Lakes) were selected for in depth case studies.

The OAG made four significant recommendations which are outlined in the following figure.

Figure 3 -OAG Risk Management Recommendations for Councils



³ <https://oag.parliament.nz/2021/risk-management/docs>

In brief, the report found that not all councils surveyed had implemented a formal risk management framework, recommending that a centralised framework is used to ensure consistency in practices applied across the council. In the report, the OAG encourages Chief Executives and elected members to consider the maturity of their existing risk management practices and prepare a clear plan for improving maturity. This involves carrying out regular reviews of risk management activities to inform progress and areas of improvement.

The role of elected members was discussed, and it found that elected members need to maintain an overall view of their council's strategic objectives, being aware of obstacles to achieving those and receive assurance that the council is managing risks well. OAG observed that more could be done to support elected members as they consider the risks faced by the council, particularly how these are factored into their decision-making. Using specialist tools such as quantitative risk assessments is encouraged to provide councils with a better understanding of risks to deliver complex programmes of work and how risks may be reduced.

Finally, the report acknowledges that while implementing risk management takes time and resourcing, the consequences of not adequately managing risks are significant- and often resulting in large and unexpected expenditure, service failure and a loss of public trust and confidence.

Council's Risk Management Journey

Improving risk maturity is a journey that takes time and commitment. Council has previously developed a risk framework including a draft policy and risk appetite, although the framework was not formally adopted. Notwithstanding this, risk conversations take place regularly and good risk management takes place in several areas.⁵

More recently Council has been reviewing its risk framework with the intention to improve and enhance risk practices. Council's Finance Risk and Audit Committee supports the further improvement initiatives to raise risk maturity enabling it to have appropriate oversight of the Council's risk activities.

Scope and Purpose of the Risk Strategy

This risk strategy prioritises areas that help take Council forward in lifting its risk management capabilities and maturity. It reflects Council's current place on its risk journey and to better enable Council to prepare for future growth through the 5 key community outcomes of ***Vibrant Economy, Outstanding Environment, Fit for Purpose Infrastructure, Partnership with Tangata Whenua, Strong Communities.***

5. Focus Areas for 2023 – 2025

To help deliver on the vision, the risk strategy is focussed on the following three areas:

1. Raising Risk Awareness and Understanding for all Staff and Elected Members.

At present there are varying levels of understanding of risks within the Council. Simple but relevant and practical discussions with staff on a regular basis will help raise the level of understanding and awareness thereby promoting better risk practices.

⁵ For example in Health Safety and Wellbeing and Infrastructure delivery.

This can be undertaken in a number of ways, for example through developing risk resources available in a central repository (e.g. Council intranet) easily accessible for all staff. Resources available would provide guidance and tools on risk management for all staff including risk management processes of identifying, assessment and management in line with ISO standards.

Relevant groups should be identified to participate in risk workshops. The workshops would include risk areas of particular focus (appetite) to the Council, for example in the following areas:

- **Strategic -**
- **Financial - Financial Opportunities & Controls**
- **Service Delivery - Project and Programme Management; Health Safety & Wellbeing**
- **Reputational – Integrity / Conflicts of Interests**
- **Legislative - Legal/ Regulatory and Compliance**

As appropriate, training and awareness in relevant topics will be extended to include elected members.

Through the Council's Governance development programme, elected members will be supported in their role as governors to identify and consider risks when making decisions. This is particularly important at the beginning of a new triennial with new members coming on board.

The intention is that these training programmes will eventually become "business as usual" and part of the learning culture of the organisation.

The Risk Manager, supported by the Executive Leadership Team (ELT), will continue to proactively support the business units with this. Regular reinforcements of key messages – rewarding good risk taking and consequences for poor risk behaviours – are encouraged. Undertaking reviews and lessons learnt from events/incidents is useful to focus staff on future actions to improve risk maturity. The Chief Executive, Chair of the Risk & Assurance Committee (RAC) and ELT in council have important roles to play to support a strong risk culture.

It is important to develop and roll out a programme to support both staff and elected members of the key principles of managing risks, in line with best practice. It is important that the programmes take place with sufficient regularity and relevance so that these are not seen as a compliance exercise.

Over time council may wish to consider implementing digitised e-learning tools as part of the compulsory on-boarding of staff and elected members.

2. Adopting and Embedding a Formal Enterprise Risk Management Framework

Whilst there are regular risk conversations taking place at Council with pockets of excellent risk management practices occurring in some areas, most of these are taking place at an informal basis. Best practice requires that risk management practices are formalised and structured as part of a risk management framework. The OAG recommendations ⁶ state the following:

Councils should have a clearly defined framework for managing risk. A risk management framework supports a consistent approach to managing risks throughout a council. It also provides a way for a council to compare the different types of risk that it must deal with, whether they are project-based risks, day-to-day operational risks, or longer-term strategic risks.

There is significant research that supports the adoption of a risk framework. In the new risk landscape where risks are increasingly interconnected and interdependent, an enterpriser risk framework that

⁶ Paragraph 2.1, page 11 of the OAG Report

integrates the management of risks across the business and relates this back to the Council's strategy will be critical in supporting the Council deliver on its LTP outcomes.

The strategy seeks to introduce foundational risk management systems to be implemented and integrated across the Council business units. While an Enterprise Risk Management framework may typically include the following elements below, it is important that a framework is developed that is appropriate to meet the Council's needs cognisant of where the Council is in its risk maturity journey. A risk framework should not be overly simplistic where it may lack the ability to identify root causes of risks at the same time it should not be overly complicated to the extent that it is not successfully implemented or embedded.

The risk framework, once adopted, should be reviewed regularly to measure its effectiveness and ensure it continues to be relevant to the Council.

Key elements of an enterprise risk management framework are shown below:

Figure 4 - Elements of an Enterprise Risk Management Framework



The adoption of a framework will be through several steps, undertaken in a logical sequence which when completed will form the Risk Framework for council. The attached plan sets out the actions and activities anticipated for the next 2 years to achieve this.

Improving Risk Communication and Reporting

As risks are interconnected, it is critical that risk information is provided in a transparent and timely manner with information flowing up and down and across the organisation to the right people within council. These are decision- makers who are able to take appropriate action to respond to the risks. It is also important that the flow of information within the organisation happens with potential bad news rapidly communicated without fear of blame.

There is acknowledgement that there is presently limited risk reporting taking place to the Council and RAC, with the exception of good reporting in the Health Safety & Wellbeing and Infrastructure areas.

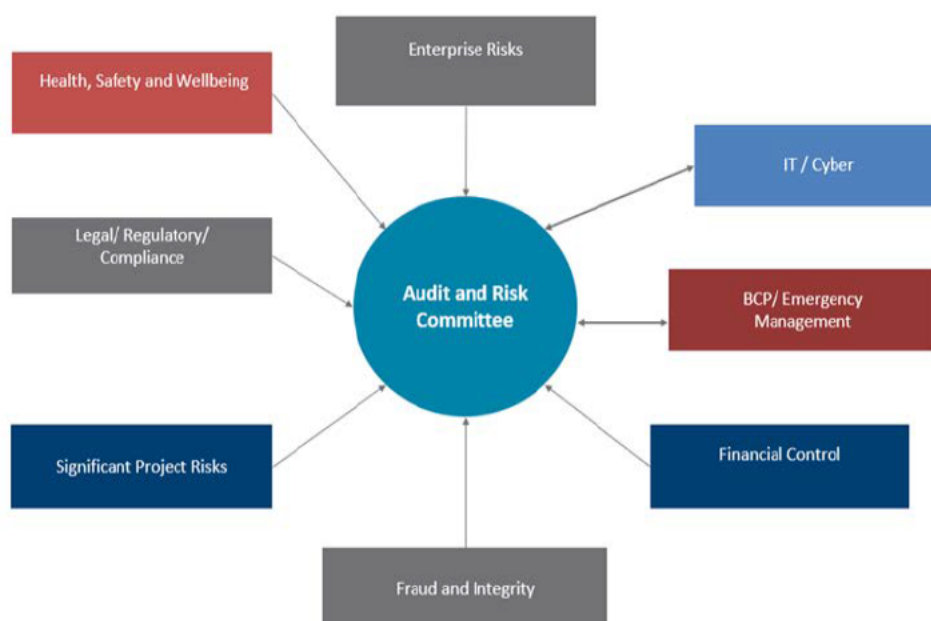
This strategy also aims to improve risk communication and collaboration across council and bring these aspects under one enterprise reporting framework. This enables the ELT, the RAC and Council to have visibility across the organisation as a whole and understanding risk profiles in these key risk areas. For example the following other areas could be included as part of regular reporting: Cyber/ IT, Legal/ Regulatory, Assurance, Project and Programme Management.

Consideration should be given to the level of granularity of information to be provided depending on where (and to whom) the risks are to be communicated. Generally, as risks are reported up to full Council and committees, the focus should be on strategic (as opposed to operational type) risks which will enable discussions and decisions to be made at the appropriate level. Operational risks tend to be reported at management level where the controls and mitigations generally sit. There are occasions where operational risks may escalate into material risks requiring the attention of governors.

The format of reporting at full Council / committee level should support the inclusion of risk based decision-making and provide sufficient information to enable risk-reward conversations to take place.

By applying the Risk Framework (referred to above), staff across the different business units in the Council will operate within a consistent framework and that key risks are accurately reported through the Enterprise Risk Management system.

To achieve this, there will be a staged development of key reporting based on key risk areas – over time it is anticipated that the reports will be sufficiently broad to provide the Finance Risk Audit Committee with appropriate level of oversight for key risks across the Council. An example could be along the following lines:



7. Enterprise Risk Management Work Plan

A plan is set out below to achieve the Risk Strategy:

Strategy Element	2023*	2023-24*	2025*
Risk Maturity	Audit Risk Maturity	Enhance Risk Maturity	Audit Risk Maturity
Risk Appetite	Assess Risk Appetite in defining new boundaries	Continue to review Risk Appetite	Review Risk Appetite Statement
Risk Framework	Develop Draft Risk Management Framework	(Incorporate policy in framework)	Review Risk Management Framework
Risk Framework	Develop and adopt Risk Strategy & Work Plan 2023-2024.	Develop/refresh and adopt Risk Appetite.	Review Progress of Risk Strategy and Plan.
Risk Framework	Framework developed as governing document that includes HDC Risk Policy		
Risk Governance	Executive Leadership Team	Monthly Agenda item on ELT Meeting	Monthly Agenda item on ELT Meeting
Risk Governance	Risk & Assurance Committee	Quarterly Risk & Assurance Committee	Quarterly Risk & Assurance Committee
Risk Governance	Organisation Performance Report	Include high-level status overview of Risk management within HDC OPR	
Risk Framework / Risk Communication	Review and adopt Risk Matrix and Assessment Framework.	Develop and implement Project Management Risk Framework.	Review Project Management Risk reporting.
Risk Framework / Risk Communication	Reignite PROMAPP Risk Register . Work closely with GMs in defining top risks and treatment.	Refine Top Risk Register. Review and update Operational/Departmental Risk Registers.	On Going
Risk Communication	Review and implement reporting templates for Council Meetings	Review and implement reporting templates. Report against Risk Appetite.	On Going
Risk Framework / Risk Communication		Implement deep dives of top strategic risks. Develop Risk Assurance programme.	Implement Risk Assurance programme. Focus on controls and mitigations.
Risk Awareness and Training	Develop training programme for staff and elected members.	Roll out elected member training programme Phase 1	Elected member training programme Phase 2
Risk Awareness and Training	Develop internal resources including intranet pages and guidelines	Roll out internal resources for staff.	Continue to update internal resources including-use of digital and E-learning.
Risk Governance	Review Insurance Coverage Develop Insurance Review document that looks at opportunities to improve accuracies of coverage	Includes enhancing Asset Register provide accurate coverage. Reassess AON review document & recommendations. Meet with AON in July to determine new coverage expectations	
Risk Governance	Review Emergency Management effectiveness within the organisation	Improved understanding of key operational roles and responsibilities within newly formed leadership teams and EM Greater scenario and emergency response planning and training	

Risk Governance	On-Going review & focus Procurement Framework ensuring continued improvement programme for accountabilities and processes.	On-going enhancement of procurement accountabilities and processes.
Risk Framework		Late 2024 - Independent assessment of Enterprise Risk Maturity.
Risk Framework		Review and Plan for Risk Strategy 2025-2027

8. Note: * References to years relate to Calendar year

DRAFT

Risk Register

Filter Top 10 Risk Scores

<div>RESIDUAL</div> <div>12.0</div> <div>SIGNIFICANT</div> <div>T</div>	LEGAL, SERVICE DELIVERY, STRATEGIC, COMMUNITY INFRASTRUCTURE / INFRASTRUCTURE OPERATIONS, SUMMATED RISK REGISTER ENVIRONMENTAL RISK, SUMMATED RISK REGISTER FINANCIAL RISK, SUMMATED RISK REGISTER LEGAL COMPLIANCE			TREATMENT/CONTROL MC00291	SIGNOFF(S)	Monique Davidson
	Landfill - Future direction & management of waste With the existing Landfill closed since Nov 2021 and current waste being redirected to Bonny Glen within neighbouring Rangitikei District Council, HDC is faced with a number of significant decisions in managing our districts waste. The potential negative impact on the community, environment rely on Council providing both effective, efficient and sustainable outcomes when considering the options available.			A programme of work is being developed to determine Council's future direction on waste, and the associated timeline, budgets, resources and risks. This includes revision of Council's Waste Management and Minimisation Plan, decisions on future services to be budgeted for within the 2024 Long Term Plan, the decision on the future of the Levin Landfill (including closure), and the selection of the Best Practicable Option (BPO) for the remediation of leachate impacts from the Old Dump. This report addresses the leachate remediation (BPO) decision.	DUE DATE	01 Apr 2023
				Council agreed at the September 2022 Council Meeting that the incoming Council would consider two options for when a decision on the future of the Levin Landfill would be made. For background information please refer to the attached Council Report Evaluation Report on the Future of Levin Landfill 14 September 2022	FREQUENCY	1st day of every 2 months
				Council agreed to make a decision about the future of the Levin Landfill as an amendment to the 2021 Long Term Plan. This will enable a decision to be made on the future of the Levin Landfill in June 2023. For background information please refer to the attached Council Report Future of Levin Landfill Decision – Long Term Plan Process 23 November 2022.		
R00298						
<div>RESIDUAL</div> <div>12.0</div> <div>SIGNIFICANT</div> <div>T</div>	LEGAL, REPUTATIONAL, COMMUNITY INFRASTRUCTURE / INFRASTRUCTURE OPERATIONS, SUMMATED RISK REGISTER BUILT ASSETS, TE AWAHOU NIEUWE STROOM			TREATMENT/CONTROL MC00289	SIGNOFF(S)	Daniel Haigh Rob Benefield Tanya Glavas
	Foxton Trolley Lines - derelict lines and infrastructure Unused trolley lines in Foxton Main St and Wharf St. The Trolley lines and poles are in a very poor condition as a result of disuse and neglect. Owner refusing to deal with identified hazard			H&S Assessment completed Engineering report completed annually Worksafe notified - risk connected to Te Awahou Nieuwe Stroom Work with risk owner has been frustrated by lack of commitment to solving issue. In its substantive decision the Court found as a matter of fact that the Loop is dangerous and will become more dangerous as time passes. The Court consequently ordered that the Loop must be removed. As the Loop has not been removed, the Court must make further orders to ensure its judgment is given effect. This is scheduled to go back to District Court on 3 March 2023.	DUE DATE	06 Mar 2023
					FREQUENCY	6th day of every month
R00295						
<div>RESIDUAL</div> <div>12.0</div> <div>SIGNIFICANT</div> <div>T</div>	LEGAL, REPUTATIONAL, COMMUNITY INFRASTRUCTURE / INFRASTRUCTURE OPERATIONS, SUMMATED RISK REGISTER BUILT ASSETS, TE AWAHOU NIEUWE STROOM			TREATMENT/CONTROL MC00289	SIGNOFF(S)	Daniel Haigh Rob Benefield Tanya Glavas
	Foxton Trolley Lines - derelict lines and infrastructure Unused trolley lines in Foxton Main St and Wharf St. The Trolley lines and poles are in a very poor condition as a result of disuse and neglect. Owner refusing to deal with identified hazard			H&S Assessment completed Engineering report completed annually Worksafe notified - risk connected to Te Awahou Nieuwe Stroom Work with risk owner has been frustrated by lack of commitment to solving issue. In its substantive decision the Court found as a matter of fact that the Loop is dangerous and will become more dangerous as time passes. The Court consequently ordered that the Loop must be removed. As the Loop has not been removed, the Court must make further orders to ensure its judgment is given effect. This is scheduled to go back to District Court on 3 March 2023.	DUE DATE	06 Mar 2023
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R00295						
<div>RESIDUAL</div> <div>12.0</div> <div>SIGNIFICANT</div> <div>T</div>	LEGAL, REPUTATIONAL, COMMUNITY INFRASTRUCTURE / INFRASTRUCTURE OPERATIONS, SUMMATED RISK REGISTER BUILT ASSETS, TE AWAHOU NIEUWE STROOM			TREATMENT/CONTROL MC00289	SIGNOFF(S)	Daniel Haigh Rob Benefield Tanya Glavas
	Foxton Trolley Lines - derelict lines and infrastructure Unused trolley lines in Foxton Main St and Wharf St. The Trolley lines and poles are in a very poor condition as a result of disuse and neglect. Owner refusing to deal with identified hazard			H&S Assessment completed Engineering report completed annually Worksafe notified - risk connected to Te Awahou Nieuwe Stroom Work with risk owner has been frustrated by lack of commitment to solving issue. In its substantive decision the Court found as a matter of fact that the Loop is dangerous and will become more dangerous as time passes. The Court consequently ordered that the Loop must be removed. As the Loop has not been removed, the Court must make further orders to ensure its judgment is given effect. This is scheduled to go back to District Court on 3 March 2023.	DUE DATE	06 Mar 2023
					FREQUENCY	6th day of every month
R00295						
<div>RESIDUAL</div> <div>12.0</div> <div>SIGNIFICANT</div> <div>T</div>	LEGAL, REPUTATIONAL, COMMUNITY INFRASTRUCTURE / INFRASTRUCTURE OPERATIONS, SUMMATED RISK REGISTER BUILT ASSETS, TE AWAHOU NIEUWE STROOM			TREATMENT/CONTROL MC00289	SIGNOFF(S)	Daniel Haigh Rob Benefield Tanya Glavas
	Foxton Trolley Lines - derelict lines and infrastructure Unused trolley lines in Foxton Main St and Wharf St. The Trolley lines and poles are in a very poor condition as a result of disuse and neglect. Owner refusing to deal with identified hazard			H&S Assessment completed Engineering report completed annually Worksafe notified - risk connected to Te Awahou Nieuwe Stroom Work with risk owner has been frustrated by lack of commitment to solving issue. In its substantive decision the Court found as a matter of fact that the Loop is dangerous and will become more dangerous as time passes. The Court consequently ordered that the Loop must be removed. As the Loop has not been removed, the Court must make further orders to ensure its judgment is given effect. This is scheduled to go back to District Court on 3 March 2023.	DUE DATE	06 Mar 2023
					FREQUENCY	6th day of every month
R00295						
<div>RESIDUAL</div> <div>12.0</div> <div>SIGNIFICANT</div> <div>T</div>	LEGAL, REPUTATIONAL, COMMUNITY INFRASTRUCTURE / INFRASTRUCTURE OPERATIONS, SUMMATED RISK REGISTER BUILT ASSETS, TE AWAHOU NIEUWE STROOM			TREATMENT/CONTROL MC00289	SIGNOFF(S)	Daniel Haigh Rob Benefield Tanya Glavas
	Foxton Trolley Lines - derelict lines and infrastructure Unused trolley lines in Foxton Main St and Wharf St. The Trolley lines and poles are in a very poor condition as a result of disuse and neglect. Owner refusing to deal with identified hazard			H&S Assessment completed Engineering report completed annually Worksafe notified - risk connected to Te Awahou Nieuwe Stroom Work with risk owner has been frustrated by lack of commitment to solving issue. In its substantive decision the Court found as a matter of fact that the Loop is dangerous and will become more dangerous as time passes. The Court consequently ordered that the Loop must be removed. As the Loop has not been removed, the Court must make further orders to ensure its judgment is given effect. This is scheduled to go back to District Court on 3 March 2023.	DUE DATE	06 Mar 2023
					FREQUENCY	6th day of every month
R00295						

<p>RESIDUAL 9.0 MODERATE</p> <p>NHERENT 12.0</p>	<p>REPUTATIONAL, STRATEGIC, CE - ELT, COMMUNITY VISION & DELIVERY, LONG TERM PLAN</p> <p>Long Term Plan - Amendment Audit</p> <p>Audit of Consultation Document 13th February. Audit not completed and may provide Adverse Opinion. There are 3 tyoes of opinions (Adverse, Disclaimers and Qualified) Adverse is the most serious type of non-standard audit report. Negative publication of result may impact on perception on Community Trust and Confidence in Council.</p> <p>OWNER Monique Davidson CREATED 2/9/2023 8 22 59 AM</p> <p>LIKELIHOOD Highley Likely CONSEQUENCE Moderate CONTROL EFFECTIVENESS Partial</p>	<p>TREATMENT/CONTROL MC00294</p> <p>Concern surrounding Three Waters legislation that prevents Three Waters being entered into Long Term Plan or ammendments to the LTP. Audit has said that at this stage they will have to issue us an adverse opinion – An adverse opinion is the most serious type of non-standard audit report. An adverse opinion is expressed when the appointed auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in the aggregate, are both material and pervasive to the financial and/or non-financial information.</p>	<p>SIGNOFF(S)</p> <p>DUE DATE</p> <p>FREQUENCY</p>	<p>Monique Davidson Carolyn Dick 13 Mar 2023 31st day of every month</p>
<p>RESIDUAL 9.0 MODERATE</p> <p>NHERENT 12.0</p>	<p>SERVICE DELIVERY, COMMUNITY EXPERIENCE & SERVICES, COMMUNITY INFRASTRUCTURE / INFRASTRUCTURE OPERATIONS, COMMUNITY VISION & DELIVERY, HOUSING BUSINESS DEVELOPMENT, ORGANISATIONAL PERFORMANCE, SUMMATED RISK REGISTER PEOPLE & CAPABILITY</p> <p>Prioritising Business Improvement Projects</p> <p>Potential for specitic individuals or teams to burnout as additional tasks continue to operated close to full capacity, a good exmple of this is he Strategic Planning at almost full capacity Qs1&2, risk additional tasks are added to workload and either they or existing work are not able to be delivered. If workloads and stress are not managed well and it leads to staff feeling burnt out it will threaten the delivery of the programme and quality of work.</p> <p>The additional potential consequence includes impact on our ability for continuous buysiness improvement i.e. Asset register is cy=currently inaccurate and whilst here is a project to clean it up, competing priorities impact the completion of this, impacting on the accuracy of our Insurance coverage</p> <p>OWNER Monique Davidson CREATED 2/16/2023 8:15:57 AM</p> <p>LIKELIHOOD Highley Likely CONSEQUENCE Moderate CONTROL EFFECTIVENESS Partial</p>	<p>TREATMENT/CONTROL MC00302</p> <p>Careful planning with eack key project or initiative frequent discussions with each GM alerting to any pinch points and/or risk of burnout. Investigating support opportunities or resources that will assist in ensuring progress of each priority.</p> <p>If arise, seek GM and CE assistance with EM requests for additional work – something on, something slips/stop. Close attention to all Group member's wellbeing and workloads – as a Group acknowledge the intense workload and need to look out for each other at all levels – colleagues, Managers, GM.</p> <p>Risk manager to work with GM identifying current areas of importance and potential adverse outcomes.</p>	<p>SIGNOFF(S)</p> <p>DUE DATE</p> <p>FREQUENCY</p>	<p>David McCorkindale Rob Benefield Blair Spencer Jacinta Straker Daniel Haigh Brent Harvey 20 Mar 2023 20th day of every 2 months</p>

<p>RESIDUAL 9.0 MODERATE</p> <p>NHERENT 9.0</p> <p>R00317</p>	<p>LEGAL, REPUTATIONAL, SERVICE DELIVERY, COMMUNITY INFRASTRUCTURE / INFRASTRUCTURE OPERATIONS, FOXTON WASTEWATER DISCHARGE</p> <p>Limited access to Foxton Waste Water Treatment Plant</p> <p>The Foxton Waste Water Treatment Plant is surrounded by farmland owned by two separate farmers. One boundary also backs onto the waterway known as the Foxton Loop. Access is through both farms with no formal easement or agreement in place. Our access relies on the property owners allowing HDC and Alliance Staff to travel through their properties. One land owner has threatened to stop access</p> <p>OWNER Daniel Haigh CREATED 2/23/2023 9 28:04 AM</p> <p>LIKELIHOOD Possible CONSEQUENCE Moderate CONTROL EFFECTIVENESS Deficient</p>	<p>TREATMENT/CONTROL MC00307</p> <p>GM Infrastructure & Operations to research & confirm no historic agreement in place.</p> <p>Ascertain options over initiating easement and or access agreements on current properties and with 2 owners</p>	<p>SIGNOFF(S)</p> <p>DUE DATE</p> <p>FREQUENCY</p>	<p>Rob Benefield Daniel Haigh Craig Hiddleston 01 May 2023 Once</p>
<p>RESIDUAL 9.0 MODERATE</p> <p>NHERENT 12.0</p> <p>R00292</p>	<p>SERVICE DELIVERY, ASSET PLANNING, COMMUNITY INFRASTRUCTURE / INFRASTRUCTURE OPERATIONS</p> <p>Infrastructure assets failing to meet LTP, growth demands, or regulatory requirements.</p> <p>Population is set to double in the next 20 years. Infrastructure assets such as roading, water and sewer lines, storm drains fail to stay abreast of population growth, aging or impacts from climate change. Subsequently resulting on system failure, inadequate water supply or waste disposal. Pressure on Rate increases. Assets at capacity and we are witnessing an increase in weather events. Rising operating costs and interest rates are putting pressure on our infrastructure as we use the option of deferring works to meet budgets and managed the impact on rising property rates.</p> <p>The approach of replacing infrastructure 'Just in Time' provides a risk to service delivery that needs to be monitored closely with options available to counter any time inaccuracies.</p> <p>OWNER Daniel Haigh CREATED 12/22/2022 8:09:07 AM</p> <p>LIKELIHOOD Possible CONSEQUENCE Major CONTROL EFFECTIVENESS Partial</p>	<p>TREATMENT/CONTROL MC00285</p> <ul style="list-style-type: none"> - CRM's and reported Customer related issues are being processed in accordance with our Customer Service Excellence Strategy, SSP KPIs and Regulatory requirements. - Infrastructure Strategy to highlight high risk assets and principle options for managing them. Includes Water Supply, Wastewater, Storm water, Roads and footpaths. - Essential and other Services are meeting their agreed levels of service targets under Covid constraints. - Resident satisfaction survey results indicate >90% rating with customer services. - Plans and resources are in place to remediate non-forecasted events e.g. land slips, and longer term remediation plans are in place for consistently impacted sites e.g. Gladstone slip. - Agreed levels of service for non-essential services are largely being met with known non-compliance being reported as required. - Plans are in place and risks are being managed with respect to consents and key projects. - Review service levels & operating efficiencies including affordability or improvement opportunities - Ensure investments fits with key stakeholders expectations and key deliverables. Proactively plan for future assets to ensure they are fit for purpose and replace them when they are needed 	<p>SIGNOFF(S)</p> <p>DUE DATE</p> <p>FREQUENCY</p>	<p>Daniel Haigh Monique Davidson 03 Apr 2023 31st day of every 12 months</p>

<p>RESIDUAL 9.0 MODERATE</p> <p>NHERENT 12.0</p> <p>R00130</p>	<p>SERVICE DELIVERY, COMMUNITY EXPERIENCE & SERVICES, SUMMATED RISK REGISTER GOVERNANCE</p> <p>Business Continuity Plan not advanced enough to cope with extreme events resulting in failure of parts of the resilience of HDC systems and infrastructure services in the event of an emergency.</p> <p>The failure of Business Continuity Plan resulting in inability to recover quickly from extreme events to provide services to the community.</p> <p>OWNER Monique Davidson CREATED 4/19/2018 10:13:04 AM</p> <p>LIKELIHOOD Possible CONSEQUENCE Major CONTROL EFFECTIVENESS Partial</p>	<p>TREATMENT/CONTROL MC00119</p> <p>Project to review existing BCP, identify gaps and remediate, building of more resilience into infrastructure and systems and staffing using updated critical function analyses Sendai principles, development and maintenance of revised BCP.</p> <p>The movement of HDC data and systems to the cloud has been completed which resolves issues around continuity of access to information and processing methods in the event of an emergency.</p> <p>The Risk Manager has agreed to supervise the project and to use it as a means to develop both project and leadership skills across HDC.</p>	<p>SIGNOFF(S) Rob Benefield Brent Harvey Daniel Haigh</p> <p>DUE DATE 01 Jun 2023</p> <p>FREQUENCY 31st day of every 3 months</p>
<p>RESIDUAL 8.0 MODERATE</p> <p>NHERENT 16.0</p> <p>R00293</p>	<p>FINANCIAL, CE - ELT, ORGANISATIONAL PERFORMANCE</p> <p>Councils costs are increasing at a faster rate than inflation and personal incomes</p> <p>Inflation - rising interest rates, CPI, contractor costs, commodity pricing is incurring Significant pressure on budgets, increasing the likelihood of budget blowout, impacting on debt levels and rates increases. Rates increases outstripping incomes in the district. Lower revenues through declining development. Council has limited or no control over inflation, rising interest rates and contractor costs.</p> <p>The negative impact of high percentage rates increases during a depressed economy will increase inability of some home owners to pay rates increasing sales, mortgagee sales.</p> <p>OWNER Monique Davidson CREATED 12/22/2022 8:52:36 AM</p> <p>LIKELIHOOD Highly Likely CONSEQUENCE Major CONTROL EFFECTIVENESS Moderate</p>	<p>TREATMENT/CONTROL MC00286</p> <p>Affordability is historical drive through trade offs and deferred works on infrastructure or projects.</p> <ul style="list-style-type: none"> - Ensuring the Financial Strategy is accurate in providing actions in seeking resolution, the strategy needs to facilitate prudent financial management and guide financial decision making. It must inform our direction over the life of the LTP, & the consequences for poor policy or service delivery decisions - Council and ELT to quantify limits on Rate Increases and Borrowing especially against our ability to maintain and sustain existing levels of service in meeting future demands. - HDC divestment plan for HDC assets or property, decisions around selling in a deflating market or postponing sales until housing market recovers. - Ability to review capital & operating budgets at any given time - Long Term Plan Amendment includes review on rates and capital spend 	<p>SIGNOFF(S) Monique Davidson Abraham Chamberlain Pei Shan Gan Jacinta Straker</p> <p>DUE DATE 27 Mar 2023</p> <p>FREQUENCY The fourth Monday of every month</p>

<div>RESIDUAL</div> <div>8.0</div> <div>MODERATE</div>	<div>NHERENT</div> <div>16.0</div>	R00296	FINANCIAL, LEGAL, SERVICE DELIVERY, STRATEGIC, 3 WATERS , COMMUNITY VISION & DELIVERY, SUMMATED RISK REGISTER FINANCIAL RISK, SUMMATED RISK REGISTER LEGAL COMPLIANCE, SUMMATED RISK REGISTER PEOPLE & CAPABILITY	TREATMENT/CONTROL MC00292	SIGNOFF(S)	Cathryn Pollock Jacinta Straker Daniel Haigh
			Three Waters Reform - Transition 1. Change of govt. 2. Demands on staffing. 3. Recruitment and Retention of Three Waters technical/operations staff. 1. Opposition parties are campaigning on repealing the 3 Waters reform and replacing it. This will have an impact across the entire business, particularly financially and in legislated planning processes. 2. Requests for Information from the NTU. These requests require input from staff across the business. This will have an impact on the business if staff are unable to uphold tasks pertaining to requests as well as 'Business as Usual' (BAU). 3. Recruitment may be a challenge given the small window of employment with HDC before assets are transferred to Entity C. Also staff resigning from employment at HDC prior to 1 July 24. Both recruitment and failure to retain staff will have an impact on planning, operations and project delivery across the business. Impacts on key stakeholders including staff, contractors and community by the reform and its transition. If not managed accurately and thoroughly there is the potential for negtive impact on Council, funding, staffing and ability to deliver existing services and future initiatives. Navigating and meeting the legislative requirements as per the Water Services Entities Act 2022.	<p>Whilst HDC doesn't support the reform in principle it has been agreed that as a mandated legislative requirement it is in the best interests of the district that we maximise our involvement in sucessfully delivering any specified requirements.</p> <p>3 Waters Transition Manager Community Vision and Delivery has been appointed in Nov 2022. This position (Cathryn Pollock) will oversee the reforms transition to Entity C as be the mandated timeframe set for 1 July 2024.</p> <p>Carrying out requests from the National Transition Unit (NTU) to a high standard, including the completion of mini projects to address issues, will result in a greater understanding of 3Ws assets and management to enable us to be agile in any future requests. By adhering to a robust transition plan and accurately capturing data we will be in a position to respond to a change in government</p> <p>When requests from the NTU are received ELT and relevant staff are made aware of deadlines and input requirements as soon as possible. The Transition Manager will follow up with requests and check in with staff frequently, they will be able to identify any risk of not meeting deadlines or an impact on BAU if this is evident. This will give enough time to for the business to prioritise. The Staff Transition Guidelines have been completed and will be released in early 2023 following direct consultation with the new Water Services Entity Chief Executives.</p> <p>Clear communication with staff pertaining to Three Waters Transition. This will rely on ensuring the NTU communications are being passed on to staff. Potentially offering a bonding initiative for technical/operations staff to remain employed with HDC until 1 July 2024, for both existing and new staff. Clear description in recruitment advertising if it was felt necessary. Future workforce planning to allow for staff to see the future state and know their options.</p> <p>Key to the sucess of the transition is buyin and engagement from staff when undertaking the workstreams associated with the Transition Project. Equally important is a communication plan that supports the community and key staekholders through the Reform and transition journey.</p>	DUE DATE	31 Mar 2023
						FREQUENCY

RESIDUAL 7.5 MODERATE NHERENT 15.0	FINANCIAL, LEGAL, REPUTATIONAL, SERVICE DELIVERY, STRATEGIC, ORGANISATIONAL PERFORMANCE	TREATMENT/CONTROL MC00253	SIGNOFF(S)	Steve McTaylor-Biggs
	Breach of information security as a result of insufficient user training. An HDC user or contractor communicating with an external person (s) (e.g. via email, IM, phone, mail) accidentally violates policy and discloses confidential information which leads to a breach of information security as a result of insufficient user training.	HDC staff often work away from the office and there are terminals out front of house but we have strict rules across the network regarding password lock down & criteria (minimum 8 characters & expires after 60 days) As an HDC staff member all staff should have read the Policy in place - Information Security Policy 2020.	DUE DATE	31 May 2023
R00263	OWNER Steve McTaylor-Biggs CREATED 4/10/2019 12:10:32 PM LIKELIHOOD Almost Certain CONSEQUENCE Moderate CONTROL EFFECTIVENESS Moderate	TREATMENT/CONTROL MC00277 Information Security risk resources for all staff available on The Hub.	FREQUENCY	The third Weekday of every 2 months
			SIGNOFF(S)	Steve McTaylor-Biggs
			DUE DATE	31 Mar 2023
			FREQUENCY	The third Weekday of every 2 months

6.3 Local Government Funding Agency (LGFA) Annual Meeting 2022

File No.: 23/37

1. Purpose

To update elected members on Council's position on the matters put forward for consideration at the Local Government Funding Agency (LGFA) Annual Meeting (AM) on 23 November 2022.

2. Recommendation

- 2.1 That Report 23/37 Local Government Funding Agency (LGFA) Annual Meeting 2022 be received.
- 2.2 That this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.
- 2.3 That the Committee notes the Local Government Funding Agency Annual Meeting was held on 23 November 2022 in Wellington.
- 2.4 That the Committee notes the appointment of Monique Davidson, Chief Executive Officer, as the shareholder representative for Horowhenua District Council at the Annual Meeting.
- 2.5 That the Committee note the appointments of Jacinta Straker, Group Manager Organisation Performance, and Pei Shan Gan, Financial Services Manager, as Council's proxy in her place.
- 2.6 That the Committee notes the proxy or alternate voted in favour of the following proposals which require ordinary shareholder resolutions:

Anthony Quirk was re-elected to the Local Government Funding Agency's board as an independent director;

Helen Robinson was elected to the Local Government Funding Agency's board as an independent director;

Bay of Plenty Regional Council was re-elected to the Shareholders' Council;

Hamilton City Council was re-elected to the Shareholders' Council.

3. Background/Previous Council Decisions

- 3.1 The LGFA is a Council-controlled organisation (CCO), owned by the Government and 30 local authorities. Horowhenua District Council has an ownership stake of 0.4% as at 30 June 2022.
- 3.2 The LGFA was established to provide councils with improved access to cost-effective long-term debt. It is a registered financial institution regulated by the Reserve Bank. Total loans made to local government are approximately \$14.7 billion (September 2022). Together, Auckland Council and Christchurch City Council have approximately 38% of the LGFA's issued debt, with the remainder shared between the other councils.

LGFA Board Composition

- 3.3 The LGFA's Shareholder's Agreement (SHA) currently provides that the Board may comprise between four and seven directors, comprising no less than five Independent Directors.
- 3.4 The current board is made up of six members:
 - Craig Stobo (Chair)
 - Philip Cory-Wright
 - Anthony Quirk
 - John Avery
 - Linda Robertson
 - Alan Adcock.
- 3.5 Clause 3.3 of the SHA was amended by shareholder resolution at the 2021 AGM to state that a Director must not hold office (without re-election) past the third annual meeting of the Company following the Director's appointment or three years, whichever is longer. A retiring Director shall be eligible for re-election.
- 3.6 In this case, Anthony Quirk who was elected on 21 November 2017 and John Avery who was re-elected on 21 November 2018 retired at the 2022 annual meeting.
- 3.7 Anthony Quirk, being eligible, offered himself for re-election. Helen Robinson offered herself for election. Their biographies are contained in Appendix 1 of Attachment 1, which is the Local Government Agency Limited 'Notice of Annual Meeting'.

LGFA Shareholders' Council Composition

- 3.8 Shareholder oversight is provided through a Shareholders' Council (SC). The members are Auckland Council, Christchurch City Council, Hamilton City Council, Bay of Plenty Regional Council, New Plymouth District Council, Tasman District Council, Tauranga City Council, Wellington City Council, and Western Bay of Plenty District Council as well as the NZ Government (with oversight through the Ministers of Local Government and Finance).
- 3.9 This year Bay of Plenty Regional Council and Hamilton City Council both retired from the SC by rotation and were seeking re-election.

4. Issues for Consideration

- 4.1 Shareholders are entitled to attend and vote at the AM, with a proxy form for voting to be sent to LGFA at least 48 hours prior to the AM.
- 4.2 The following matters were considered at the AM:
 - To receive and consider the financial statements for the year ended 30 June 2022
 - Election of two Independent Directors
- 4.3 Attachment A is the Local Government Agency Limited 'Notice of Annual Meeting', which includes Explanatory Notes. The associated 'Proxy Form' is at Attachment B.
- 4.4 The SHA provides that the role of the SC is to advise shareholders on certain matters, and that it shall:
 - review and report to shareholders periodically on the performance of the company and the Board.
 - make recommendations on the appointment, removal, re-election, replacement and remuneration of directors; and

make recommendations to shareholders on, and endeavour to ensure that shareholders are fully informed on matters concerning the company.

- 4.5 The SC had considered the matters listed above and had written to Shareholders (Attachment C).
- 4.6 It was recommended that Council follows the recommendations of the SC on all matters, and Council did so accordingly at the 2022 Annual Meeting.

Attachments


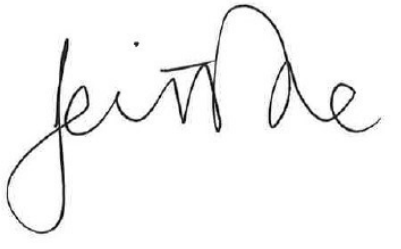

No.	Title	Page
A	Local Government Agency Limited 'Notice of Annual Meeting	76
B	Local Government Agency Limited 'Proxy Form'	82
C	Shareholders' Council recommendations	84

Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

Signatories

Author(s)	Pei Shan Gan Financial Services Manager	
Approved by	Jacinta Straker Group Manager - Organisation Performance	
	Monique Davidson Chief Executive Officer	



NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY LIMITED NOTICE OF ANNUAL MEETING

Notice is given that the 2022 annual meeting of shareholders of New Zealand Local Government Funding Agency Limited ("Company" or "LGFA") will be held at the **Sofitel Hotel, 11 Bolton Street, Wellington** on **23 November 2022** commencing at **2:00pm**.

For those shareholders unable to attend in person you can attend via Zoom. **Jane Phelan will provide the Zoom details upon request at jane.phelan@lgfa.co.nz.**

BUSINESS

1. **FINANCIAL STATEMENTS AND REPORTS:** To receive and consider the financial statements of the Company for the year ended 30 June 2022 together with the directors' and auditor's reports to shareholders.

2. **ELECTION OF COMPANY DIRECTORS**

In accordance with clause 3.3 of the Shareholders Agreement ("SHA"), **Anthony Quirk** retires by rotation and being eligible, offers himself for re-election as an Independent Director.

In accordance with clause 3.5 of the SHA, **Helen Robinson** has been nominated by **Bay of Plenty Regional Council** to the Independent Director position made available by the retirement of John Avery.

Accordingly, to:

- (a) Re-elect **Anthony Quirk** as an Independent Director of the Company, by way of Ordinary Resolution;
- (b) Elect **Helen Robinson** as an Independent Director of the Company, by the way of Ordinary Resolution.

(See Explanatory Note 2)

3. **ELECTION OF NOMINATING LOCAL AUTHORITIES TO THE SHAREHOLDERS' COUNCIL**

In accordance with clause 4.6 of the SHA, **Bay of Plenty Regional Council** and **Hamilton City Council** retire by rotation. **Bay of Plenty Regional Council** and **Hamilton City Council** being eligible, offer themselves for re-election.

Accordingly, to re-elect or elect (as appropriate) as a Nominating Local Authority, by way of Ordinary Resolution:

- (a) **Bay of Plenty Regional Council** as a Nominating Local Authority;
- (b) **Hamilton City Council** as a Nominating Local Authority

(See Explanatory Note 3)

4. **QUESTIONS AND COMMENTS FROM SHAREHOLDERS**

Opportunity for shareholders to comment or question directors, Shareholder Council or management.

5. **GENERAL BUSINESS**

2

To consider such other business as may properly be raised at the meeting.

Please refer to the explanatory notes that accompany this notice of meeting.

By order of the board:



Craig Stobo, LGFA Board Chair
22 September 2022

ORDINARY RESOLUTIONS: Ordinary resolutions are resolutions approved by a simple majority of more than 50% of the votes of the shareholders entitled to vote and voting at the annual meeting.

SHAREHOLDERS ENTITLED TO ATTEND AND VOTE: Pursuant to section 125 of the Companies Act 1993, for the purposes of voting at the annual meeting, those registered shareholders of the Company as at 9.00am on Wednesday 23 November 2022 shall be entitled to exercise the right to vote at the meeting.

CAPITALISED TERMS: Unless otherwise defined in this notice, capitalised terms have the meanings given to them in the Shareholders' Agreement dated 7 December 2011 (as amended and restated on 23 November 2021).

EXPLANATORY NOTES

EXPLANATORY NOTE 1 - PROXY VOTE

A shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of the shareholder. The proxy need not be a shareholder. To be effective, a copy of the proxy form must be received by the Company at **Level 8, City Chambers, 142 Featherston Street, Wellington 6145** or via email to jane.phelan@lgfa.co.nz not later than 48 hours before the start of the meeting.

A corporation may appoint a person to attend the meeting as its representative in the same manner as that in which it could appoint a proxy.

EXPLANATORY NOTE 2 - ELECTION OF DIRECTORS

Clause 3.3 of the SHA was amended by shareholder resolution at the 2021 AGM to state that a Director must not hold office (without re-election) past the third annual meeting of the Company following the Director's appointment or three years, whichever is longer. A retiring Director shall be eligible for re-election.

In this case, **Anthony Quirk** who was elected on 21 November 2017 and **John Avery** who was re-elected on 21 November 2018 shall retire at this annual meeting.

Anthony Quirk, being eligible, offers himself for re-election.

Helen Robinson offers herself for election.

In accordance with the Ordinary Resolution passed by shareholders at the annual meeting for 2021, and clause 3.1 of the SHA, the size of the Board is set at between five and seven Directors, comprising no less than five Independent Directors. The Board currently consists of six Directors (being Alan Adcock, John Avery, Philip Cory-Wright, Anthony Quirk, Linda Robertson and Craig Stobo). As Anthony Quirk and John Avery are retiring at this meeting, the shareholders will need to appoint at least one and up to three Directors to the Board.

The following biographies have been provided by the candidates:

Anthony Quirk Biography

Anthony's biography is attached at Appendix One to this Notice of Meeting.

Helen Robinson Biography

The letter of nomination from Bay of Plenty Regional Council and Helen's biography are attached at Appendix One to this Notice of Meeting.

EXPLANATORY NOTE 3 - ELECTION OF NOMINATING LOCAL AUTHORITIES TO THE SHAREHOLDERS' COUNCIL

Clause 4.3 of the SHA provides that a Principal Shareholder may be appointed or removed as a nominator to the Shareholders' Council ("**Nominating Local Authority**") at any time by an Ordinary Resolution, provided that no more than nine Nominating Local Authorities may be so appointed. Each Nominating Local Authority, and the New Zealand Government (for so long as it is a Shareholder), may appoint one member of the Shareholders' Council, and remove and replace any member so appointed, in accordance with clause 4.4 of the SHA.

Clause 4.6 of the SHA provides that, beginning at, and including, the annual meeting for 2013, the Shareholders shall ensure that two Nominating Local Authorities retire from office at the annual meeting of the Company in each year. The Nominating Local Authorities to retire shall be those who have been longest in office since their last election, and if two or more of those Nominating Local Authorities were last

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elected on the same day, the Nominating Local Authority to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Nominating Local Authority is eligible for re-election.

In this case, Bay of Plenty Regional Council having been re-elected as a Nominating Local Authority on 21 November 2017 and Hamilton City Council having been re-elected as a Nominating Local Authority on 21 November 2018 are the Nominating Local Authorities who have been longest in office since their last election (Tauranga City Council having been re-elected as a Nominating Local Authority on 21 November 2018, Western Bay of Plenty District Council having been re-elected on 21 November 2019, Auckland Council having been re-elected on 21 November 2019, Tasman District Council having been re-elected on 19 November 2020, Wellington City Council having been re-elected on 19 November 2020, Christchurch City Council having been re-elected on 23 November 2021 and New Plymouth District Council having been elected on 23 November 2021). Accordingly, being the longest in office since their last election, **Bay of Plenty Regional Council** and **Hamilton City Council** shall retire by rotation at this annual meeting.

The Shareholders' Council is comprised of between five and ten members. The New Zealand Government can appoint a member and the remaining members are nominated by up to nine Nominating Local Authorities. Following the retirement of **Bay of Plenty Regional Council** and **Hamilton City Council** there are currently two positions available.

Bay of Plenty Regional Council offer themselves for re-election as a Nominating Local Authority.

Hamilton City Council offer themselves for re-election as a Nominating Local Authority.

APPENDIX ONE: ANTHONY QUIRK AND HELEN ROBINSON BIOGRAPHIES AND NOMINATION

ANTHONY QUIRK - BIOGRAPHY

Anthony is an experienced financial services sector professional with over thirty years executive experience in the sector. He has a varied portfolio of governance interests with an emphasis on areas that improve or contribute to communities.

He is a Fellow of the Institute of Finance Professionals New Zealand (INFINZ) and is a former Chairman of that organisation. He was previously Chair of the Asset Management Advisory Board of the New Zealand Exchange, Deputy Chair and Board member of the New Zealand Society of Investment Analysts and a previous member of the Financial Reporting Standards Board of the New Zealand Society of Accountants.

Anthony holds the following qualifications *BCA Hons (First Class), INFINZ (Fellow), M.Inst.D.*

HELEN ROBINSON - BIOGRAPHY

Corporate Career

With a 30-year background leading technology companies Helen is an entrepreneur with interests in a diverse range of innovative companies.

Former executive roles include Managing Director of Microsoft New Zealand and Head of Pivotal Corporation Asia Pacific. Helen was the global Managing Director, Markit Group (now S&P Global) following its purchase of NZX's TZ1 Registry, after leading its establishment to provide transparency and integrity to environmental markets. Helen founded and was CEO for Organic Initiative Ltd (Oi) until early 2022.

Private Company Equity Interests and Directorships

These currently include chairing Kara Technologies Ltd and Director of Organic Initiative Ltd. Helen serves on numerous advisory boards including Junofem Ltd and Elle and Riley Ltd. Helen was the inaugural Chair, The Network for Learning Ltd (N4L) rolling out New Zealand's largest virtual private network responsible for transforming education in New Zealand to modern learning environments. Helen has acted as Director for numerous organisations including MSN, Markit NZ, the New Zealand Defence Force, National Institute of Water & Atmospheric Research (NIWA) and Auckland Tourism, Events & Economic Development (now Auckland Unlimited).

Current Memberships, Pro Bono Work and Awards

She is a member of Global Women and a Chartered Member of the NZ Institute of Directors. Helen received an international honorary membership to Beta Gamma Sigma, Auckland University of Technology Chapter and is a Kea World Class New Zealander.

Helen is a judge of the NZ Hi-Tech awards and was judge for the Kiwinet Awards until 2018.

Helen was recognized in the 2017 Queen's Honours Awards as an Officer of the New Zealand Order of Merit (ONZM) for services to technology and business, and won the New Zealand Supreme Women of Influence Award 2016 after taking out the Board and Management Category. Helen was awarded Most Inspiring Individual at NZ Innovation Awards 2017, Next Magazine's Woman of the Year in Business & Innovation, and Most Inspiring Women Leader at the NZ International Business Awards in 2019.

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NOMINATION OF HELEN ROBINSON BY BAY OF PLENTY REGIONAL COUNCIL

Nomination for LGFA Director



Kumaren Perumal
To: Mark Butcher, Jane Phelan
Cc: stobo@xtre.co.nz; Mat Taylor

Reply Reply All Forward

Fri 2/09/2022 8:27 pm

Good evening.

In response to the letter dated 23 August 2022 offering the option to nominate an independent director to the LGFA Board the Bay of Plenty Regional Council nominates Helen Robinson to the position of Board Director to succeed Mr John Avery who will retire from this position.

Regards.

Kumaren

Kumaren Perumal
Chief Financial Officer
Bay of Plenty Regional Council Toi Moana

P: 0800 884 880 DD: [REDACTED]
E: [REDACTED]
W: www.boprc.govt.nz
A: PO Box 364, Whakatāne 3158, New Zealand

Thriving together – mō te taiao, mō ngā tāngata

NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY LIMITED

PROXY FORM



I/we Monique Davidson

of Horowhenua District Council

being a shareholder of New Zealand Local Government Funding Agency Limited ("Company") appoint
Jacinta Straker

of Horowhenua District Council or failing him/her Pei Shan Gan

of Horowhenua District Council as my/our proxy to vote for me/us at the annual meeting of the
Company to be held on 23 November 2022 and at any adjournment thereof.

If you wish to direct the proxy how to vote, please indicate with a ☒ in the appropriate box below.
Unless otherwise instructed, the proxy will vote as he or she thinks.

		For	Against	Abstain
1 (a)	To re-elect Anthony Quirk as an Independent Director of the Company	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1 (b)	To elect Helen Robinson as an Independent Director of the Company	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 (a)	To re-elect Bay of Plenty Regional Council as a Nominating Local Authority to the Shareholders' Council	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 (b)	To re-elect Hamilton City Council as a Nominating Local Authority to the Shareholders' Council	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(Please refer to the notice of meeting for details of the resolutions)

Signature of Shareholder

Dated: 17 November 2022

Notes:

1. If you wish you may appoint as your proxy the chairperson of the meeting.
2. If you are a body corporate, this proxy form must be signed on behalf of the body corporate by a person acting under the body corporate's express or implied authority.
3. For this proxy form to be valid, you must complete it and produce it to the Company at least 48 hours before the time for holding the meeting. You can produce it to the Company by delivering it to **Level 8, City Chambers, 142 Featherston Street, Wellington 6145** or via email to jane.phelan@lgfa.co.nz. It must be received at least 48 hours before the time for holding the meeting.
4. If this proxy form has been signed under a power of attorney, a copy of the power of attorney (unless already deposited with the Company) and a signed certificate of non-revocation of the power of attorney must be produced to the Company with this proxy form.
5. If you return this form without directing the proxy how to vote on any particular resolution, the proxy can vote how he or she thinks fit if authorised by you in this proxy form by ticking the appropriate box. Otherwise, the proxy will be deemed to have abstained from voting on that matter.
6. Capitalised terms in this proxy form have the meanings given to them in the shareholders' agreement dated 7 December 2011 (as amended and restated on 23 November 2021) between the Company and its shareholders.



1 November 2022

The Shareholders
NZ Local Government Funding Agency

Dear Shareholder

You have recently received papers from the LGFA for its Annual Meeting (AM) on 23 November 2022. The Shareholders' Council has considered this material and wishes to make recommendations to help with your decision making prior to the AM.

Our role (as per the Shareholders' Agreement) includes requirements to:

- Make recommendations to Shareholders as to the appointment removal, re-election, replacement and remuneration of Directors.
- Make recommendations to Shareholders as to any matters which require the approval of Shareholders.

Our recommendations on the AM resolutions are as follows:

Adoption of Financials

The financial statements and Auditor's report for the company for the year ended 30 June 2022 will be presented for consideration and discussion.

The Shareholders' Council recommends this resolution is approved.

Resolutions 2 (a) and (b) – Appointment of Directors

In accordance with clause 3.3 of the Shareholders Agreement ("SHA"), Anthony Quirk retires by rotation and being eligible, offers himself for re-election as an Independent Director.

In accordance with clause 3.5 of the SHA, Helen Robinson has been nominated by Bay of Plenty Regional Council to the Independent Director position made available by the retirement of John Avery.

The biographies of Anthony Quirk and Helen Robinson are attached to this letter.

New Zealand Local Government Funding Agency Limited
Auckland Level 5, Walker Wayland Centre, 53 Fort Street
Wellington Level 8, City Chambers, 142 Featherston Street
PO Box 5704, Lambton Quay, Wellington 6145 | Phone +64 4 974 6530
lgfa.co.nz



Regarding Director appointments, we believe there are core competencies that every Director should have, and aspects that the Board as a whole should cover. We do not expect every Director to cover all areas because diversity in thinking and experience can be achieved by having a Board with a wide range of backgrounds.

The areas we believe are critical are:

- Proven financial /commercial experience
- Governance experience
- Networks in Central and/or Local Government

For the areas listed below, we expect to see the overall composition of the Board covering all of them. The Shareholders' Council will keep this list under review to make sure it meets both current and foreseeable needs.

- Risk management
- Treasury, Legal and/or Financial Strategy experience
- IT Technology / Cyber-security
- ESG or Green Funding
- Local Government experience
- SOE experience.

Reappointment of Anthony Quirk as an Independent Director

The Shareholder's Council supports the re-appointment of Anthony Quirk. The next two to three years will likely see significant change in the market LGFA operates in. This, together with current economic conditions which present increased volatility, means that experienced Board members are highly valued to provide continuity and leadership through changing times.

Anthony Quirk has the requisite skill and experience to provide this continuity for a further term of appointment.

Appointment of Helen Robinson as an Independent Director

Helen Robinson was identified as the preferred candidate for nomination through a robust recruitment process conducted by a Nomination Panel made up of representatives from the LGFA Board and the LGFA Shareholders' Council.

The Panel concluded that Helen would best complement the Board's existing mix of skills and experience, bringing a fresh perspective to the table. Her ability and willingness to constructively challenge and influence thinking was seen as particularly important given the changes to the company's operating environment that are expected to occur. Helen's input would help the Board respond effectively.

The Shareholders' Council recommends Anthony Quirk is re-elected and Helen Robinson is elected.

Resolution 3 (a) and (b) – Appointment of Nominating Local Authorities

This year Bay of Plenty Regional Council (BoPRC) and Hamilton City Council (Hamilton) retire by rotation.

BoPRC offer themselves for re-election, with their CFO (Kumaren Perumal) as their primary representative on the Shareholders' Council.

Hamilton offer themselves for re-election, with their General Manager People and Organisational Performance (David Bryant) as their primary representative on the Shareholders' Council.

The Shareholders' Council recommends the re-election of Bay of Plenty Regional Council and the re-election of Hamilton City Council.

Ordinarily this letter would come from Kumaren Perumal, the current Chair of the Shareholders' Council. However, he is conflicted due to being the nominee of Bay of Plenty Regional Council which is being considered for re-election as a Nominating Local Authority.

I trust you find this information helpful. Please contact me or your Shareholders' Council liaison should you wish to discuss any matter relating to this letter or any other aspects of LGFA operations.

Yours sincerely



Mike Drummond
Deputy Chair, LGFA Shareholders' Council
cc. Mark Butcher, Chief Executive LGFA

Attached: Biographies of Anthony Quirk and Helen Robinson

Attachment 1 – Biographies of Anthony Quirk and Helen Robinson

ANTHONY QUIRK - BIOGRAPHY

Anthony is an experienced financial services sector professional with over thirty years executive experience in the sector. He has a varied portfolio of governance interests with an emphasis on areas that improve or contribute to communities.

He is a Fellow of the Institute of Finance Professionals New Zealand (INFINZ) and is a former Chairman of that organisation. He was previously Chair of the Asset Management Advisory Board of the New Zealand Exchange, Deputy Chair and Board member of the New Zealand Society of Investment Analysts and a previous member of the Financial Reporting Standards Board of the New Zealand Society of Accountants.

Anthony holds the following qualifications BCA Hons (First Class), INFINZ (Fellow), M.Inst.D.

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Helen is a judge of the NZ Hi-Tech awards and was judge for the Kiwinet Awards until 2018.

Helen was recognized in the 2017 Queen's Honours Awards as an Officer of the New Zealand Order of Merit (ONZM) for services to technology and business and won the New Zealand Supreme Women of Influence Award 2016 after taking out the Board and Management Category. Helen was awarded Most Inspiring Individual at NZ Innovation Awards 2017, Next Magazine's Woman of the Year in Business & Innovation, and Most Inspiring Women Leader at the NZ International Business Awards in 2019.

Risk and Assurance Committee Resolutions and Actions Monitoring Report

File No.: 23/99

1. Purpose

The purpose of this report is to report to the Risk and Assurance Committee on previous resolutions.

2. Recommendation

- 2.1 That Report 23/99 Risk and Assurance Committee Resolutions and Actions Monitoring Report be received.
- 2.2 That this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.
- 2.3 That the Risk & Assurance Committee notes the Risk & Assurance Committee resolution and actions monitoring report.

3. Issues for Consideration

This paper reports on actions generated from Committee resolutions, and any requests noted through the minutes, or requested for action accepted by the Chair.

This paper is provided for information. Much like the Committee Work Programme, the Resolution Monitoring Report will be standing item, and reported through at each committee meeting.

The monitoring actions have been carried over from the Finance, Audit and Risk Committee from the previous Triennium.

Attachments

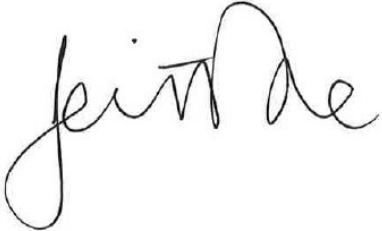

No.	Title	Page
A ↓	Risk & Assurance Committee Monitoring Report	91

Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their advantages and disadvantages, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

Signatories

Author(s)	Jacinta Straker Group Manager - Organisation Performance	
Approved by	Monique Davidson Chief Executive Officer	

Risk & Assurance Committee Actions Monitoring Report

	Completed
	In progress
	Transfer
	Off track

Reference	Resolution/Action	Officer	Due date	Status	Officer Comment
21/337	Health & Safety Report <ul style="list-style-type: none"> Enhanced risk management reporting, over time, in response to the SafePlus comment "some risk controls were being monitored but effectiveness of controls were not being verified" 	T Glavas	Ongoing		The effectiveness of the controls is being monitored through ongoing incident reporting.
21/392	Finance, Audit & Risk Committee Work Programme <ul style="list-style-type: none"> Council's Risk Register – what should be added in terms of risk due to the proposed reforms – Local Government, RMA, and Three Waters to be considered. Also what was learned during the recent CouncilMARK process to be included. 	A Huria	Complete		Risk improvement programme presented to Council and implantation programme underway. Future updates will be via Risk Status Reports.

D22/76662

Last update: 24-Feb-23

Key from Audit

Priority	Explanation
Urgent	Needs to be addressed <i>urgently</i> These recommendations relate to a significant deficiency that exposes the District 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 District Council is falling short of best practice. In our view it is beneficial for management to address them, provided the benefits outweigh the costs.

Audit Management Report 2020/21 Recommendations

Reference	Recommendation	Priority	Due date	Status	Officer Comment
Roading assets valuation					
4.1	That the areas of improvement identified by the external valuer, GHD, are addressed prior to the next valuation, being: <ul style="list-style-type: none"> review and update in RAMM of asset ownership attributes so there is clarity and confidence in the asset ownership information; 	Urgent	31/12/2022		Complete - The recommendations have been incorporated into the valuation that occurred 2021/22 annual report. This will be tested by Audit when they arrive in February 2027.

D22/59985

Last update: 24-Feb-23

	<ul style="list-style-type: none"> continue to update and improve existing asset datasets such as those used for calculating unit of measures for an asset; and implementation of a consistent data confidence so that a greater understanding can be provided on improvements being made with the valuation outputs. 				
Timing of revaluations					
4.2	Consideration should be given to having the revaluation of infrastructure assets effective "as at 30 June", instead of "as at 1 July".	Urgent	31/12/2022		Valuations are now being completed as of 30 June.
Robustness of fair value assessments					
4.3	Fair value assessments should be improved by making reference to recent contract rates for contracts completed for the District Council, or neighbouring Councils.	Urgent	31/12/2022		This method of fair value assessment requires similar resourcing as a full revaluation and is not practicable or affordable. The revaluations are done every two years so the potential movements are not material.
Three water infrastructure assets valuation					
4.4	<p>Areas of improvement identified by the external valuer (WSP) and us, should be addressed prior to the next valuation, being:</p> <ul style="list-style-type: none"> update of the GIS asset register to reflect the reassessed useful lives in the valuation worksheet; 	Necessary	31/12/2022		The update of the GIS asset register is being implemented as part implementing the updates of all assets into Hansen for 3 Waters reticulation in advance of the

	<ul style="list-style-type: none"> • componentisation of the treatment plants and pump stations; • water supply tanks are revalued in conjunction with treatment plants and pump stations; • further investigation and tracking of Alliance costs as the true on-costs applied to capex projects could be higher than the currently applied value; • investigate and reconcile the discrepancy between water and wastewater laterals and house connections; and • investigate the impact of significant population growth on the remaining life where replacement date could be brought forward to achieve required capacity/standards. 			<p>assets transferring to Entity C.</p> <p>Detailed asset registers for both Water and Wastewater treatment plants have been partially populated into Excel spreadsheets.</p> <p>Treated water storage tanks are all located at respective Water Treatment plants hence these assets are incorporated within the Water Treatment plants asset register.</p> <p>True on-cost are applied to all capital projects regardless of who execute the projects. We have developed a suitable 'handover' process where all appropriate information are transferred from projects team to asset team.</p> <p>The discrepancy between water and wastewater laterals and house</p>
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D22/59985

Last update: 24-Feb-23

					<p>connections will be investigated.</p> <p>We have been applying this approach in considering the impact of significant population growth. It is part of activity/asset management plans.</p> <p>The asset registers are being moved into Hansen and the above will be addressed as part of that process.</p>
Ensuring all assets within an asset class are revalued					
4.5	A process/reconciliation should be implemented to ensure that all assets within an asset class are revalued.	Necessary	31/12/2022		We are engaging with the valuer and including additional scope into the contract to make sure all assets are included.
Approval of sensitive expenditure					
5.1	Sensitive expenditure should be approved on a one-up basis.	Necessary	31/12/2022		Current process is that the Chief Executive 's expenditure is approved by the Mayor and Chair of the Finance, Audit and Risk committee and the Mayors expenditure is approved by the Chief Executive and the Deputy Mayor.

D22/59985

Last update: 24-Feb-23

					Council has a one up approval process and it is not possible for a manager to approve their own expenditure.
Elevated network user accounts need management					
5.2	<p>Any elevated access account creation should have formalised approval by the IS manager and regular reviews of these accounts should be carried out.</p> <p>Use of the generic Administrator account should be eliminated and the password stored away for use in an emergency.</p> <p>Logging of any changes to privileged network accounts, and to usage of the Administrator account should be established and reviewed.</p>	Necessary	31/12/2022		<p>To date, there have been some changes made to how elevated and administration accounts are provisioned and, additional education and awareness information has been provided to the team.</p> <p>Information Services is also working with our support partner to understand our current security posture and policies that will inform changes to our existing processes required to grow our capability and maturity in relation to identity and access management (IDAM).</p>
Organisational practices for advising IT of leavers aren't working effectively					
5.3	<p>Regular reviews of all network user accounts should be performed, and any inappropriate access removed;</p> <p>All Managers should be reminded of the correct procedures for advising all necessary people about staff and</p>	Necessary	31/12/2022		Information Services is working with HR to improve the on-boarding and off-boarding process and workflows including defining roles and responsibilities and identifying different types of roles (e.g. Permanent, fixed-

	<p>contractors leaving, so that all access can be removed promptly;</p> <p>Where staff leave but come back as contractors, the correct leaving and starting procedures should be followed to ensure the correct access in systems is established;</p> <p>All contractors should have end dates set in the network which match their contract end or review/renewal date; and</p> <p>A review of procedures for adding, reviewing and removing contractors should be performed and a centralised database of contractors be established.</p>				<p>term, part time, contractor, etc).</p> <p>In terms of IT user accounts, the wider IDAM piece of work will look to resolve issues around account activation, changes and removals including; improving on and off-boarding workflows as mentioned above and, initiating ongoing monitoring and reporting across user and network activity.</p>
Content of the Summary of the Annual Report					
6.1	<p>The Summary of the Annual Report should only include information that has been included in the full Annual Report.</p> <p>For example the information included in pages 6 to 11 of the 2021 Summary of the Annual Report could have been usefully included in the full Annual Report.</p>	Necessary	31/12/2022		<p>The additional information in the Summary Annual Report added to the readability of the report and was appropriate to include. The next full Annual Report will have this extra information.</p>

Audit Management Report 2020/21 Previous Recommendations		
Recommendation	Status	Comments
Urgent		
Recording of complaints not in line with DIA guidance		
<p>The process of recording in CRM the complaints received by the District Council be reviewed and amended to ensure completeness of records and compliance with the requirements of the Non-Financial Performance Measures Rules 2013. For records received from the Palmerston North City Council (PNCC), a monthly reconciliation (evidenced with a dated signature) be implemented to ensure:</p> <ul style="list-style-type: none"> all "Jobs Logged" on the spreadsheets are appropriately broken down into the correct category and have been classified correctly to the CRM system; 		<p>Matter progressing</p> <p>Refer to section 2 of this report.</p> <p>Management comment</p> <p>Issue has been resolved</p> <p>Horowhenua District Council and Palmerston North City Council now log all 3-water jobs. New CRM categories have been created in February 2021 for all 3-water known faults. Palmerston North City Council new RFS category created January 2022 for 3-waters known faults and instructions supplied for all 3-water calls to be logged going forward, which are then created as CRMs for reporting purposes.</p>

D22/59985

Last update: 24-Feb-23

Recommendation	Status	Comments
<ul style="list-style-type: none"> all "Jobs Logged" on the PNCC spreadsheet have the supporting request for service (RFS); and any issues are followed up within a month to be resolved between PNCC and the District Council prior to the data being overwritten by PNCC. 		
Necessary		
Annual Reporting Process		
<p>Implement audit recommendations to improve the audit process including improving the quality assurance review over the annual report.</p> <p>The particular areas we would expect to see improving are:</p> <ul style="list-style-type: none"> implementing a quality assurance review over the annual report before providing to audit, performed by a staff member not directly involved in collating the information. This should include a check that notes agree to the face of the accounts, disclosures, variance explanations and 	2018	<p>Matter ongoing</p> <p>Three of the prior year recommendations have been closed.</p> <p>The initial draft provided for audit review contained issues that we found indicate quality assurance could be improved.</p> <p>Management comment</p> <p>Complete</p> <p>A QA of the Annual Report was undertaken before the report was released to Audit NZ on day 1 and is peer reviewed and ready for Audit to start work on the 21/22 Annual Report on 27 February.</p>

Recommendation	Status	Comments
<p>statement of service performance information are complete; and</p> <ul style="list-style-type: none">ensuring that there is supporting information for annual report balances and statement of service information that agrees to the information reported in the annual report.		<p>Full review has been completed for the 2021/22 year</p> <p>We encountered issues with obtaining support for the statement of service information (see section 1.6 of this report).</p> <p>Management comments</p> <p>Work is complete to ensure that this process is smooth for the 2021/22 year.</p>
Annual report disclosure improvements		
<p>We noted several disclosures where improvements could be made to better align with the accounting standards. These include:</p> <p>PBE IPSAS 17 <i>Property, plant and equipment</i></p> <ul style="list-style-type: none">judgements management has made in the process of applying the District Council's accounting policies that have the most significant effect on the amounts recognised;the methods and significant assumptions applied in estimating the assets' fair values, e.g. assumption on obsolescence and		<p>Matter ongoing</p> <p>We continue to recommend disclosure in line with our model annual report.</p> <p>This was done for the 2021/22 year. This was not raised by Audit as part of their review work during the audit. It would have been included if it was raised.</p> <p>This was done for the 2021/22 year. This was not raised by Audit as part of their review work during the audit. It would have been included if it was raised.</p>

Recommendation	Status	Comments
<p>how the replacement costs of the assets were derived; and</p> <ul style="list-style-type: none">the extent to which the assets' fair values were determined directly by reference to observable prices in an active market or recent market transactions on arm's length terms, or the extent to which they were estimated using other valuation techniques.		<p>This was done for the 2021/22 year. This was not raised by Audit as part of their review work during the audit. It would have been included if it was raised.</p>

Recommendation	Status	Comments
<p>BE IPSAS 1 <i>Presentation of Financial Statements</i></p> <ul style="list-style-type: none"> the sensitivity of carrying amounts to the methods, assumptions and estimates underlying their calculation, including the reasons for the sensitivity; the expected resolution of an uncertainty and the range of reasonably possible outcomes, within the next financial year, in respect of the carrying amounts of the assets and liabilities affected; when it is impracticable to disclose the extent of the possible effects of a key assumption or another key source of estimation uncertainty at the reporting date, the entity discloses that it is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require a material adjustment to the carrying amount of the asset or liability affected. 		<p>This was done for the 2021/22 year. This was not raised by Audit as part of their review work during the audit. It would have been included if it was raised.</p>

Recommendation	Status	Comments
<p>PBE IPSAS 29 <i>Financial Instruments: Recognition and Measurement</i></p> <p>Borrower notes are correctly valued at "fair value at amortised cost". However, they were incorrectly included in Note 28(c) of the financial instruments note as being fair value through other comprehensive revenue and expense.</p>		<p>Not disclosed in the 2021 Annual Report.</p> <p>Management comment</p> <p>Borrower notes have been recorded at face value in line with the process followed by other Council's. They have been shown in Note 9 for some years and we recommend this comment be closed.</p>
<p>Sensitive expenditure policies</p> <p>The sensitive expenditure policies should be updated to reflect good practice, such as the OAG's <i>Controlling sensitive expenditure: Guide for public organisations</i>.</p> <p>For example:</p> <ul style="list-style-type: none"> • Policies should explain what is meant by "actual and reasonable", when these terms are used, and specifying dollar limits and defined boundaries, where practicable, of what is "reasonable". • The current practice is that the FAR Chair approves expenses related to the Mayor and the Mayor approves the Chief 		<p>Matter ongoing</p> <p>There has been no update to the sensitive expenditure policies from last year.</p> <p>We understand that the District Council's internal auditors are drafting an update to this policy to be finalised by 30 June 2022.</p> <p>Management comment</p> <p>The sensitive expenditure policy had been reviewed and updated during 2021/22 financial year. External consultant CKS Audit was engaged to assist with this review. The updated policy was adopted by the Council on 14 September 2022.</p> <p>Sensitive expenditure will also be reported to RAC.</p>

Recommendation	Status	Comments
<p>Executive's sensitive expenditure whereas the policy states that:</p> <p><i>The Chairperson of the Chief Executive's Relationship Committee (CERC) approves the Chief Executive's sensitive expenditure;</i></p> <p><i>The Chief Executive approves the Mayor's sensitive expenditure; and</i></p> <p><i>The Chief Executive approves the Group Manager Corporate Services' sensitive expenditure.</i></p>		
Credit card usage		
<ul style="list-style-type: none"> Credit card holders should be reminded of, and adhere to, the requirements of the sensitive expenditure policy. Either the sensitive expenditure policy be updated to reflect current practice where the Chief Financial Officer's credit card is used as a corporate card or the practice of 		<p>Matter progressing</p> <p>Two of the prior year recommendations have been closed.</p> <p>Some issues were noted with credit card approval during testing. See section 5.1 of this report.</p>

Recommendation	Status	Comments
using that credit card as a corporate card should cease.		Management comment The sensitive expenditure policy had been reviewed and updated during 2021/22 financial year. External consultant CKS Audit was engaged to assist with this review. The updated policy was adopted by the Council on 14 September 2022.
Legislative compliance		
The District Council should look at mechanisms to actively monitor compliance with legislative requirements.		Matter outstanding No change in processes from last year. The District Council uses an informal system to monitor compliance with legislation. Reporting to governance (i.e. Council) is performed on an exception basis rather than regular positive reporting. There is less chance of the District Council not complying with legislation if there is effective monitoring. Management comment A formal process is currently being developed where managers will be responsible for reporting on Compliance. A combined report will come to the next committee meeting.
Bribery and corruption		
<ul style="list-style-type: none"> • Include the fraud policy in the induction pack. • Expand the fraud policy to be explicit about reporting requirements in relation to attempted bribery and corruption. • At least annual reporting to Council that would consider mechanisms indicating the 		Matter ongoing We understand that the current fraud policy will be included as part of induction. We understand District Council's internal auditors are drafting an update to the fraud policy (last updated in 2016) which is to be finalised by 30 June 2022. Management comment The Fraud policy has been reviewed. The updated policy was approved by Council at the end of 2022.

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Recommendation	Status	Comments
adequacy of controls, including consideration by senior management of any changes required.		
Procurement review		
<p>The Procurement Policy is dated July 2019 and the Procurement Guideline is dated March 2016.</p> <p>We continue to recommend that the policy and guidelines include documentation on:</p> <ul style="list-style-type: none"> • methods of procurement; • handling of late tenders; • reviewing contracts prior to the end of contracted period; and • the transition periods between suppliers. 		<p>Matter progressing</p> <p>We understand the Procurement Policy and Guideline are in the process of being updated.</p> <p>Management comment</p> <p>A detailed review has been completed by Aurecon and a programme is in place rolling out the procurement improvement programme and required reporting. This overview will be provided to the committee.</p>
Contract Management policy and guidelines		
<ul style="list-style-type: none"> • A contract management policy and guidelines should be put in place that are consistent with best practice in the sector. 		<p>Matter outstanding</p> <p>We reviewed this area as part of our interim visit and did not note implementation of these recommendations.</p> <p>Management comment</p>

Recommendation	Status	Comments
<ul style="list-style-type: none"> Processes should be implemented that improve contract management. 		Council has appointed a procurement manager. A detailed review has been completed by Aurecon and a programme is in place to roll out a procurement improvement programme which includes improvements to contract management.
Three Waters Alliance arrangements		
The risk register could be improved by making the intended or expected impact of any risk treatment on the likelihood and/or consequence (the risk priority) clearer.	2020	<p>Matter outstanding</p> <p>The risk register does now include a Residual risk section which we assume is intended to document the impact of the mitigation or treatment on the risk priority assessment. However, it would appear it is not being used in this way. Where it is populated, it is more of a commentary on latest developments.</p> <p>Management comment</p> <p>The Alliance has committed to reporting the outcome of proposed risk mitigations.</p>
We encourage the District Council to take some time to rationalise and fully align performance measures and ensure they are being used consistently for reporting purposes.		<p>Matter Outstanding</p> <p>The October 2021 Principal Group report includes KPIs. But the Performance Management Framework, which should inform the measures to be reported, has not yet been finalised so we could not confirm consistency. We will revisit in 2021/22.</p> <p>Management comment</p> <p>Council and the Alliance partners completed a contract renewal recently and are currently working to improve the performance management framework.</p>
Conflict of interest management		
<ul style="list-style-type: none"> Training be provided to staff on conflict of interest risk management. 		<p>Matter outstanding</p> <p>We reviewed this area as part of our interim visit and did not note implementation of these recommendations.</p>

Recommendation	Status	Comments
<ul style="list-style-type: none"> The current form of interest registers is improved to include columns on whether: <ul style="list-style-type: none"> the interest is pecuniary or non-pecuniary; the interest declared represents actual, potential or perceived conflict, and the agreed approach to managing any conflicts amongst the declared interests; and a staff interest register is maintained as well. 		<p>Management comment</p> <p>The conflict of interest prevention policy had been reviewed and updated during 2021/22 financial year. External consultant CKS Audit was engaged to assist with this review. The updated policy was adopted by the Council on 14 September 2022.</p> <p>Process is put in place to maintain and monitor interest register for all staff.</p>
Councillors – System for identifying transactions greater than \$25,000		
<p>A system be put in place to monitor all payments in which a member has an "interest" to ensure the limit is not exceeded and if it is likely to exceed the \$25,000 threshold (in total) that these are identified and approval is sought from the OAG in advance.</p>		<p>Matter outstanding</p> <p>We reviewed this area as part of our interim visit. We noted that there was no change to the process from the prior year, in that there was no formal system in place that identifies transactions at risk of exceeding the \$25,000 limit <u>before</u> the transaction occurs.</p> <p>As part of the annual report process, all interests in the register are reviewed for completeness against the Companies Register and for disclosure against the debtors/creditors system. At this point, if the limit has been exceeded, then approval from the Office of the Auditor-General will be requested.</p> <p>However, retrospective approval is not guaranteed, hence the recommendation is for the process to be performed <u>before</u> the transaction occurs.</p>

Recommendation	Status	Comments
		Management comment This is currently done in relation to one members interest but this has been extended to all members interests, with effect from 1 July 2021.
Maintenance of fixed assets WIP schedule/depreciation		
<p>Monitor WIP balances on a regular basis to ensure that any WIP that should be capitalised, is done so in a timely manner. All significant capital additions be depreciated when the asset becomes available for use.</p> <p>As depreciation is only calculated at year end, the District Council should review larger additions to check if depreciation should be recognised earlier.</p>		Matter outstanding Our recommendations are yet to be implemented. Management comment We started this work as of 1 July 2022.
<p>Perform a full review of the FAR to ensure valid data is contained in the module. Review accounting policies to ensure depreciation rates are appropriate and detailed enough for assets which are commonly added to the schedule.</p> <p>Implement regular reconciliations between the Asset Management Systems, maintained by the asset managers, and the FAR, maintained</p>		Matter outstanding Our recommendations are yet to be implemented. We were advised that this is a resource issue which prevents a monthly reconciliation. Management comment This is currently being worked on

Recommendation	Status	Comments
by the finance team. The reconciliations should be reviewed by an independent person evidenced with a dated signature.		
Revaluation of Infrastructure assets		
<p>Improve the revaluation asset data by:</p> <ul style="list-style-type: none"> Updating asset condition information and review the reasonableness of asset useful lives. Reviewing the assumptions used in the revaluation of the treatment plants; and reviewing and simplifying revaluation templates. 		<p>Matter progressing</p> <p>Some of our recommendations had been implemented.</p> <p>Improvements could be made on the asset data. See comments in section 4.4.</p> <p>Management comment</p> <p>A focus on improvements is underway.</p>
Stand-alone fixed asset register for treatment plants		
Develop stand-alone fixed asset register for treatment plants so they are revalued at component level.		<p>Matter ongoing</p> <p>See comments in section 4.4</p> <p>Management comment</p> <p>Completed during the 2021/22 financial year.</p>
Evidence on NZTA claim review		
The reviewer signs and dates the documentation as evidence of their review.		<p>Matter outstanding</p> <p>We reviewed this area during the interim audit. We found that the review is not evidenced.</p>

Recommendation	Status	Comments
		<p>Management comment</p> <p>Completed. The NZTA is reconciled to the General Ledger monthly and signed and dated as being done so. The reconciliation is then returned to the Roding manager to review.</p>
Cash receipting		
Require reconciliation of the amounts in the "receipt listing after closing reports" to be initialled by the preparer and independently recounted.		<p>Matter progressing</p> <p>We reviewed this area during the interim audit. Reconciliations are prepared but the cash is not independently recounted.</p> <p>Management comment</p> <p>Completed. The receipt listing after close report is initialled at the end of the day. The cash is independently recounted the next morning when that person is preparing the banking.</p>
Require all cashiers to log out after use and to use their own login to process transactions.		<p>Matter outstanding</p> <p>We understand due to the additional effort required vs benefit, management has accepted the risk.</p> <p>Given the nature of the transactions involved, we continue to make this recommendation.</p> <p>Management comment</p>

Recommendation	Status	Comments
		The recommendation is noted. This situation only arises when breaks are taken. Council is of the view that this recommendation is impractical to implement and there are sufficient controls including having two people at front of house to alleviate any risk.
Creditor master file		
Review current processes to ensure there is adequate supporting information to verify that new creditors, and changes are bona fide.		<p>Matter ongoing</p> <p>We reviewed this area during the interim audit. We were advised that the company register check is now undertaken where necessary but there is no evidence of this being performed.</p> <p>Management comment</p> <p>The creditor's Masterfile audit report is reviewed and signed off every month. Where the new creditor is a company and the company register is checked then the company number is written on the new creditor form. Going forward the new creditor form will be updated to record the company number where applicable and the front page of the company register will be attached to the new creditors form. This was in place by 30 June 2022.</p> <p>An example of the Creditor Masterfile can be found here: Creditor Master File - June 2022</p>
Implement a regular review process to remove redundant creditors.		<p>Matter ongoing</p> <p>We understand a review of redundant creditors has been performed and reviews will be undertaken on an annual basis.</p> <p>We reviewed the creditor Masterfile as part of the interim audit visit and had not been made aware of this at the time.</p>

Recommendation	Status	Comments
		<p>We will verify this in our 2022 interim audit visit.</p> <p>Management comment</p> <p>A review of redundant creditors is being planned now and will be completed before 30 June 2023 and any redundant creditors removed. This will be done on an annual basis going forward.</p>
Policy on deposits and bonds		
Adopt a policy on deposits and bonds and review deposits and bonds held to determine whether those no longer required should be refunded or recognised as revenue.		<p>Matter progressing</p> <p>We understand that work on this is expected to be completed by 30 June 2022, albeit management no longer see the need for a policy.</p> <p>We will revisit this as part of our 2022 interim audit.</p> <p>Management comment</p> <p>All outstanding deposits and bonds have been reconciled. Some of the outstanding balances were cleared by 30 June 2022 and Council is locating some other older standing bond holders with the plan to clear the outstanding balances by 30 June 2023. This will be embedded in as part of the monthly review process when reviewing GL reconciliations for the deposits and bonds accounts.</p> <p>Council does not see the need for a policy for this as deposits and bonds are now covered by bond and resource consents documentation.</p>
Purchase Order Clearing Account		
<ul style="list-style-type: none"> Ensure an appropriate report can be generated and reviewed for the <i>Purchase Order Clearing Account</i>. 		<p>Matter progressing</p> <p>We understand a report can now be generated and a process is in place.</p> <p>We will revisit this as part of our 2022 interim audit.</p>

Recommendation	Status	Comments
<ul style="list-style-type: none"> Remove/adjust for purchase order outstanding balances where invoices have been received/outstanding amounts paid. 		<p>Management comment</p> <p>Considerable work was undertaken in 2021 to fully reconcile the purchase order account. As at 30 June 2021 the report was in balance with the General Ledger. This report is run on a regular basis and outstanding balances investigated and removed or adjusted.</p>
No records of retentions by contract		
<p>Maintain a separate listing for all contract retentions held by Council and review them for reasonableness on a regular basis.</p> <p><i>2020 comment:</i> Reason for raising this issue is that there is a risk that a retention is being held by the District Council for longer than intended. With no separate listing for retentions, there is no practical way of reviewing every credit balance to check for retentions due to be released.</p>		<p>Matter outstanding</p> <p>Our recommendations are yet to be implemented.</p> <p>We understand management does not see the need for a separate listing as retentions are already held in the creditors' ledger.</p> <p>Management comment</p> <p>Retentions are already recorded in the creditor's ledger. A working spreadsheet was set up in May 2022 and is regularly updated by the AP officer with contract information and progress payments with retention information.</p> <p>This spreadsheet is then reconciled to the retentions recorded in the creditor's ledger on a quarterly basis and any creditor reconciliations are undertaken as part of this review.</p> <p>The working spreadsheet can be found here: HDC Schedule of Contracts with Retention</p>
Payroll masterfile review		
<ul style="list-style-type: none"> Changes to the payroll masterfile be regularly reviewed against the supporting documentation for appropriateness through the 		<p>Matter outstanding</p>

Recommendation	Status	Comments
<p>running and review of a Masterfile change report.</p> <ul style="list-style-type: none"> Consideration be given to giving the reviewer "read-only" access to the payroll masterfile to ensure the review is independent. 		<p>We reviewed this area during the interim audit. We were advised by management that individual changes are being checked; however these are not evidenced. Therefore, we cannot confirm that these checks are being done.</p> <p>In addition, as there is no audit report as yet, we cannot confirm that all changes are being reviewed.</p> <p>Management comment</p> <p>Any masterfile changes must be supported by the appropriate paperwork. The pay edit listing is reviewed by two staff and the documentation for changes is supplied to the second reviewer. The pay edit listing is signed by the second reviewer before the pay is completed.</p> <p>A new payroll masterfile audit report has been written and was in place by the end of June 2022.</p> <p>An example of the Payroll audit file can be found here: PP4 2023 Payroll Audit Report</p>
Payroll – post input review of timesheets		
<p>An independent post input review should be carried out over timesheet data inputted into the system.</p>		<p>Matter outstanding</p> <p>We reviewed this area during the interim audit. We found that the timesheet we selected was not input correctly into the system (the hours were shown under annual leave in the timesheet but the pay was recorded as ordinary hours in the system).</p> <p>Management comment</p> <p>Completed. The pay edit listing is reviewed by two staff.</p>
Evidence of review of journals		

Recommendation	Status	Comments
For each journal, retain evidence of the preparer and reviewer to confirm appropriate segregation of duties is in place.		<p>Matter outstanding</p> <p>We reviewed this area during the interim audit. We found that there is no system control in place that prevents a journal being posted to the GL unless it is approved on a one-up basis.</p> <p>Management comment</p> <p>Completed. All journals are reviewed and signed off on a one-up or same level basis.</p>
Performance measures process for complaints		
<ul style="list-style-type: none"> Review the effectiveness of the current reporting and systems to accurately capture the underlying data and to ensure the data is complete. Systems and processes should be formally documented and regular training provided to all staff involved. Perform a regular, weekly or even daily, quality review of data entered into the Customer Request Management system (CRM) for complaints, service requests and response times to ensure it is complete, accurate and supportable. Reviews should also focus on following up unclosed jobs, ensuring all data 		<p>Matter outstanding</p> <p>As there was an issue with the recording of the complaints in line with DIA guidance, we did not complete testing of detail over the records in the CRM system as part of the 2020/21 audit.</p> <p>CRMs are currently a focus for Council for ongoing improvement</p>

Recommendation	Status	Comments
<p>fields are updated, and review of unusual response times. We would expect that these reviews are formally evidenced by way of a date and signature.</p> <ul style="list-style-type: none"> • Ensure data fields include information to clearly show why data has been amended or re-categorised with a clear audit trail of any changes made and who authorised them. • Document any calls that are excluded as Department of Internal Affairs (DIA) service requests or complaints. This may require additional fields to be added to the existing CRM if this information is not already captured. • Continue to review DIA guidance to ensure that the data being captured and reported, meets the mandatory reporting requirements. We expect that there will be further clarification around these measures as they become 		

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Recommendation	Status	Comments
<p>embedded into the annual reporting.</p> <ul style="list-style-type: none">Establish a system to check contractor times recorded, are accurate instead of relying solely on the time that the contractor/staff noted. This is important to ensure accurate monitoring of contractor performance against the District Council's key performance targets.Use the data from the CRM to monitor the District Council's performance, on a regular basis, to ensure corrective action can be taken as needed.		

Service performance: Evidencing monthly review of CRM requests		
Evidence review of the CRM requests at month-end with a dated signature.		<p>Matter outstanding</p> <p>Our recommendations are yet to be implemented. The review is still not formally signed off.</p> <p>Management comment</p> <p>The CRMs are reviewed by Managers & Group Managers electronically.</p>
Classification of records in the CRM system		
We recommend that a monthly review of the CRM is implemented in order to mitigate the risk of overstating the reported results.		<p>Matter outstanding</p> <p>As there was an issue with the recording of the complaints in line with DIA guidance, we did not complete testing of detail over the records in the CRM system as part of the 2020/21 audit.</p> <p>The CRMs are reviewed by Managers & Group Managers electronically.</p>
Disaster Recovery		
We recommend that the District Council continue to support and execute the overall BCP work programme underway to achieve BCP and DR plans that meet Council requirements, including confirming the risk tolerance and response to achieve mitigation required for the District Council's target risk level.		<p>Matter progressing</p> <p>IT have developed an IT Disaster Recovery plan and have DR mitigation strategies in place, but organisational Business Continuity planning and testing is still to be finalised.</p> <p>Management comment</p> <p>In terms of Business Continuity Plans, there still needs to be more progress at an organisation level however, from an IT perspective key staff (e.g. payroll officers) have been identified and provisioned with laptops and remote network access to enable mobility. IT support is also able to be provided remotely and there is an on-call roster process in place.</p> <p>BCP is an organisational issue and this is likely to be managed under the risk portfolio.</p>

Key from PricewaterhouseCoopers

Priority	Explanation
Urgent	High risk/immediate action required
Necessary	Medium risk/attention recommended in the medium term
Beneficial	Low risk/for your information only
✓	Tax opportunity/action required

GST Compliance evaluation by PwC Recommendations – 17 February 2023					
Area of focus	Recommendation	Priority	Due date	Status	Officer Comment
GST Process/Procedure					
GST Procedural Documentation	We recommend that Council updates the GST procedural documentation to provide support for the basis of the calculations being made. In the event of an Inland Revenue risk review or audit, one of the first things that Inland Revenue request is procedural documentation and Inland Revenue will have a high degree of confidence over tax compliance if a taxpayer can produce up-to-date, comprehensive procedural documentation.	Beneficial	31/12/2023		
GST Return Preparation					
GST Return Preparation Process	We are of the view that Council's GST return process is broadly sound and in line with our expectations. Whilst a manual workaround has been created, we recommend that the underlying	Necessary	30/06/2023		

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Last update: 24-Feb-23

6.5 Risk and Assurance Committee Work Programme

File No.: 23/96

1. Purpose

The purpose of this report is to provide the Risk and Assurance Committee with an outline of a Draft Work Programme.


2. Recommendation

- 2.1 That Report 23/96 Risk and Assurance Committee Work Programme be received.
- 2.2 That this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.
- 2.3 That the Risk and Assurance Committee notes the Finance, Audit and Risk Committee Work Programme.

3. Issues for Consideration

The Risk and Assurance Committee work programme is attached for consideration.

Attachments


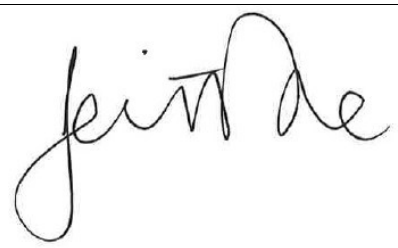
No.	Title	Page
A 	Risk and Assurance Committee Work Programme 2023/24	123


Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

Signatories

Author(s)	Ashley Huria Business Performance Manager	
Approved by	Jacinta Straker Group Manager - Organisation Performance	

	Monique Davidson Chief Executive Officer	
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Risk and Assurance Committee Work Programme

	Q2 - 24 May 2023	Q3 - 16 August 2023	Q4 - 08 November 2023	Q1 - 2024	Q2 - 2024
Internal Audit / Treasury	<p>Independent Treasury Report (Bancorp)</p> <p>Monitoring Report</p> <ul style="list-style-type: none"> Audit NZ PwC Tax for internal audit <p><i>Sensitive expenditure report</i></p> <p><i>Legislative Compliance Report</i></p> <p>Insurance Strategy and Plan</p> <p>2021/22 Annual Report</p> <ul style="list-style-type: none"> Audit Management Letter <p>2022/23 Annual Report</p> <ul style="list-style-type: none"> Engagement Letter Presentation from Audit NZ on audit approach for 2022/23 <p>Draft Internal Audit Work Programme for 2023/24</p> <p>Procurement Update</p>	<p>Independent Treasury Report (Bancorp)</p> <p>Monitoring Report</p> <ul style="list-style-type: none"> Audit NZ PwC Tax for internal audit Other internal audit <p><i>Sensitive expenditure report</i></p> <p><i>Legislative Compliance Report</i></p> <p>PwC Tax Governance Presentation</p> <p>Procurement Update</p>	<p>Independent Treasury Report (Bancorp)</p> <p>Monitoring Report</p> <ul style="list-style-type: none"> Audit NZ PwC Tax for internal audit Other internal audit <p><i>Sensitive expenditure report</i></p> <p><i>Legislative Compliance Report</i></p> <p>2022/23 Annual Report</p> <ul style="list-style-type: none"> Draft Annual Report Audit Management Letter <p>Procurement Update</p>	<p>Independent Treasury Report (Bancorp)</p> <p>Monitoring Report</p> <ul style="list-style-type: none"> Audit NZ PwC Tax for internal audit Other internal audit <p><i>Sensitive expenditure report</i></p> <p><i>Legislative Compliance Report</i></p> <p>AON Insurance presentation</p> <p>Procurement Update</p>	<p>Independent Treasury Report (Bancorp)</p> <p>Monitoring Report</p> <ul style="list-style-type: none"> Audit NZ PwC Tax for internal audit Other internal audit <p><i>Sensitive expenditure report</i></p> <p><i>Legislative Compliance Report</i></p> <p>Procurement Update</p>
Risk Management	<p>Risk Register</p> <p>Risk Maturity</p>	<p>Risk Register</p> <p>Risk Architecture and Culture</p> <p>Risk Appetite</p>	<p>Risk Register</p> <p>Review Emergency Management effectiveness within the organisation</p>	<p>Risk Register</p>	<p>Risk Register</p>
Health, Safety and Wellbeing	<p>Dashboard Report</p> <p>Strategic Charter and Plan 2022-23</p> <p>H,S & W Action Plan</p> <p>Deep Dive - Critical Risk – People Behaviour (Front of House)</p>	<p>Dashboard Report</p> <p>H,S&W Action Plan</p> <p>SafePlus</p> <p>Deep Dive – Risk - Trolley Bus System</p> <p>Wellbeing Report</p> <p>Dashboard comparison</p>	<p>Dashboard</p> <p>H,S&W Action Plan</p> <p>Deep Dive – Land Transport – Critical Risk Driving/Contractor Management</p>	<p>Dashboard</p> <p>H,S&W Action Plan</p> <p>Deep Dive – Animal Control</p>	<p>Dashboard</p> <p>H,S&W Action Plan</p> <p>Deep Dive</p>

Exclusion of the Public : Local Government Official Information and Meetings Act 1987

The following motion is submitted for consideration:

That the public be excluded from the following part(s) of the proceedings of this meeting.

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.

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:

C1 Risk Management - Risk Register March 2023

Reason for passing this resolution in relation to each matter	Particular interest(s) protected (where applicable)	Ground(s) under section 48(1) for the passing of this resolution
The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person. s7(2)(f)(i) - the free and frank expression of opinions by or between or to members or officers or employees of any local authority, or any persons to whom section 2(5) applies, in the course of their duty.	s48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.

C2 GST compliance evaluation findings report by PwC

Reason for passing this resolution in relation to each matter	Particular interest(s) protected (where applicable)	Ground(s) under section 48(1) for the passing of this resolution
The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	s7(2)(c)(i) - The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.	s48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.