

Council Public Agenda - 28 March 2023

Council Chambers
101 Bank Street
Te Awamutu



Chairperson
Her Worship the Mayor SC O'Regan

Members
AW Brown, LE Brown, PTJ Coles, RDB Gordon, ML Gower, MG Montgomerie, MJ Pettit, EM Stolwyk, CS St Pierre, BS Thomas, Vacancy

28 March 2023 09:00 AM

Agenda Topic	Presenter	Time	Page
Opening Karakia		09:00 AM-09:02 AM	
1. Her Worship the Mayor Opening Comments	Chairperson	09:02 AM-09:04 AM	2
2. Apologies	Chairperson	09:04 AM-09:05 AM	3
3. Disclosure of Members' Interests	Chairperson	09:05 AM-09:06 AM	4
4. Late Items	Chairperson	09:06 AM-09:07 AM	5
5. Confirmation of Order of Meeting	Chairperson	09:07 AM-09:08 AM	6
6. Confirmation of Minutes - 28 February 2023	Chairperson	09:08 AM-09:09 AM	7
6.1 Unconfirmed Open Minutes - 28 February 2023	Chairperson		8
7. Use of Council Seal and Delegated Authority During the Interim Period	Chairperson	09:09 AM-09:11 AM	15
8. March 2023 Audit and Risk Committee Meeting	Georgina Knapp	09:11 AM-09:26 AM	16
9. Community Board 2.0 Oversight Committee and Nominations	Jo Gread	09:26 AM-09:36 AM	142
10. Committee Membership and External Organisation Changes	Jo Gread	09:36 AM-09:46 AM	146
Closing Karakia		09:46 AM-09:47 AM	

COUNCIL AGENDA



OPENING COMMENTS FROM HER WORSHIP THE MAYOR

Her Worship the Mayor will provide opening comments.

COUNCIL AGENDA



APOLOGIES

COUNCIL AGENDA



DISCLOSURE OF MEMBERS' INTERESTS

Members are reminded to declare and stand aside from decision making when a conflict arises between their role as an elected member and any private or other external interest they may have.

COUNCIL AGENDA



LATE ITEMS

Items not on the agenda for the meeting require a resolution under section 46A of the Local Government Official Information and Meetings Act 1987 stating the reasons why the item was not on the agenda and why it cannot be dealt with at a subsequent meeting on the basis of a full agenda item. It is important to note that late items can only be dealt with when special circumstances exist and not as a means of avoiding or frustrating the requirements in the Act relating to notice, agendas, agenda format and content.

COUNCIL AGENDA



CONFIRMATION OF ORDER OF MEETING

Recommendation

That Council confirms the order of the meeting.

COUNCIL AGENDA



To: Her Worship the Mayor and Councillors
From: Governance
Subject: **CONFIRMATION OF MINUTES**
Meeting Date: 28 March 2023

1 EXECUTIVE SUMMARY – WHAKARĀPOPOTOTANGA MATUA

The local authority, its committees, subcommittees and any local and community boards must keep minutes of their proceedings. These minutes must be kept in hard or electronic copy, authorised by a Chairperson’s manual or electronic signature once confirmed by resolution at a subsequent meeting. Once authorised the minutes are the prima facie evidence of the proceedings they relate to.

The only topic that may be discussed at a subsequent meeting, with respect to the minutes, is their correctness.

2 RECOMMENDATION – TŪTOHU Ā-KAIMAHI

That the open minutes of the Waipā District Council meeting held on 28 February 2023, having been circulated, be taken as read and confirmed as a true and correct record of that meeting.

3 ATTACHMENT - ĀPITITANGA

Council Minutes – 28 February 2023

COUNCIL MINUTES



Time: 9am
Date: Tuesday 28 February 2023
Venue: Council Chambers, Waipā District Council
101 Bank Street, Te Awamutu

PRESENT

Chairperson

Her Worship the Mayor SC O'Regan

Members

AW Brown, LE Brown, PTJ Coles, RDB Gordon, ML Gower, MG Montgomerie, MJ Pettit, EM Stolwyk, CS St Pierre, BS Thomas

Opening Council Prayer – CEO, Garry Dyet

1 HER WORSHIP THE MAYOR OPENING COMMENTS

Mayor O'Regan acknowledged the recent weather events that had been experienced by the Upper North Island and extended Waipā District Council's condolences to the family and friends in those regions who had lost loved ones. Mayor O'Regan noted Waipā Districts support for those communities who would have to re-build after Cyclone Gabrielle.

Mayor O'Regan also acknowledged the dedication and work displayed by the Civil Defence Emergency Management, the Parks and Reserves team, the Roading team and the contractors that were involved in the clean up after Cyclone Gabrielle and the Waipā District Council Communications team for keeping Waipā residents safe and very well informed during this time. Mayor O'Regan commented that a number of trees had been lost throughout the district, however we should be grateful that the Waipā District fared relatively well during Cyclone Gabrielle.

Mayor O'Regan thanked staff and Elected member involved in the Ahu Ake – Waipā Community Spatial Plan community engagements.

COUNCIL MINUTES



2 APOLOGIES

RESOLVED

1/23/01

That the apology from Councillor Stirling who was absent for personal reasons be received.

Councillor Pettit / Councillor Coles

3 DISCLOSURE OF MEMBERS' INTERESTS

Item 8 – Mayor O'Regan

Item 11 – Councillor Pettit

4 LATE ITEMS

None

5 CONFIRMATION OF ORDER OF MEETING

RESOLVED

1/23/02

That Council confirm the order of the meeting.

Councillor A Brown / Councillor Pettit

6 CONFIRMATION OF MINUTES

RESOLVED

1/23/03

That the open minutes of the Waipā District Council meeting held on 13 December 2022 having been circulated, be taken as read and confirmed as a true and correct record of that meeting subject to a minor typographical error.

Councillor St Pierre / Councillor Gower

COUNCIL MINUTES



7 USE OF COUNCIL SEAL AND DELEGATED AUTHORITY DURING THE INTERIM PERIOD

Council policy and delegated authority provides for use of the Council seal prior to notification to Council in specified cases.

RESOLVED

1/23/04

That the following schedule of documents to which the Common Seal of the Waipā District Council has been applied under delegated authority be received:

a) *Warrants as set out below:*

Position for Warrant	Name of Staff
<i>Development Engineer</i>	<i>Brendan Koevoet</i>
<i>Development Engineer</i>	<i>Xiuqin Zhang (Jane)</i>
<i>Planner Consents</i>	<i>Layla Gruebner</i>
<i>Project and Contract Management Team Leader</i>	<i>Stuart Harvey</i>

b) *Deed of Lease – 55 Rickit Road, Te Awamutu*

Documents signed by the Chief Executive during the Interim Period:

c) *290366 Punui Road Rehab – Increase to Approved Contract Sum*

d) *290678 Watkins Reservoir Pump Station and Supply Pipe – Contract Award*

Councillor Thomas / Councillor L Brown

8 LE QUESNOY TRAVEL

[Mayor O'Regan left the meeting at 9.12am – Deputy Stolwyk chaired this item]

The purpose of this report was to approve international travel for two officials to attend the opening of the New Zealand Museum and Visitor Centre in Le Quesnoy, France in October 2023.

RESOLVED

1/23/05

That Council

COUNCIL MINUTES



- a) *Receives the report of Jo Gread, Manager Governance titled Le Quesnoy Travel [Document number 10970518]; and*
- b) *Approves economy class air travel for Her Worship the Mayor, and the Chair of the Cambridge Community Board, to and from France for the opening of New Zealand Museum and Visitor Centre in Le Quesnoy, France, to be paid for by Council along with any other costs incidental to that travel.*

Councillor Stolwyk / Councillor Pettit

9 COUNCIL COMMITTEES AND APPOINTMENTS

[Mayor O'Regan re-joined the meeting at 9.14am and resumed the Chair position]

The purpose of this report was to present a further committee appointment made by the Mayor and for Council to consider an appointment to an external group.

RESOLVED

1/23/06

That Council

- a) **Receives** *the report of Jo Gread, Manager Governance, titled Council Committees and Appointments [document number 10969245];*
- b) **Receives** *the Mayor's memorandum included as appendix 1 of this report (document number 10969245) making an additional appointment to Council's Audit and Risk Committee pursuant to section 41A of the Local Government Act 2002; and*
- c) **Appoints** *Councillor Bruce Thomas as a Council representative for Te Awamutu Commsafe.*

Councillor Coles / Councillor A Brown

10 COUNCIL SUBMISSION ON THE REVIEW INTO THE FUTURE FOR LOCAL GOVERNMENT DRAFT REPORT – HE MATA WHĀRIKI, HE MATAWHĀNUI

The purpose of this report was to seek Council approval of a draft submission on Review into the Future For Local Government Draft Report - He mata whāriki, he matawhānui (the Draft Report). Submissions closed 28 February 2023.

COUNCIL MINUTES



RESOLVED

1/23/07

That Council

- a) *Receives the report of Kirsty Downey, Group Manager Strategy titled 'Council submission on the Review into the Future for Local Government Draft Report - He mata whāriki, he matawhānui' (ECM 10966409).*
- b) *Approves the draft submission on the Review into the Future for Local Government Draft Report - He mata whāriki, he matawhānui' attached to this report as Appendix 1 titled 'Draft Submission on the Review into the Future for Local Government Draft Report - He mata whāriki, he matawhānui'(ECM 10963984).*

Councillor Gordon / Councillor St Pierre

11 WAIPĀ URBAN MOBILITY PLAN – WAKA KOTAHI FUNDING AGREEMENT

The purpose of this report was to seek approval to enter into a Funding Agreement with Waka Kotahi NZ Transport Agency to access funding from the Climate Emergency Response Fund (CERF) Transport Choices Initiative.

RESOLVED

1/23/08

That Council

- a) *Receives the report of Erik Van Der Wel, Programme Engineer – Transportation, titled Waipā Urban Mobility Plan – Waka Kotahi Funding Agreement (document number 10966695);*
- b) *Delegates to the Group Manager Service Delivery, authority to negotiate, agree and execute all relevant documentation to enable Waipā District Council to enter into a Funding Agreement, including one or more funding schedules, with Waka Kotahi NZ Transport Agency to access the CERF Transport Choices Initiative funding.*

Councillor Stolwyk / Councillor Gordon

COUNCIL MINUTES



12 SECTION 17A OF THE LOCAL GOVERNMENT ACT REVIEW – GENERAL MAINTENANCE AND TRAFFIC SERVICES DELIVERY

The purpose of this report was to seek approval to adopt the recommendation of the Section 17A (s17A) review regarding the delivery of transportation general maintenance and traffic services, and proceed with the continuation of contracting out these services.

RESOLVED

1/23/09

That Council:

- a) **Receives** the report of Bryan Hudson, Manager Transportation – Transportation, Section 17A of the Local Government Act Review – General Maintenance and Traffic Service Delivery (document number 10954548);
- b) **Approves** the review of General Maintenance and Traffic Services, attached as Appendix 1 to this report (document number 10939718), prepared in accordance with the requirements of section 17A of the Local Government Act 2002 (“Review”);
- c) **Approves** the preferred option identified in the Review for Waipā District Council, to continue contracting out the delivery of road maintenance and traffic services maintenance to the external market;
- d) **Notes** that staff now intend to go out to tender later in the year to source new contracts in this area, with further Council/Council Committee approvals being obtained before any such contracts are finalised.

Councillor L Brown / Councillor Coles

13 RESOLUTION TO EXCLUDE THE PUBLIC

RESOLVED

1/23/10

THAT the public be excluded from the following parts of the proceedings of this meeting.

The general subject of the 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 are as follows:

COUNCIL MINUTES



General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
<p>14. Public Excluded Minutes – 13 December 2022</p> <p>15. Infrastructure Works Agreement for Cambridge Development - Variation</p>	<p>Good reason to withhold exists under section 7 Local Government Official Information and Meetings Act 1987</p>	<p>Section 48(1)(a)</p>

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, or Sections 6, 7 or 9 of the Official Information Act 1982, as the case may be, which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, are as follows:

Item No.	Section	Interest
14,15	Section 7(2)(i)	To carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).

Councillor Pettit / Councillor Coles

The meeting went into Public Excluded at 9.34am
There being no further business the meeting closed at 10.14am

CONFIRMED AS A TRUE AND CORRECT RECORD

CHAIRPERSON: _____

DATE: _____

COUNCIL AGENDA



To: Her Worship the Mayor and Councillors
From: Governance
Subject: **USE OF COUNCIL SEAL AND DELEGATED AUTHORITY DURING THE INTERIM PERIOD**
Meeting Date: 28 March 2023

1 EXECUTIVE SUMMARY – WHAKARĀPOPOTOTANGA MATUA

Council policy and delegated authority provides for use of the Council seal prior to notification to Council in specified cases.

2 RECOMMENDATION– TŪTOHU Ā-KAIMAHI

That the following schedule of documents to which the Common Seal of the Waipā District Council has been applied under delegated authority be received:

a) *Warrants as set out below:*

Position for Warrant	Name of Staff
<i>Development Engineering Team Leader</i>	<i>Michael Kulpa</i>

Documents signed by the Chief Executive during the Election Interim Period:

b) *290712 Sports Field Drainage and Irrigation - Approved Contract Sum.*

This contract was for upgrading sport fields at John Kerkhof Park, Cambridge. This works included new drainage, adding irrigation to each field and a maintenance programme for two years for the capital improvements.

COUNCIL REPORT



To: Her Worship the Mayor and Councillors
From: Business Resilience and Risk Advisor
Subject: **March 2023 Audit and Risk Committee meeting**
Meeting Date: 28 March 2023

1 PURPOSE - TAKE

The purpose of this report is to provide a summary of the key matters discussed and the outcomes of the Audit and Risk Committee meeting of 13 March 2023.

2 EXECUTIVE SUMMARY – WHAKARĀPOPOTOTANGA MATUA

Council's Audit and Risk Committee met on 13 March 2023.

This report provides a summary of the key matters discussed and the outcomes of the meeting. It also provides specific recommendations in regard to Council endorsing the updated Top Risks for 2022/23 and the updated Risk Appetite Statement for 2022/23.

3 RECOMMENDATION – TŪTOHU Ā-KAIMAHI

That Council

- a) *Receives the report of Genny Wilson titled 'March 2023 Audit and Risk Committee meeting', (document number 10975775);*
- b) *Endorses the updated 'Top Risks 2022/23' document (document 10854729) and the updated 'Risk Appetite Statement 2022/23' (document 10863494) appended as Appendices 3 and 4 respectively.*

4 BACKGROUND – KŌRERO WHAIMĀRAMA

Council's Audit and Risk Committee meets quarterly with the most recent meeting on 13 March 2023. The appendices include the key reports presented to the meeting and the unconfirmed minutes are attached as Appendix 1.

In more summarised form however, the following salient points from the meeting are noted:

- A Risk Management update was provided which included the quarterly risk management report for November 2022 to January 2023 – this has been provided as Appendix 2 of this report. The Top Risk mitigant actions have been taken from the business plans for this year and are reported on an exception basis for those off track or not started.
- As discussed at the December Audit and Risk Meeting, officers have recast the Top Risks 2022/23 and Risk Appetite Statement 2022/23. The current review, triggered by committee feedback, and also in response to a changing risk landscape has resulted in further descriptions and explanations being incorporated into Council’s Top Risk document and Council’s Risk Appetite Statement and has resulted, in some instances, in the risk appetite of certain risk portfolios, and the risk rating of some risks being changed. The updated Top Risks document and Risk Appetite Statement for this financial year are provided in Appendices 3 and 4 for Council’s endorsement.
- The Internal Audit Plan for 2023/24 presented by Council’s internal auditors, KPMG, was approved by the Committee and is provided as Appendix 5. There has been a movement of audits between years to ensure a more effective programme due to the timing of the implementation of improvement programmes and balancing of workloads, with no overall change to the three year plan.
- The results of the Climate Change Governance internal audit were presented and the report is included as Appendix 6. The report assesses Council as ‘developing’ and provides a number of recommendations under three broad themes. An improvement programme that addresses these recommendations will be developed and presented to a future Committee meeting.
- The Audit New Zealand Management Report 2021/22 was presented to the Committee and is provided for information in Appendix 7. The report assesses Council’s control environment as ‘effective’, provides good feedback on the various identified areas of audit focus, raises four new recommendations prioritised at the mid-point of the three level priority scale, and clears 17 of the 24 recommendations made in prior audits.
- The results of the Transportation Procedural Audit by Waka Kotahi was received. The audit found no outstanding issues from the 2018 audit and most areas in the current audit effective, with the only area for improvement identified being professional services. A review of how internal costs are determined is to be actioned as recommended.
- An Insurance Market Update was provided by Council’s insurers, Aon, and included an update on the anticipated impacts of the Auckland weather event at the end of January and Cyclone Gabrielle within the market.

- The Business Resilience Policy and Guide to Business Resilience were endorsed by the Committee. The policy is presented in the new format and supported by the guide and was updated as part of the regular policy review cycle. An updated Business Resilience Improvement Programme plan to implement the recommendations from the follow up audit was also presented.
- The following risk updates for key strategic projects were presented:
 - Ahu Ake - the Waipā Community Spatial Plan;
 - The Annual Plan 2023/24;
 - The Long Term Plan 2024/34; and
 - The Water Reforms Transition.
- Outstanding management report matters; the Fees and Charges Improvement Programme plan; the Inclusion of carbon assessment in business cases; and a 31 January 2023 capital programme update were considered.
- In the public excluded part of the meeting there was consideration of capital works risks, an update on property sales, and litigation matters. The Group Manager District Growth and Regulatory and the Chief Executive engaged with the Committee on a number of key risks relating to Group and wider organisation.
- Also in the public excluded part of the meeting there was a deep dive into the Top Risk: 'Failure to protect information assets' presented by the Manager Information Services. This included reviewing the external context; risk appetite for this Top Risk and associated portfolio in the Risk Appetite Statement and an update on the mitigant actions.

Questions and comments are invited on any of the matters outlined above.

5 SIGNIFICANCE & ENGAGEMENT – KAUPAPA WHAI MANA ME NGĀ MATAPAKINGA

Staff have considered the key considerations under the Significance and Engagement Policy, in particular sections 7 and 8, and have assessed that the matters in this report have a low level of significance.

6 OPTIONS – NGĀ KŌWHIRINGA

Option	Advantages	Disadvantages
Option 1: Reject revisions	<ul style="list-style-type: none"> ▪ None identified 	<ul style="list-style-type: none"> ▪ Risk management practices are not subject to continuous improvement practices and documentation is not considered fit for purpose over time.

(to Top Risks and Risk Appetite Statement)		<ul style="list-style-type: none"> Unacceptable ambiguity in relation to risk based decision making.
Option 2: Accept revisions (to Top Risks and Risk Appetite Statement)	<ul style="list-style-type: none"> Risk management practices undergo continuous improvement activity. Greater clarity for ARC and subsequently for Council and management applying a risk management lens to decision making. 	<ul style="list-style-type: none"> None identified.

The recommended option is Option 2. The reason for this is the continued effective governance of risk management practices by the Audit and Risk Committee and risk management practices by Council staff.

7 OTHER CONSIDERATIONS – HEI WHAIWHAKAARO

Council's Vision and Strategic Priorities

Effective risk management is in support of Council achieving its vision, community outcomes and strategic priorities.

Legal and Policy Considerations – Whaiwhakaaro ā-Ture

Staff confirm that the Option 2 complies with Council's legal and policy requirements.

Financial Considerations – Whaiwhakaaro ā-Pūtea

The total costs to complete this work are included in operational costs as funded through the 2021-31 LTP.

Risks - Tūraru

This report is directly related to the management of risk through governance and management practices. There are no known significant risks associated with the decisions required for this matter.

8 NEXT ACTIONS

Action	Responsibility	By When
Adoption of the revised documents by Council	Manager Organisational Excellence	28/03/2023
Ongoing use of Council's appetite statement as part of decision making across Governance and Management levels	N/A	Ongoing

Workshop to review the Top Risks and Risk Appetite for 2023/24	Group Manager Business Support	30 June 2023
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9 APPENDICES - ĀPITITANGA

No:	Appendix Title
1	Unconfirmed Minutes of Audit and Risk Committee Meeting 13 March 2023
2	Quarterly Risk Report November 2022 to January 2023
3	Updated Top Risks 2022/23
4	Updated Risk Appetite Statement 2022/23
5	Internal Audit Plan for 2023/24
6	Climate Change Governance Internal Audit Report
7	Audit New Zealand Management Report 2021/22



Genny Wilson

BUSINESS RESILIENCE AND RISK ADVISOR



Approved by Ken Morris

DEPUTY CHIEF EXECUTIVE / GROUP MANAGER BUSINESS SUPPORT

APPENDIX 1

Unconfirmed Minutes of Audit and Risk Committee 13 March 2023 (document number 10980997)

COMMITTEE MINUTES



Committee: Audit and Risk Committee
Time: 10am
Date: 13 March 2023
Venue: Council Chambers, Waipā District Council
101 Bank Street, Te Awamutu

PRESENT

Chairperson

Bruce Robertson

Members

Her Worship the Mayor SC O'Regan (joined the meeting at 11.25am), Councillors AW Brown, LE Brown, RDB Gordon, MG Montgomerie.

1 APOLOGIES

RESOLVED

14/23/01

That the apologies for lateness from Her Worship the Mayor O'Regan who was attending another Council related meeting be received.

Chairperson Robertson / Councillor Gordon

2 DISCLOSURE OF MEMBERS' INTERESTS

None

3 LATE ITEMS

There were no late items.

COMMITTEE MINUTES



4 CONFIRMATION OF ORDER OF MEETING

RESOLVED

14/23/02

That the order of the meeting be confirmed.

Councillor A Brown / Chairperson Robertson

5 CONFIRMATION OF MINUTES

RESOLVED

14/23/03

That the open minutes of the Audit and Risk Committee meeting held on 5 December 2022 having been circulated, be taken as read and confirmed as a true and correct record of that meeting.

Chairperson Robertson / Councillor Gordon

6 RISK MANAGEMENT UPDATE

Business Resilience and Risk Advisor, Genny Wilson took the Risk Management Update report as read.

The Committee discussed the impact of Cyclone Gabrielle on Council and other Local Authorities.

RESOLVED

14/23/04

That the Audit and Risk Committee receive the report of Genny Wilson, Business Resilience and Risk Advisor, titled 'Risk Management Update' (document number 10953575), including the 'Quarterly Risk Report' (document number 10969452).

Councillor A Brown / Councillor M Montgomerie

7 RE-APPROVAL OF TOP RISKS AND RISK APPETITE STATEMENT

Manager Organisational Excellence, Georgina Knapp sought re-approval for the revised documents – Council's Top Risks 2022/23 and Council's Risk Appetite Statement 2022/2023 which had previously seen by Council on 15 November 2022.

COMMITTEE MINUTES



The Committee acknowledged the work done on these documents and were happy with the changes.

Ms Knapp confirmed the Top Risks document and Appetite Statement would be circulated to other Waipā District Council elected members that did not sit on the Audit and Risk Committee.

RESOLVED

14/23/05

That the Audit and Risk Committee

- a) *Receives the report of Georgina Knapp, Manager Organisational Excellence, titled 'Re-approval of Top Risks and Risk Appetite Statement' (document number 10969224);*
- b) *Approves the revised Top Risks 2022/23 document including the recommended changes to top risk residual risk ratings (ECM 10854729), for Council endorsement;*
- c) *Approves the revised Risk Appetite Statement 2022/23 document including the recommended changes to risk portfolio appetite risk ratings (ECM 10863494), for Council endorsement.*

Councillor Gordon / Councillor Montgomerie

8 CONFIRMATION OF 2023/24 INTERNAL AUDIT PROGRAMME

[This item was taken after Items 13 and 17]

KPMG Directors, Bineeta Nand and Murtaza Ali provided an overview of the proposed 2023/24 Internal Audit Programme.

RESOLVED

14/23/08

That the Audit and Risk Committee

- a) *Receives the report of Genny Wilson, Business Resilience and Risk Advisor titled 'Confirmation of 2023/24 Internal Audit Programme' (document number 10953641);*
- b) *Approves the Internal Audit Plan Refresh FY24 (document number 10971890).*

Councillor Gordon / Councillor Montgomerie

COMMITTEE MINUTES



9 INTERNAL AUDIT REPORTING: CLIMATE CHANGE GOVERNANCE REVIEW

KPMG Directors Bineeta Nand and Murtaza Ali and Associate Director, Tanvi Mohite spoke to their report.

RESOLVED

14/23/09

That the Audit and Risk Committee receive the report of Genny Wilson, Business Resilience and Risk Advisor, titled 'Internal Audit Reporting: Climate Change Governance Review' (document number 10953644).

Councillor L Brown / Councillor A Brown

10 AUDIT NEW ZEALAND MANAGEMENT REPORT 2021/22

[The meeting adjourned at 11.05am and reconvened at 11.25am]

[Her Worship the Mayor O'Regan joined the meeting at 11.25am]

Audit Director René van Zyl spoke to the Audit New Zealand Management Report 2021/22.

Chairperson Robertson requested the Audit Arrangements Letter be received from Audit New Zealand and forwarded to him before the end of May 2023.

RESOLVED

14/23/10

That the Audit and Risk Committee receive the report of Jolanda Hechter, Manager Finance, titled 'Audit New Zealand Management Report 2021/22', (document number 10970353).

Councillor A Brown / Councillor M Montgomerie

11 OUTSTANDING MANAGEMENT REPORT MATTERS

Manager Finance, Jolanda Hechter advised the Committee that a number of outstanding management matters previously reported had now been cleared by Audit New Zealand.

Audit Director, René van Zyl was invited to make comments, there were none.

COMMITTEE MINUTES



RESOLVED

14/23/11

That the Audit and Risk Committee receive the report of Jolanda Hechter, Manager Finance, titled 'Outstanding Management Report Matters' (document number 10958758).

Councillor Gordon / Councillor L Brown

12 INSURANCE MARKET UPDATE FEBRUARY 2023

AON National Client Manager, Deanna Macdonald presented an insurance market update to the Committee.

RESOLVED

14/23/12

That the Audit and Risk Committee receives the report of Aimee Turner, Management Accountant, titled 'Insurance Market Update February 2023' (document number 10972615).

Councillor A Brown / Councillor L Brown

13 BUSINESS RESILIENCE IMPROVEMENT PROGRAMME UPDATE

[This item was taken before Items 8,9,10,11 and 12]

Business Resilience and Risk Advisor, Genny Wilson took the Business Resilience Improvement Programme Update as read and answered questions from the Committee.

RESOLVED

14/23/06

That the Audit and Risk Committee

- a) **Receives** the report of Genny Wilson, Business Resilience and Risk Advisor, titled 'Business Resilience Improvement Programme Update' (document number 10953655) and the updated 'Business Resilience Improvement Programme Plan' (document number 10966898).
- b) **Endorses** the 'Managing Business Resilience at Waipā Policy' (document number 10960285) and 'Guide to Business Resilience' (document number 10960283).

Councillor L Brown / Councillor A Brown

COMMITTEE MINUTES



14 FEES AND CHARGES IMPROVEMENT PROGRAMME PLAN

Group Manager District Growth and Regulatory Services, Wayne Allan spoke to the report.

A discussion was had on timesheets and working with the digital work programme.

RESOLVED

14/23/13

That the Audit and Risk Committee receive the report of Genny Wilson, Business Resilience and Risk Advisor, titled 'Fees and Charges Improvement Programme Plan' (document number 10953646).

Chairperson Robertson / Councillor Montgomerie

15 RISK REPORTING ON THE ANNUAL PLAN 2023/24

Manager Strategy, Melissa Russo provided the Committee with an overview of the Annual Plan 2023/24.

RESOLVED

14/23/14

That the Audit and Risk Committee receive the report of Melanie Andrews, Strategic Projects Driver, titled Risk Reporting on the Annual Plan 2023/24 (ECM 10972182).

Councillor L Brown / Councillor A Brown

16 RISK REPORTING ON THE LONG TERM PLAN 2024-34

Manager Strategy, Melissa Russo took the report on Risk Reporting on the Long Term Plan 2024-34 as read and answered questions from the Committee.

RESOLVED

14/23/15

That the Audit and Risk Committee receive the report of Melanie Andrews, Strategic Projects Driver, titled Risk Reporting on the Long Term Plan 2024-34 (ECM 10974204).

Chairperson Robertson / Councillor Gordon

COMMITTEE MINUTES



17 RISK REPORTING ON THE WAIPĀ COMMUNITY SPATIAL PLAN PROJECT

[This Item was taken before Items 8,9,10,11,12,14,15 and 16]

Group Manager Strategy, Kirsty Downey took the Risk reporting on the Waipā Community Spatial Plan project report as read and highlighted that no new risks had been identified since the last reporting in December 2022.

RESOLVED

14/23/07

That the Audit and Risk Committee receive the report of Vanessa Honore, Senior Strategic Planner titled Risk reporting on the Waipā Community Spatial Plan project (ECM 10975164).

Chairperson Robertson / Councillor A Brown

18 WATER TRANSITION RISK MANAGEMENT UPDATE

Manager Delivery Performance, Sherryn Paterson provided an update to the Committee.

RESOLVED

14/23/16

That the Audit and Risk Committee receives the report of Sherryn Paterson, Manager Delivery Performance, titled Water Transition Risk Management Update (document number 10969744).

Councillor A Brown / Councillor Gordon

19 TRANSPORATION PROCEDURAL AUDIT BY WAKA KOTAHI

[Item 20 taken before item 19]

Asset Management Team Leader, Paul Strange gave an overview of the procedural audit by Waka Kotahi.

Mr Strange advised the Committee that an audit had recently been completed.

COMMITTEE MINUTES



RESOLVED

14/23/18

That the Audit and Risk Committee receives the report of Paul Strange, Asset Management Team Leader - Transportation, titled Transportation Procedural Audit by Waka Kotahi NZ Transport Agency (document number 10944618).

Councillor L Brown / Councillor Montgomerie

20 INCLUSION OF CARBON ASSESSMENT IN BUSINESS CASES

[Item 20 was taken before Item 19]

Principal Engineer, Peter Higgs provided the Committee with a summary of the approach to including carbon assessment in business cases.

Mr Higgs advised the Committee that nine staff had volunteered to be carbon champions working alongside business case report writers.

RESOLVED

14/23/17

That the Audit and Risk Committee receives the report of Peter Higgs, Principal Engineer, titled Inclusion of Carbon Assessment in Business Cases (document number 10962056).

Chairperson Robertson / Councillor A Brown

21 CAPITAL PROGRAMME UPDATE TO 31 JANUARY 2023

Peter Thomson, Manager Project Delivery, spoke to the Capital Programme Update to 31 January 2023 report.

RESOLVED

14/23/19

That the Audit and Risk Committee receives the report of Peter Thomson, Manager Project Delivery, titled Capital Programme Update to 31 January 2023 (document number 10969854).

Councillor Gordon / Councillor A Brown

COMMITTEE MINUTES



22 RESOLUTION TO EXCLUDE THE PUBLIC

RESOLVED

14/23/20

(Section 48, Local Government Official Information and Meetings Act 1987)

THAT the public be excluded from the following parts of the proceedings of this meeting.

The general subject of the 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 are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
23. Confirmation of Public Excluded Minutes – 5 December 2022 24. Capital Programme Risks to 31 January 2023 25. Potential Asset Sales 6 monthly update 26. Deep Dive into Top Risk 10 27. Litigation Update 28. Group Risk Discussion- Group Manager District Growth and Regulatory Services 29. Organisational Risk Discussion with the Chief Executive	Good reason to withhold exists under section 7 Local Government Official Information and Meetings Act 1987	Section 48(1)(a)

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, or Sections 6, 7 or 9 of the Official Information Act

COMMITTEE MINUTES



1982, as the case may be, which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, are as follows:

Item No.	Section	Interest
23,28,29	Section 7(2)(a)	To protect the privacy of natural persons, including that of deceased natural persons.
23,28,29	Section 7(2)(b)(i)	To protect information which if public would; disclose a trade secret.
23,28,29	Section 7(2)(b)(ii)	To protect the information which if public would; unreasonably prejudice the commercial position of the person who supplied or who is the subject of the information.
23,26	Section 7(2)(c)(i)	To protect information which is subject to an obligation of confidence where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, where it is in the public interest that such information should continue to be supplied.
23,26	Section 7(2)(c)(ii)	To protect information which is subject to an obligation of confidence where the making available of the information would be likely otherwise to damage the public interest.
23,27	Section 7(2)(g)	To maintain legal professional privilege
23,24,25,27	Section 7(2)(h)	To enable the council to carry out, without prejudice or disadvantage, commercial activities.

Chairperson Robertson / Councillor L Brown



The meeting went into Public Excluded at 1.17pm

There being no further business the meeting closed at 3.15pm

CONFIRMED AS A TRUE AND CORRECT RECORD

CHAIRPERSON:

.....

.....

DATE:

.....

UNCONFIRMED

APPENDIX 2

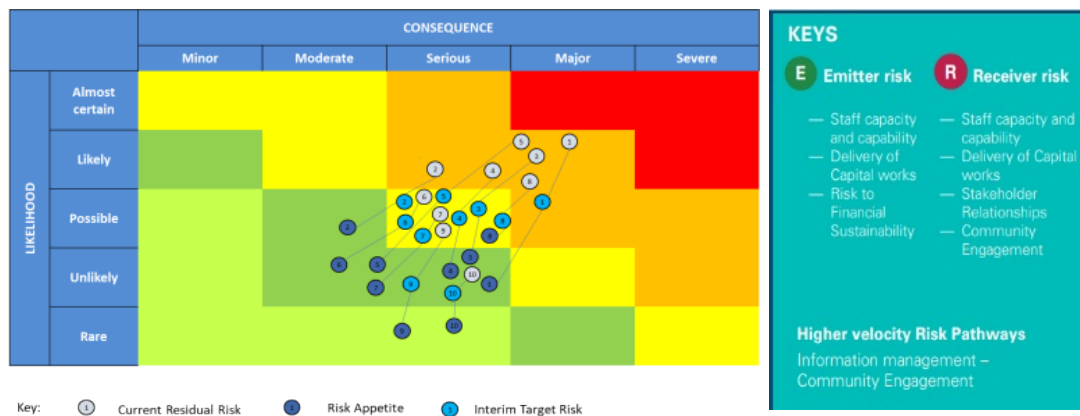
Quarterly Risk Report November 2022 to January 2023 (document number 10969452)

QUARTERLY RISK MANAGEMENT REPORT FOR NOVEMBER 2022 TO JANUARY 2023

KEY INSIGHTS

- The Top Risks and Risk Appetite Statement have been updated based on the discussions with ARC last meeting. A separate agenda item presents the updated documents.
- Trends for the Top Risks continue to evolve and show the volatility of the environment Council is currently operating in.
- Four top risk residual ratings and two portfolio level risk appetites have been recommended for change. These are outlined in the separate agenda item related to the re-approval of the top risks and risk appetite statements.
- Four Councillors and three staff attended the CoLab ARC Seminar. Staff gave a short presentation on our risk journey which received significant engagement from the floor. We will also present to Council.
- Risk management training was launched through our inaugural Waipā Risk Awareness week. All staff are expected to complete the first module: Managing Risk at Waipā – An Introduction.
- The internal audit programme is on track.
- The replacement of the payroll system into our Enterprise system, Technology One, will be externally audited as a pre-requisite to go live. Audit NZ have now confirmed that they cannot resource this audit so we are procuring external auditors based on the brief from Audit NZ.

TOP RISKS HEAT MAP – 10 TOP RISKS



- A total of 10 Top Risks identified and assessed for this financial year.

SUMMARY OF TOP RISKS

#	Risk Area and Statement	Residual (current) level	Trend
1	Inadequate staffing capacity and capability to deliver Council's objectives: If Council is not adequately resourced, both in terms of capacity and capability, then this under resourcing may contribute to failure and/or significantly increased costs to deliver service levels and key projects.	Very High	➡
2	Failure to deliver the programme of capital works: If Council fails to plan for and deliver the proposed programme of capital works as prioritised then this will impact the overall delivery of infrastructure to support growth, level of service improvements and asset replacement.	Very High	➡
3	Risk to Financial Sustainability: If Council does not have sufficient liquidity and/or funding or debt levels are at a limit; has not planned effectively for growth, including timing of infrastructure; has not completed planned asset sales; or if an unseen event such as a disaster required funding then delivery of service levels and key projects may be significantly impacted.	Very High	⬆
4	Failure to effectively engage with the community: If Council does not effectively engage with the community, then the impacts of Council decisions will not be understood, and with the current level of change fatigue Council's reputation and community engagement may be negatively impacted.	Very High	➡
5	Failure to manage an effective response to climate change impacts: If Council does not actively understand climate change impacts and manage an effective response to these impacts then this may have significant financial and reputational effects as well as adverse economic and social impacts on the community.	Very High	➡
6	Failure to give effect to Te Tiriti and build successful Iwi/Mana Whenua partnerships: If Council fails to give effect to Te Tiriti and build and sustain partnerships with Iwi/Mana Whenua, including support of developing capability and capacity internally and within Mana Whenua, then Council will fail to meet its governance obligations and the ability to operate and deliver key projects will be significantly impacted.	High	➡
7	Failure of relationships with key stakeholders: If Council has a breakdown in relationships with key stakeholders, then Council's ability to operate and deliver services and projects effectively and within reasonable timeframes will be significantly impacted with negative flow on impacts to the community.	High	➡
8	Failure to manage response to and the impacts of central government reforms: If Council does not prepare for, understand impacts, and manage the response and transition to the reforms being led by central government then this may have significant financial and reputational effects on the organisation, as well as adverse economic and social impacts on the community	Very High	➡
9	Failure to manage Health and Safety and Wellbeing: If Council does not have a strong health and safety and wellbeing culture and commitment to keeping staff, contractors and members of the public safe and well for Council controlled activities then there will be unacceptable injuries, poor mental wellbeing and potentially fatalities with legal consequences.	High	➡
10	Failure to protect information management assets: If information management assets are compromised through actions of staff or other parties including cyber-security attacks, privacy breaches, data loss or corruption, or non-compliance of legislated obligations then Council's delivery of services and reputation will be negatively impacted.	Moderate	➡

QUARTERLY RISK MANAGEMENT REPORT FOR NOVEMBER 2022 TO JANUARY 2023

FINANCIAL SUSTAINABILITY – TRACKING AGAINST LTP ASSUMPTIONS to 31 JANUARY 2023

Key Risk Indicator Report

Status = **Not started** - **On track** - **Off track** - **At risk** - **Complete**

Risk Title	KRI	Status
Risk to Financial Sustainability	Building Consents: Number of consents issued against same time last year	At Risk
Risk to Financial Sustainability	Resource Consents: Number of consents issued against same time last year	At Risk
Delivery of the capex programme against the Annual Plan budget	Projects 100%. Renewal	At Risk
Monitoring of assumptions used in preparing Annual Plan as year progresses	Borrowing interest rates	At Risk
Risk to Financial Sustainability	Growth - Impact on rates	At Risk
Monitoring of assumptions used in preparing Annual Plan as year progresses	Annual Plan 70%. Growth	On Track
Monitoring of assumptions used in preparing Annual Plan as year progresses	Capex 80%. LOS	On Track
Risk to Financial Sustainability	Value of Building Consents issued against same time last year	On Track

Budget vs actual variance for capex:

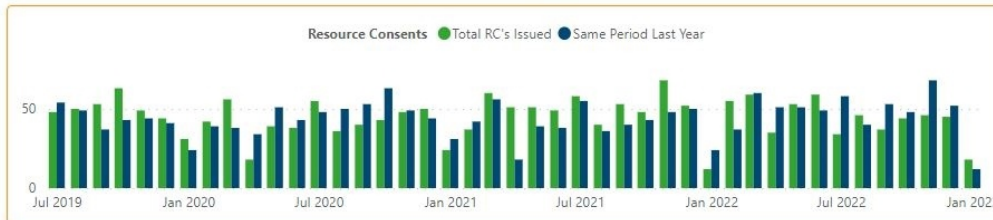
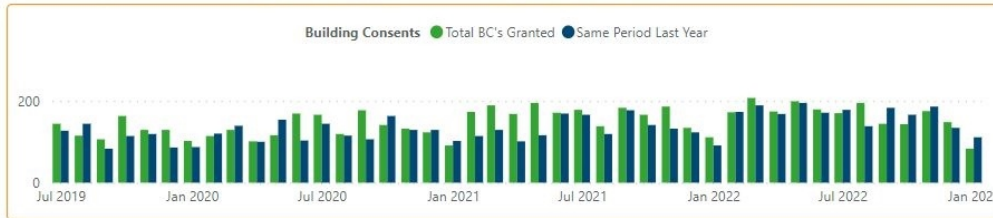
Budget	Actual
\$187.86M	\$63.08M

Budget vs actual variance for operations:

Budget	Actual
\$111.5M	\$62.12M

YTD vs Same Period LY:

BC's granted 1058 Year Prior: 1096 (-3.47%)	BC value of work \$384M Year Prior: \$378.8M (+1.37%)	Resource Consents Issued 270 Year Prior: 331 (-18.43%)
--	--	---



Delivery of the capex programme against the Annual Plan budget:



Monitoring of assumptions used in preparing Annual Plan as year progresses:



EMERGING RISKS

A new emerging risk has been identified due to the impact of Cyclone Gabrielle on infrastructure.

If the remediation of the impacts of Cyclone Gabrielle on infrastructure are given priority then there may be flow on impacts to the capital works programme due to a shortage of resources, both personnel and supplies.

As this is newly emerging the impact has not been determined and the situation will be monitored.

ADDITIONAL RISK REPORTING (as per Risk and Compliance Management Policy)

PROJECT DELIVERY RISKS (Capital Work)

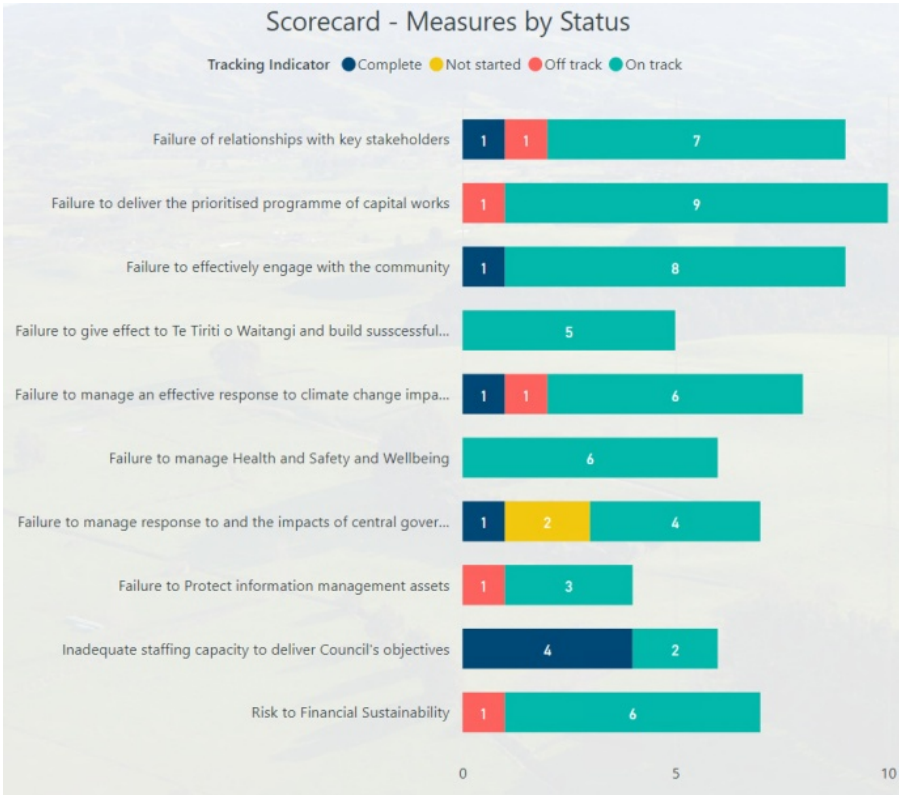
Project Delivery Risks (Capital Works) will be discussed under Project Delivery Report agenda item (may be Public Excluded).

OPERATIONAL RISKS

Planning for implementation of the Promapp Risk module is underway with an expected implementation date of fourth quarter 22/23.

QUARTERLY RISK MANAGEMENT REPORT FOR NOVEMBER 2022 TO JANUARY 2023

TOP RISK MITIGATION ACTION MONITORING EXCEPTIONS



Top Risk	Measure/Action	Status Action	Tracking Indicator	Exec Owner	Status Comment
Failure to manage response to and the impacts of central government reforms	Commence the review of Waipā 2050 Growth Strategy following the development of Ahu Ake (Waipā Community Spatial Plan) and the Future Development Strategy	Not started	Not started	CE	This work will be informed by Ahu Ake and the FDS.
Failure to manage response to and the impacts of central government reforms	Role established for managing Future of Local Government reforms	Not started	Not started	CE	Discussions are underway with the Chief Executive and Executive Team as to whether this role is required having regard to the external support provided through regional collaboration.
Failure of relationships with key stakeholders	Complete the review and commence the implementation of the Economic Wellbeing Strategy	In progress	Off track	GM Strategy	This project has experienced delays. Work undertaken to date is being reviewed to ensure alignment with the preferred scenario being developed for Ahu Ake.
Failure to deliver the prioritised programme of capital works	Cycling – Te Awamutu/ Nga Roto/ Pirongia connection	In progress	Off track	GM Service Delivery	Design work progressing, alongside consents and land agreements. Hoping to tender Stage 1/Section 2 early in 2023
Failure to manage an effective response to climate change impacts	Lead the development of the Environment Strategy (including implementation plan) for adoption by 30 June 2023	In progress	Off track	GM Strategy	Work is progressing on the development of a Vision, Goals and Priorities, with a further piece of work undertaken to ensure alignment with the development of the preferred future scenario being developed for Ahu Ake. An Elected Member workshop was held on 29 November 2022, and clear direction was provided to staff. Work is progressing to further develop the Strategy. It is acknowledged that the Strategy will be delayed due to the timing for the adoption (now September 2023) of Ahu Ake and the need to be consistent with the same.
Failure to Protect information management assets	Everything in its Place Initiative (EIIP) – moving from setting the groundwork up to more of a compliance and reporting focus	Ongoing	Off track	GM Business Support	Scope and progress assessment currently underway with new IM Lead.
Risk to Financial Sustainability	Property sales are achieved in line with the Property Strategy which sets the course for realising asset sales revenue and ensuring the highest best use and optimised returns from council owned properties	Ongoing	Off track	GM Business Support	Manager Property Projects role became vacant 21 October 2022, which has slowed this activity down. We have recruited a permanent replacement who commences on 6 March 2023 which should assist in gaining momentum in near future.

INTERNAL AUDIT UPDATE

- The internal audit improvement programmes are largely on track.
- The Internal Audit Plan for 2023/24 is presented as a separate agenda item this meeting.
- The Climate Change Governance Audit report is presented to this ARC meeting as a separate agenda item.
- The Fees and Charges: Building and Resource Consents and Development Contributions Review improvement programme plan has been developed to implement the recommendations and is presented to this ARC meeting.
- The Project and Programme Management Improvement Programme has completed the updates to templates for the LTP business cases and project prioritisation. Training has been provided to business case writers and reviewers.
- Improvement programmes completed and no longer being reported:
 - Payroll (including follow up)
 - Health and Safety
 - Capex procurement (PSP)

Audit	Type of Audit	Year audit completed	Expected programme completion	RAG status
Business Continuity Management Gap Analysis	Maturity	May-2017	Jun-2024	Follow up audit completed May 2022. New action plan
Procure to Pay	Internal control	May-2017	Jun-2024	On track for action plan from follow up audit
Contract Management	Internal control	Mar-2018	Jun-2024	On track for action plan from follow up audit
Risk Management Maturity	Maturity	Jun-2018	Jun-2023	On track
Legislative Compliance Framework	Maturity	Mar-2019	Jun-2023	On track
Asset Management Planning Framework	Internal control	May-2020	Jun-2023	Progressing
Fraud Risk Management Gap Analysis	Internal control	Mar-2021	Jun-2023	On track
Project and Programme Management	Maturity	Oct-2021	Jun-2024	On track
Fees and Charges: BC, RC and DC	Internal control	Oct-2022	Jun-2025	Action plan developed

QUARTERLY RISK MANAGEMENT REPORT FOR NOVEMBER 2022 TO JANUARY 2023

OTHER PROGRAMME AND PROJECT RISKS

Project	Description	Risk Reduction Measure & Treatment Type	Residual Risk Rating
Digital programme	If there is a reprioritisation of priorities and in particular significant increase in BAU activity which takes pre-planned project resources away from projects then projects will be delayed.	Project planning including resource requirements completed for all projects. Conservative worst case scenario applied. Backfilling considered where significant resource is required.	Very High Risk
HRP Project	If the additional scope of work related to the internal and external audit requirements to ensure compliance is unable to be delivered within existing timeframes then the project may be elongated, increasing costs.	Working through requirements with internal and external audit teams to work through and plan requirements	Very High Risk

LITIGATION RISK UPDATE

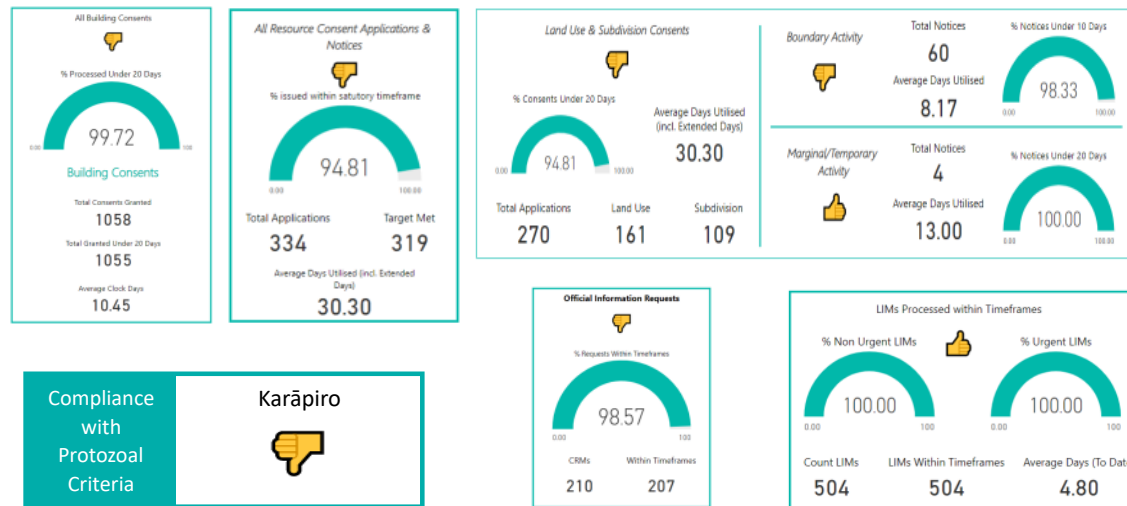
There are currently three legal proceedings initiated in the Courts against Council relating to allegations of negligence. The claims seek damages of over \$6.7 million, \$2.5 million and \$1 million respectively. Further information is provided in the Litigation update elsewhere in the agenda.

CYBERSECURITY RISK UPDATE

- Ransomware continues to evolve and remains one of the most reported types of cyber attack
- The Russian - Ukraine conflict has changed the global threat landscape. NZ has been named as part of the international taskforce Counter Ransomware Initiative. NSC has not seen increased threats but both factors may potentially increase threats.
- A further module of Phriendly Phishing has been completed by staff this quarter that targets smishing (SMS Phishing). Keeping awareness high amongst staff remains a key prevention of breaches.
- IS continue to implement recommended improvements from the fortnightly reports, including tidying up licences and devices.
- WDC continue to outperform peer Councils against the SAM tool benchmark.

COMPLIANCE REPORTING

STATUTORY TIMEFRAME COMPLIANCE (YTD to 31 January 2023)



Commentary for those compliance performance measures not meeting target YTD:

Building Consents

100% of consents issued throughout October to January were issued within the statutory timeframes. Those which exceeded the 20-day timeframe in prior months were a result of temporary software issues which have since been resolved and human error. Training has been carried out to prevent reoccurrence of the errors made by staff.

Resource Consents

All consents issued within January met the statutory timeframes. The 15 consents which did not meet target in prior months are due to complexities or specific issues with some applications.

Drinking Water Compliance – Network Zone

Compliance was met for all plants aside from Karāpiro WTP. A programming issue identified in May 2022 which has since been resolved.

Official Information Requests

Of 210 LGOIMAs total, 3 have not met target. One LGOIMA response was sent out in October with one day's delay - the request was declined under sections 7(2)(g) and 17(a) of the Local Government Official Information and Meetings Act 1991 Waipa District Council - legal privilege. One LGOIMA response was completed in time, however there was a delay by staff in delivery of the response which resulted in the request being 2 days over the 20-day timeframe. The final request over timeframes is relating to an investigation from the Ombudsman.

OMBUDSMAN COMPLAINTS

We have not received any notifications of Ombudsman investigations for the period 1 November 2022 – 31 January 2023.

The Ombudsman is undertaking a preliminary enquiry regarding a complaint received recently – no

Investigation 199942
Version: 10, Version Date: 28/02/2023

PRIVACY

No privacy breaches have been recorded this quarter.

APPENDIX 3

Top Risks 2022/23 (document number 10854729)

WAIPA DISTRICT COUNCIL 2022/23 YEAR TOP RISKS

Updated February 2023



CONTENTS PAGE

- Summary of Top Risks.....3
- Top Risks.....5
- Appendix 1: Risk Assessment at Waipa.....15



SUMMARY OF TOP RISKS

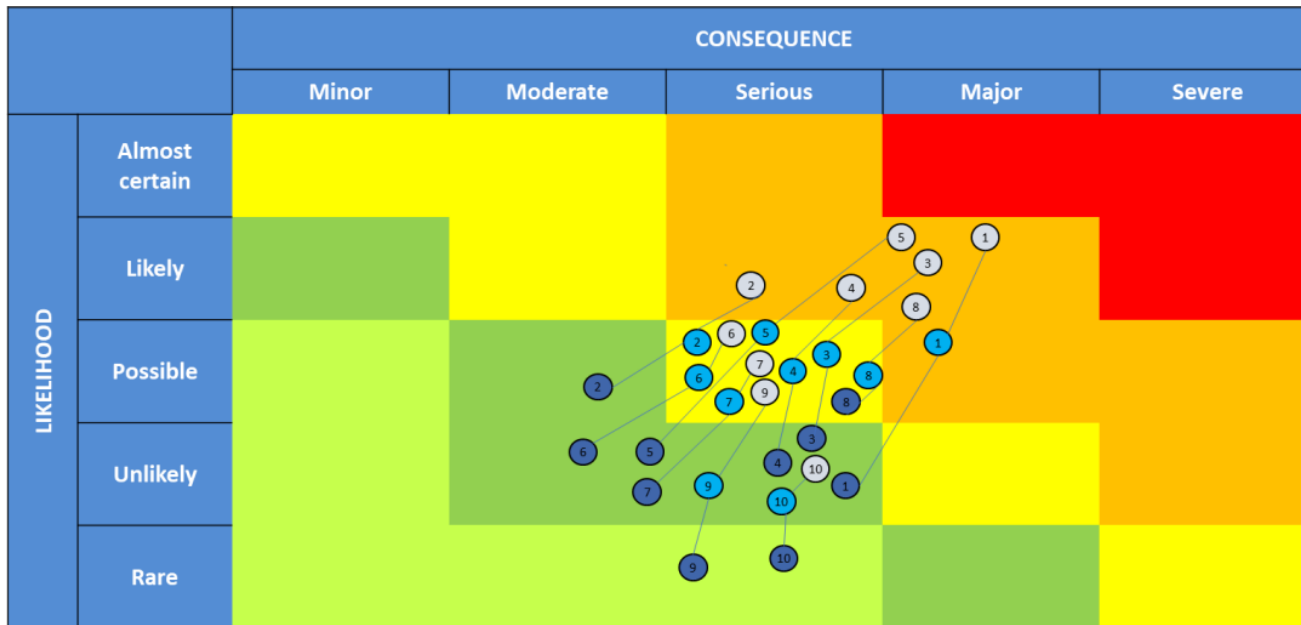
The following are the top risks to the achievement of Waipa District Council’s 2022/23 strategic priorities.

Detail on each risk is set out on subsequent pages.

Monitoring and Review:

- Planned activity monitoring will occur through the existing business plan monitoring mechanism.
- Quarterly Executive Team and Audit and Risk Committee reporting on risk management.

Note: that the Current Residual Risk Level for the majority of risks has been raised compared to last year’s Top Risk profile to more accurately reflect the current environment.

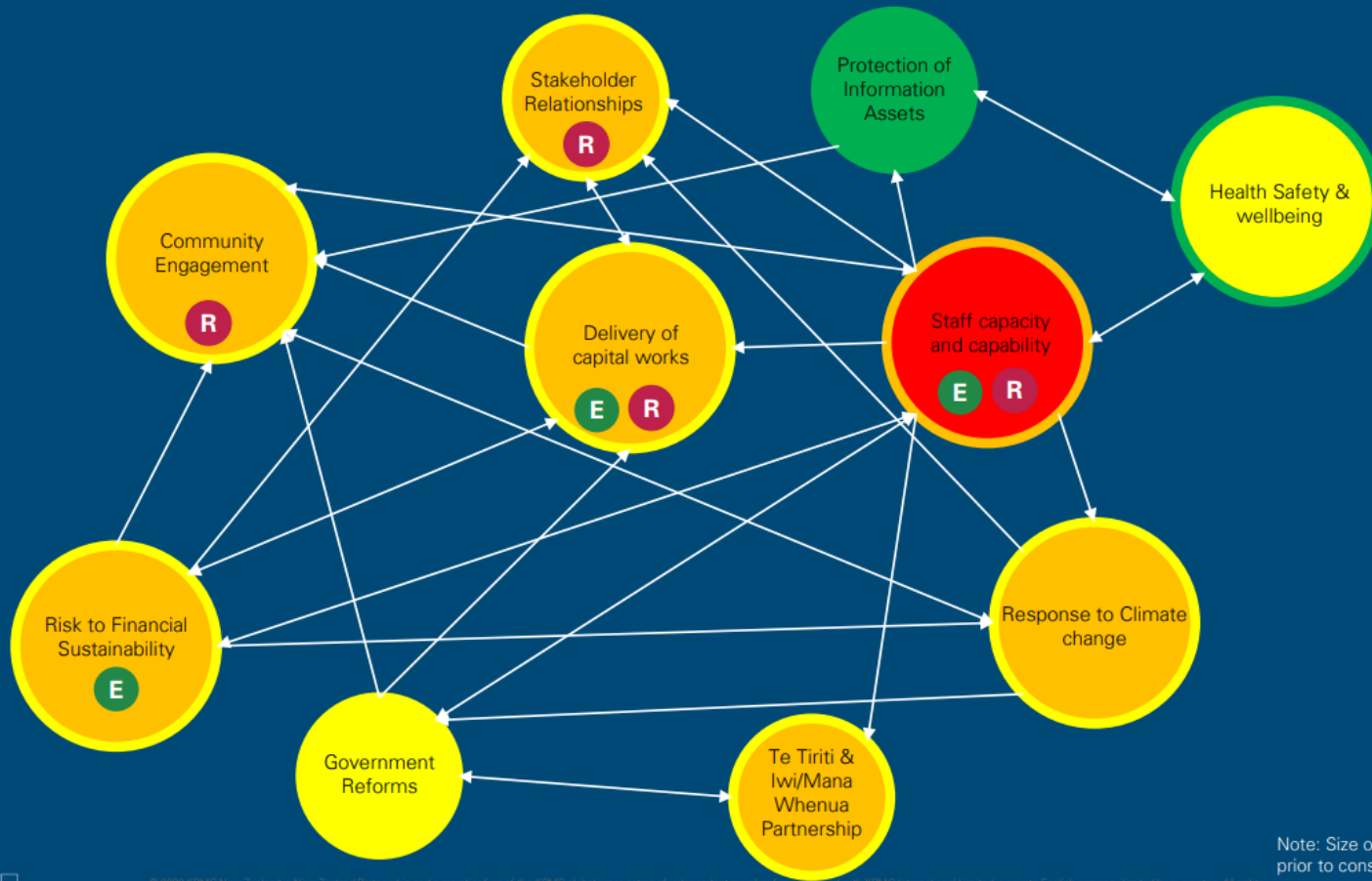


Key: 1 Current Residual Risk 1 Risk Appetite 1 Interim Target Risk

#	Risk Area and Statement	Residual (current) level	Trend
1	Inadequate staffing capacity and capability to deliver Council’s objectives: If Council is not adequately resourced, both in terms of capacity and capability, then this under resourcing may contribute to failure and/or significantly increased costs to deliver service levels and key projects.	Very High	➔
2	Failure to deliver the programme of capital works: If Council fails to plan for and deliver the proposed programme of capital works as prioritised then this will impact the overall delivery of infrastructure to support growth, level of service improvements and asset replacement.	Very High	➔
3	Risk to Financial Sustainability: If Council does not have sufficient liquidity and/or funding or debt levels are at a limit; has not planned effectively for growth, including timing of infrastructure; has not completed planned asset sales; or if an unseen event such as a disaster required funding then delivery of service levels and key projects may be significantly impacted.	Very High	⬆️
4	Failure to effectively engage with the community: If Council does not effectively engage with the community, then the impacts of Council decisions will not be understood, and with the current level of change fatigue Council’s reputation and community engagement may be negatively impacted.	Very High	➔
5	Failure to manage an effective response to climate change impacts: If Council does not actively understand climate change impacts and manage an effective response to these impacts then this may have significant financial and reputational effects as well as adverse economic and social impacts on the community.	Very High	➔
6	Failure to give effect to Te Tiriti and build successful Iwi/Mana Whenua partnerships: If Council fails to give effect to Te Tiriti and build and sustain partnerships with Iwi/Mana Whenua, including support of developing capability and capacity internally and within Mana Whenua, then Council will fail to meet its governance obligations and the ability to operate and deliver key projects will be significantly impacted.	High	➔
7	Failure of relationships with key stakeholders: If Council has a breakdown in relationships with key stakeholders, then Council’s ability to operate and deliver services and projects effectively and within reasonable timeframes will be significantly impacted with negative flow on impacts to the community.	High	➔
8	Failure to manage response to and the impacts of central government reforms: If Council does not prepare for, understand impacts, and manage the response and transition to the reforms being led by central government then this may have significant financial and reputational effects on the organisation, as well as adverse economic and social impacts on the community.	Very High	➔
9	Failure to manage Health and Safety and Wellbeing: If Council does not have a strong health and safety and wellbeing culture and commitment to keeping staff, contractors and members of the public safe and well for Council controlled activities then there will be unacceptable injuries, poor mental wellbeing and potentially fatalities with legal consequences.	High	➔
10	Failure to protect information management assets: If information management assets are compromised through actions of staff or other parties including cyber-security attacks, privacy breaches, data loss or corruption, or non-compliance of legislated obligations then Council’s delivery of services and reputation will be negatively impacted.	Moderate	➔



Waipā's risk networking



KEYS

E Emitter risk **R** Receiver risk

- Staff capacity and capability
- Delivery of Capital works
- Risk to Financial Sustainability
- Staff capacity and capability
- Delivery of Capital works
- Stakeholder Relationships
- Community Engagement

Higher velocity Risk Pathways
Information management – Community Engagement

Size of circle = Inherent Risk
Colour of circle = Residual Risk
Outline of circle = Risk Appetite

KEY

- Extreme risk
- Very high risk
- High risk
- Moderate risk
- Low risk

Note: Size of bubbles indicate the individual risk impact and probability prior to considering the "domino" effect of the risk cluster.



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Supporting comments:

Risk networks assists with more holistic risk management by illuminating an additional dimension which shows the impact risks have on each other. Groups of strongly related risks are called risk "clusters. These are relevant because key failures are seldom the result of a single risk event but are more typically the consequence of a number of related risks materialising at the same time. Whilst individual risks may not be regarded as significant due to their assessed likelihood and impact, it may change when the risks are considered in combination considering clusters. Identifying and understanding these risk clusters drives the prioritisation and actions for risk mitigation measures to be implemented. Emitter risks are critical risks to be managed as these could trigger some of the other risks within a risk cluster. Therefore, adequate assurance should be obtained to ensure these risks are managed in an effective manner.

ENTERPRISE RISK OWNER - Manager Human Resources

RISK DESCRIPTION

If Council is not adequately resourced, both in terms of capacity and capability, then this under resourcing may contribute to failure and/or significantly increased costs to deliver service levels and key projects.

KEY RISK DRIVERS

PEOPLE

- Staff turnover
- Salary expectations
- Workload imbalances
- Calibre and volume of applicants



PROCESS

- Workflow and workload balancing
- Right sizing of workforce
- Recruitment options and mix of internal and external appointments
- Alternative benefits to attract and retain staff



EXTERNAL

- Establishment of new water agencies
- Constrained labour market
- Low unemployment rate
- Immigration settings
- Movement between Councils in Waikato Region



RISK IMPACTS

- Staff wellbeing, health and safety compromised
- Non delivery of services, and/or projects
- Dependence on external contractor support
- Additional workload for existing staff to cover vacancies
- Negative financial impacts
- Equity disparity between new recruits and existing staff
- Reputational damage

RISK APPETITE

WDC appreciates the current challenge of attracting and retaining the right employees to Council. Consequently it is willing to accept a **very high** level of interim target risk in the current labour market. Retention is also more important in the current environment.

Effort is underway to reinforce the existing alternative strategies to attract new staff and retain existing talent as part of Council's employee value proposition to lower the residual risk.

Council's risk appetite is **moderate** and is driven by the potential for non-delivery of Council's objectives and services and reputational damage as well as the potential financial impacts. The current market makes reaching appetite difficult.

RISK ASSESSMENT

Inherent Risk	Extreme
Residual Risk	Very High
Interim Target risk	Very High
Risk Appetite	Moderate

CURRENT MITIGATIONS AND CONTROLS

- Current business model takes an account management approach for HR; each business unit is allocated an HR advisor to support addressing capacity and capability challenges, including workforce planning considerations: impending retirements, exits, cadetships, interns, identifying successors/leaders, and development and/or career progression needs
- Ongoing conversations on staffing through the regular ET and Managers' meeting forums.
- The organisation ensures department redesigns are based on the most appropriate department structure to achieve respective workloads
- Where required external resource is contracted in when internal resourcing is inadequate to deliver key outcomes
- Alternative remuneration and benefits for employees part of Council's EVP
- Values feeding into policy rationalisation for managing staff behaviours and decision making
- Leadership team using PDR to identify personal development for staff

KEY RISK INDICATORS

- Staff turnover
- Percentage of recruitment internal appointments

SIGNIFICANT PLANNED ADDITIONAL MITIGATIONS - 22/23 Year

Action	Owner
Enhance Council's Employee Value Proposition to support staff retention	Mgr HR
Advance flexible working arrangements policy	Mgr HR
Pou Tataki implementation with policy rationalization	Mgr HR/GM BS
HRP TechOne project – progress implementation and roll out of LMS	Mgr HR
Departments look holistically across the organisation for skills/resources when restructuring	Leadership Team
Resource constraints reported early to Executive Team so allocation decisions are made	Leadership Team

ENTERPRISE RISK OWNER - Group Manager Service Delivery

RISK DESCRIPTION

If Council fails to plan for and deliver the proposed programme of capital works as prioritised then this will impact on the overall delivery of infrastructure to support growth, level of service improvements and asset replacement.

KEY RISK DRIVERS

PEOPLE

- Specialist role shortages
- Capacity gaps



PROCESS

- Timing and prioritisation of projects
- Resourcing to deliver within planned timeframes
- Adequacy of planning
- Quality of business cases and application of project management framework
- Ambitions quantum that can be delivered – capacity constraints



EXTERNAL

- Market constraints
- Growth of district – rate and quantum
- Development timing or failure resulting in unnecessary expenditure
- Immigration settings
- Supply chain and economic impacts of COVID
- Accelerated planning and unplanned expectations from Govt/Council



RISK IMPACTS

- Non delivery of planned projects
- Negative financial outcome
- Reputation damage
- Community outcomes not delivered



RISK APPETITE

WDC appreciates the challenge of delivering the ambitious capital works programme in the current Long Term Plan and is willing to accept an interim target risk of **high**. There are capacity, supply chain and economic constraints that may impact the quantum that can be delivered versus the programme planned over the year.

A number of these current risk drivers are out of Council's direct control. There are also increased expectations from accelerating unplanned projects from government and Council placing more pressure on delivery.

Council's risk appetite is **moderate** and is driven by the potential for non-delivery resulting in reputational damage and adverse financial impacts. The current market makes reaching appetite difficult.

RISK ASSESSMENT

Inherent Risk	Extreme
Residual Risk	Very High
Interim Target Risk	High
Risk Appetite	Moderate

CURRENT MITIGATIONS AND CONTROLS

- Clear key capital project programme governance structure and reporting has been implemented to support best practice project delivery
- Planning across financial years to provide more certainty of resource requirements and pipeline for developers
- Where required external resources contracted in where internal resourcing is inadequate to deliver key outcomes
- Monthly reporting to the executive, and quarterly reporting to ARC on capital project delivery including tracking of spend against the Annual Plan/LTP and approved reforecast
- BI PCG established to provide governance to the digital change projects

KEY RISK INDICATORS

The Key Risk Indicators identified are trends in the following measures:

- Monitoring of assumptions used in preparing LTP
- The 22/23 Annual Plan is delivered within budget, capex projects targets and 75% of level of service

SIGNIFICANT PLANNED ADDITIONAL MITIGATIONS - 22/23 Year

Action	Owner
Cycling – Te Awamutu/ Nga Roto/ Pirongia connection	GM SD
Urban Mobility Network – confirm and commence	GM SD
Complete upgrades of Te Awamutu and Cambridge skate parks. Confirm location and concept for Kihikihi and Pirongia Skate Parks	GM C&CS
Progress the development of the 2024-34 LTP i	GM Strategy
Western Arterial Designation (northern section) uplifting underway	Mgr Transport
Cambridge Strategic Transport Network Review Business case	Mgr Transport
Kihikihi township – stormwater enabling works	Mgr Water
Southern Sub Regional W WTP – Land purchase and designation	Mgr Water
Monitoring of the LTP assumptions and highlighting subsequent actions	GM BS
Progressing and enabling the urban development in growth cells	GM DG&R

ENTERPRISE RISK OWNER - Group Manager Business Support

RISK DESCRIPTION

If Council does not have sufficient liquidity and/or funding or debt levels are at limit; has not planned effectively for growth, including timing of infrastructure; has not completed planned asset sales; or if an unforeseen event such as a disaster requires funding then delivery of service levels and key projects may be significantly impacted.

KEY RISK DRIVERS

PEOPLE

- Capacity gaps
- Workload imbalances and overload



PROCESS

- Rates remission levels
- Rates collection levels
- Debt levels
- Cash flow



EXTERNAL

- Economic and market factors
- Developer financial viability and revenue from Development Contributions
- Growth of district – rate and quantum
- Development timing or failure resulting in unnecessary expenditure
- Unforeseen event
- Potential exposure for liability from legal claims



TOP RISK 3

Risk to
Financial
Sustainability

RISK IMPACTS

- Non delivery of projects
- Negative financial outcome
- Reputation damage
- Lowered levels of service
- Staffing reduced

RISK APPETITE

WDC appreciates the challenge of delivering services and projects in a time of growth but also in a time of economic uncertainty due to the long-term effects of COVID.

As per the Long Term Plan Council's debt levels are steadily increasing, therefore there are less financial contingencies in place. There is limited control by Council of the financial impacts of a current global economic downturn.

Council is willing to accept a **high** level of risk this year as reinforced by the financial parameters approved through the 2021-31 LTP. Focus is on ensuring council services are run prudently and monitoring the financial key risk indicators related to this top risk.

RISK ASSESSMENT

Inherent	Extreme
Residual Risk	Very High
Interim Target risk	High
Risk Appetite	Moderate

CURRENT MITIGATIONS AND CONTROLS

Current Key Mitigations in place on an ongoing basis:

- Robust discussion and assessment of the assumptions contained within the Annual and 10-Year plans.
- Monitoring and reporting of assumptions for LTP
- Financial policies adopted during LTP inform decision making
- Modular design for expansion of treatment plants
- Improved financial reporting through technology investments
- Monthly KRI reporting to the Finance and Corporate Committee

KEY RISK INDICATORS

The Key Risk Indicators identified are trends in the following measures:

- Actual against debt benchmark
- Budget vs actual variance for operations and capex
- Expected Revenue drops by 15% or more to trigger activation of Business Continuity Plan – monitored through
 - number of building and resource consents
 - rates collection rates
 - development contributions actual vs budget variance
- Monitoring that 80% of growth cell is full before next cell opened

SIGNIFICANT PLANNED ADDITIONAL MITIGATIONS - 22/23 Year

Action	Owner
Monitoring of the LTP assumptions and highlighting subsequent actions	Mgr Finance
Internal audit programme completed as per the audit plan: and improvement plan / Strategies implementation monitored and reported	GM BS
Commence the development of the 2023/24 Annual Plan	Mgr Strategy
Property sales are achieved in line with the Property Strategy which sets the course for realising asset sales revenue and ensuring the highest best use and optimised returns from council owned properties	Mgr Property Projects
Progressing and enabling the urban development in growth cells	GM DG&R Mgr DP&G PRENG
Implement the council approved work programme for the Waipā District Plan Changes and process private plan change requests	Mgr DP&G
Manage legal claims closely to limit liability	GM BS

ENTERPRISE RISK OWNER - Group Manager Customer and Community Services

RISK DESCRIPTION

If Council does not effectively engage with the community, then the impacts of Council decisions will not be understood, and with the current level of change fatigue Council's reputation and community engagement may be negatively impacted.

KEY RISK DRIVERS

PEOPLE

- Customers' knowledge of and engagement with Council
- Staff response to customers – timeliness and quality of interaction
- Customer is not front of mind
- Capacity and capability of staff
- Bad behaviour by some customers



PROCESS

- Inconsistent customer experience
- Transparency of decision making
- Communication channels and uptake of messaging



SYSTEM

- Increased use of social media, including spread of misinformation



EXTERNAL

- Market constraints
- Changes by third parties blamed on Council e.g. removal of cheques, some mandates
- Volume and tone of messages from central government
- Future of Local Government reform



TOP RISK 4

Failure to effectively engage with the community

RISK IMPACTS

- Reputation damage and trust in the organisation
- Dissatisfied residents/customers

RISK APPETITE

WDC recognises the need to take a proactive approach to listening to and understanding our customer and community requirements and issues. Effective community engagement is the cornerstone in managing this risk. Council faces challenges in regards to managing this risk in the context of the wider Local Government Sector. There is an environment of increasing mistrust in authorities, high levels of misinformation and the presence of change fatigue within the community.

Within this context this year Council accepts a **high** interim target residual risk. While engagement with the Community is critical to achieving its objectives, lowering the risk further includes some factors outside of Council's control.

RISK ASSESSMENT

Inherent Risk	Extreme
Residual Risk	Very High
Interim Target risk	High
Risk Appetite	Moderate

CURRENT MITIGATIONS AND CONTROLS

Current Key Mitigations in place on an ongoing basis:

- Ongoing resident satisfaction surveying
- One-off customer surveying where further information is sought e.g. communication styles, post transaction surveying
- Community vision, outcomes and external strategic priorities confirmed with community consultation
- Ongoing investment in Community engagement activity for key activities and decisions
- Multiple avenues for the Community to engage with Council on an ongoing basis
- Community concept plans developed with communities

KEY RISK INDICATORS

The Key Risk Indicators identified are trends in the following measures:

- Resident perception survey indicators
- Number of views of streamed meetings

SIGNIFICANT PLANNED ADDITIONAL MITIGATIONS - 22/23 Year

Action	Owner
Support response to the Future of Local Government Reform	GM C&CS
Leading the development of Ahu Ake (Waipā Community Spatial Plan) in partnership with Mana Whenua and Iwi, including: the evaluation of possible future scenarios: the identification of an emerging preferred scenario: and adopting the best practice approach to stakeholder engagement and community consultation	GM Strategy
Advance external communication plan	Mgr C&E
Advance internal communication strategy	Mgr C&E
Advance and adopt a customer experience strategy	Mgr C&E
Community advisors continue to build strategic alliances with key stakeholders and deliver projects to enhance community resilience and well-being	GM C&CS
Promote a successful local government election and induction programme	Mgr Governance
Complete stakeholder mapping	Mgr SP
Implement Community Board Review	GM BS

ENTERPRISE RISK OWNER - Group Manager Strategy

RISK DESCRIPTION

If Council does not actively understand climate change impacts and manage an effective response to these impacts then this may have significant financial and reputational effects as well as adverse economic and social impacts on the community.

KEY RISK DRIVERS

PEOPLE

- Lack of understanding of impacts of climate change on the organisation and the district
- Capacity and capability to analyse impacts of climate change when planning



PROCESS

- Requires significant cross organisational collaboration
- Assessing WDC carbon footprint
- Legislative compliance with risk reporting
- Financial pressures resulting from Covid-19 impact on ability to complete climate change projects
- Clarity of governance



EXTERNAL

- Highlighted as an issue by the community – increasing expectations
- Central Government response and requirements increasing
- Peer Councils response and planning
- Expert opinions and global knowledge of impacts
- Projected growth and developments
- Impact on assets being experienced now
- Impact on vulnerable communities



RISK IMPACTS

- Negative financial outcome
- Reputation damage
- Social and economic, cultural and environmental wellbeing reduced
- Legislative non-compliance

RISK APPETITE

Climate change events could have a substantial effect on WDC and its community with impacts now being experienced. With increasing expectations from central government and community the option of delaying an effective response to climate change is no longer viable.

Council will include climate change in planning for infrastructure and the community and make some investment in resources to start lowering the risk level over the next year. This includes responding to reporting requirements. The activity to mitigate against climate change is increasing within Council as there is desire to lower this level of this risk.

Further investment over a longer time period will be required to reach the risk appetite.

RISK ASSESSMENT

Inherent Risk	Extreme
Residual Risk	Very High
Interim Target Risk	High
Risk Appetite	Moderate

CURRENT MITIGATIONS AND CONTROLS

Current Key Mitigations in place on an ongoing basis:

- Monitoring reputable available information and collaborating with other Councils and Local Government organisations to provide an informed response
- Assess impact of risk reporting requirements from the Climate Change Response (Zero Carbon) Amendment Act 2019 (CCRA)
- Flood view finder released to allow residents to understand potential flooding impacts.
- Carbon emission baselining and monitoring in place
- Carbon reduction working group is in place and actively researching ideas for future implementation
- Workstreams established to progress carbon emission reduction workplans

KEY RISK INDICATORS

The Key Risk Indicators identified are trends in the following measures:

- Changes in baseline carbon footprint
- Projects delivering climate change response or future proofing
- Climate change reporting requests from Ministry for Environment

SIGNIFICANT PLANNED ADDITIONAL MITIGATIONS - 22/23 Year

Action	Owner
Advance carbon reduction work	GM SD
Food waste collection feasibility study outcomes implemented in preparation for 2024 LTP	Mgr Transport
Business Case template updated to provide for carbon assessments	GM SD
Waipā DC Carbon Emissions report to 30 June 2022 prepared and reported	GM SD
Lead the development of the Environment Strategy (including implementation plan) for adoption by 30 June 2023	Mgr Strategy
Implementation of the Transport Strategy	Mgr Transport
Emissions Reduction Plan implementation	GM SD
Carbon reduction targets agreed by Council	GM Strategy

ENTERPRISE RISK OWNER - Group Manager Strategy

RISK DESCRIPTION

If Council fails to give effect to Te Tiriti o Waitangi and build and sustain partnerships with Iwi/Mana Whenua, including support of developing capability and capacity internally and within Mana Whenua and Iwi, then Council will fail to meet its legislative and governance obligations and the ability to operate and deliver key projects will be significantly impacted.

KEY RISK DRIVERS

PEOPLE

- Capacity and capability of staff to engage
- Limited understanding by staff of Te Tiriti o Waitangi, Tikanga and Tangata Whenua
- Resourcing and affordability to engage
- Capacity and capability of Mana Whenua and Iwi



PROCESS

- Time taken to build relationships
- Inclusion/Omission of Iwi/Mana Whenua in planning of projects
- Resource consent requirements



EXTERNAL

- Treaty Settlements
- Central government reforms
- COVID-19 recovery disproportionately impacting Iwi



RISK IMPACTS

- Non delivery or delayed delivery of projects
- Reputation damage
- Judicial challenge



RISK APPETITE

As Council's Mana Whenua and Iwi partnerships are so critical WDC has a medium risk appetite for the impacts of this risk but acknowledges that this an aspirational appetite that will be worked towards over time.

As of February 2023, through the development of Ahu Ake and associated intensive Mana Whenua/Iwi engagement the residual risk has been lowered to high. The additional mitigations are based on further strengthening the relationships with Iwi within current resourcing/environment will further support this reduction. Building capacity and capability internally and within Mana Whenua over time is required for to reach Council's risk appetite of **moderate**.

RISK ASSESSMENT

Inherent Risk	Very High
Residual Risk	High
Interim Target Risk	High
Risk Appetite	Moderate

CURRENT MITIGATIONS AND CONTROLS

Current Key Mitigations in place on an ongoing basis:

- Council has a dedicated role and staff focusing on building and maintaining effective relationships with key partners including Iwi
- Council has established a number of partnership forums including NITOW and the Iwi Consultative Committee and also has ongoing involvement (as an interested party) with Treaty negotiations
- Engagement with Iwi incorporated into Council's communication plan for key projects where the project is of interest to Iwi.
- Te Ara Wai Governance Committee representation
- At risk projects identified and planned for appropriately
- Council's adopted Significance and Engagement policy guides Council as to the level of engagement required for different scenarios
- Active partner in JMAs with Waikato Tainui, Raukawa and Maniapoto
- Te Kanohi are appointed and participate in all major committees
- Māori Ward representation from 2022

KEY RISK INDICATORS

The Key Risk Indicators identified are trends in the following measures:

- Resident perception survey indicators
- Ad hoc sentiment

SIGNIFICANT PLANNED ADDITIONAL MITIGATIONS - 22/23 Year

Action	Owner
Liaise with central government representatives and local philanthropic funders to determine potential funding avenues for the fit out of Te Ara Wai	GM C&CS
Community advisors continue to build strategic alliances with key stakeholders and deliver projects to enhance community resilience and well-being	GM C&CS
Leading the development of Ahu Ake (Waipā Community Spatial Plan) in partnership with Mana Whenua and Iwi, including: the evaluation of possible future scenarios: the identification of an emerging preferred scenario: and adopting a best practice approach to stakeholder engagement and community consultation	GM Strategy
Continue to grow tikanga and cultural awareness in the organisation through the delivery of Tikanga and TE Reo training and practice	Mgr SP
Advance the Tangata Whenua partnership model, adopting a principle based approach to engagement	Mgr SP
Complete stakeholder mapping	Mgr SP

ENTERPRISE RISK OWNER - Group Manager Strategy

RISK DESCRIPTION

If Council has a breakdown in relationships with key stakeholders, then Council's ability to operate and deliver services and projects effectively and within reasonable timeframes will be significantly impacted with negative flow on impacts to the community.

KEY RISK DRIVERS

PEOPLE

- Lack of understanding of who key stakeholders and partners are
- Capacity and capability of staff to respond
- Availability of key stakeholders to engage
- Constraints within teams leading consultation



PROCESS

- Time taken to build relationships
- Lack of visibility of all interactions with key stakeholders across the organisation
- Lack of engagement with key stakeholders across Council
- Resourcing and affordability to collaborate
- Lack of communication and engagement strategy



EXTERNAL

- Key stakeholders commitment to relationship



RISK IMPACTS

- Delivery of projects and services that don't meet stakeholder expectations
- Negative financial outcome
- Reputation damaged
- Decision making is inappropriate

RISK APPETITE

Council's relationships are so critical in achieving its objectives WDC has a **moderate** appetite for the impacts of this risk. As of February 2023, through the development of Ahu Ake and associated intensive stakeholder engagement, the residual risk has been lowered to **high**. This is also reinforced by the collaboration across the region in regards to 3-waters reform planning and the Future of Local Government Reform.

However, the time and cost of managing and sustaining these relationships mean that the risk appetite will take time to be realized.

RISK ASSESSMENT

Inherent Risk	Very High
Residual Risk	High
Interim Target Risk	High
Risk Appetite	Moderate

CURRENT MITIGATIONS AND CONTROLS

Current Key Mitigations in place on an ongoing basis:

- Council has a dedicated role and staff focusing on building and maintaining effective relationships with key stakeholders and partners
- Te Ara Wai Governance Committee has been established supported by an engagement programme
- At risk projects identified and planned for appropriately
- Council's adopted Significance and Engagement policy guides Council as to the level of engagement required for different scenarios
- Input into Co-Lab services and performance, including invite to Co-Lab CE to visit Executive Team every six months to build relationship
- Business Development Manager role focused on building relationships for economic growth initiatives
- Community Advisors have been made permanent to develop deep, lasting community relationships

KEY RISK INDICATORS

The Key Risk Indicators identified are trends in the following measures:

- Resident perception survey indicators
- Ad hoc sentiment
- Engagement plans for high risk projects identified and adopted

SIGNIFICANT PLANNED ADDITIONAL MITIGATIONS - 22/23 Year

Action`	Owner
Advance external communication plan	Mgr C&E
Advance and adopt a customer experience strategy	Mgr C&E
Community advisors continue to build strategic alliances with key stakeholders and deliver projects to enhance community resilience and well-being	GM C&CS
Liaise with central government representatives and local philanthropic funders to determine potential funding avenues for the fit out of Te Ara Wai.	GM S, Mgr SP
Provide strategic input into the induction programme for the new council	GM S, Mgr SP
Complete the review and commence the implementation of the Economic Wellbeing Strategy	Mgr Strat
A Transition plan is agreed and implemented with newly created Cambridge Town Hall Community Trust to enable the ongoing partnership that activates the Cambridge Town Hall Society	Mgr PS
Opportunities to advance affordable and social housing in the Waipā district progressed with the support of the Housing Working Groups	Mgr PP
Complete Stakeholder mapping	Mgr SP

ENTERPRISE RISK OWNER - Chief Executive

RISK DESCRIPTION

If Council does not prepare for, understand impacts, and manage the response and transition to the reforms being led by central government then this may have significant financial and reputational effects on the organisation, as well as adverse economic and social impacts on the community.

KEY RISK DRIVERS

PEOPLE

- Lack of understanding of impacts of local government review and proposed reforms on the organisation and the district
- Capacity and capability to analyse impacts of review
- Uncertainty for staff



PROCESS

- Requires significant cross organisational collaboration
- Uncertainty for strategy and plan development



EXTERNAL

- Increased emphasis on 4 well beings
- Community expectations
- Central Government response and requirements increasing
- Peer Councils response and planning
- Expert opinions and sector knowledge of impacts
- Projected growth and developments



RISK IMPACTS

- Negative financial outcome
- Reputation damage
- Community wellbeing reduced (4 well beings)
- External relationships affected
- Staff reduction or redeployment

RISK APPETITE

The level of uncertainty around future of local government once 3-waters is removed is **very high**. WDC recognises the challenges facing the sector with these changes and will proactively manage what this means for the organisation and district. Council will undertake ongoing monitoring of the situation and be proactive in planning for any changes.

Due to the level of uncertainty and that the changes are largely outside of Council's control it will accept a **high** interim target this year which is aligned with the current level of risk and Council's risk appetite. This will be reviewed as further clarity of the reforms is received.

RISK ASSESSMENT

Inherent Risk	Very High
Residual Risk	Very High
Interim Target Risk	High
Risk Appetite	High

CURRENT MITIGATIONS AND CONTROLS

Current Key Mitigations in place on an ongoing basis:

- Agreement to be part of response unit to manage Council's response to reforms and inform decision making
- Stranded asset identification and response management with Co-Lab

KEY RISK INDICATORS

The Key Risk Indicators identified are trends in the following measures:

- Monitoring of stranded asset progress with Co-Lab

SIGNIFICANT PLANNED ADDITIONAL MITIGATIONS - 22/23 Year

Action	Owner
Manage response and transition to three waters reform – funding approved by Government	GM SD
Decision by Elected Members on use of Better Off (Water Reform) funding determined by September 2022	GM SD
Manage response to the Future of Local Government Reform	Executive Team
Providing strategic input to three waters reform, RMA reform, and the Future of Local Government review	GM Strategy
Preparation of a Future Development Strategy to meet the requirements of the NPS-UD	Mgr Str
Commence the review of Waipā 2050 Growth Strategy following the development of Ahu Ake (Waipā Community Spatial Plan) and the Future Development Strategy	Mgr Str
Managing Council's response to the proposed RMA reforms and understanding the impact on the organisation including any National Directions or the Protection of High Quality Soils and Indigenous Biodiversity	GM DG&R & Mgr DP&G
Role established for managing Future of Local Government reforms	GM Strategy

ENTERPRISE RISK OWNER - Manager Human Resources

RISK DESCRIPTION

If Council does not have a strong health and safety and wellbeing culture and commitment to keeping staff, contractors and members of the public safe and well for Council controlled activities then there will be unacceptable injuries, poor mental wellbeing and potentially fatalities with legal consequences.

KEY RISK DRIVERS

PEOPLE

- Human error
- Lack of training
- Inadequate management/leadership
- Ineffective H&S committee
- Ongoing impact of COVID and pace of change on staff, including rising aggression levels from customers
- Workloads



PROCESS

- Inconsistent or poor SoPs and documented processes
- Inadequate H&S plans
- Contractor pre-qualification process



EXTERNAL

- WorkSafe requirements
- Contractors – inadequate safety protocols in place
- Personal stressors outside of work environment



RISK IMPACTS

- Reputational damage
- Prosecution if serious injury/fatality
- Social and economic consequence to injured
- Poor Mental wellbeing

RISK APPETITE

WDC has an objective to minimize the risk that may result in serious injury or harm to any staff member or member of the community. The risk appetite is therefore **low**.

Current strategies and efforts are implemented to embed and sustain a health and safety culture. The emphasis this year is on staff wellbeing. Due to the ongoing impacts of COVID and pace of change within Local Sector well-being is being impacted therefore this component has increased the current residual risk to **high**. Note health and safety residual risk (excluding wellbeing) is currently considered **low**.

The interim target risk for the year is **moderate** with investment in welfare initiatives designed to achieve.

RISK ASSESSMENT

Inherent Risk	Extreme
Residual Risk	High
Interim Target Risk	Moderate
Risk Appetite	Low

CURRENT MITIGATIONS AND CONTROLS

- Current Key Mitigations in place on an ongoing basis:
- Due Diligence Plan in place – monitoring through Executive Team meetings and reported on at Finance & Corporate Committee meetings
 - Two experienced H&S advisors; each aligned to respective business units
 - “Garry’s Health and Safety Commitment” and “H&S, it’s Vital” brand
 - Annual H&S Committee objectives; Committee meetings held on a quarterly basis with representation from across the organisation
 - H&S electronic reporting and recording system (TRAX)
 - Staff health monitoring programme in place
 - Formal H&S reporting to the Executive Team (monthly), Finance & Corporate Committee (four-month report)
 - Staff H&S pulse assessed through the annual staff engagement survey
 - H&S related policies, training and implementation
 - WLASS Health & Safety Management Framework adopted
 - Organisation-wide top health and safety risks identified; mitigation measures incorporated into H&S business plan
 - Updated internal audit shows improvement to overall rating

SIGNIFICANT PLANNED ADDITIONAL MITIGATIONS - 22/23 Year

Action	Owner
Advance staff well-being programme	Mgr HR
Review and reinforce processes for dealing with bullying and intimidating behaviour	Mgr HR
Continuing Progress; SafePlus Recommendations	Mgr HR
Support the advancement of flexible working arrangement policy, staff well-being program, and embedding our values	Executive Team
Near miss reporting project to embed H&S culture	Mgr HR
Lone worker devices active and body camera trials	Mgr Compliance

KEY RISK INDICATORS

- The Key Risk Indicators identified are trends in the following measures:
- Lead and Lag indicators reported in Health and Safety report to Council
 - KPMG SafePlus Follow up Audit Recommendations – Actions progressed as per workplan and reported to Council

ENTERPRISE RISK OWNER - Group Manager Business Support

RISK DESCRIPTION

If information management assets are compromised through actions of staff or other parties including cyber-security attacks, privacy breaches, data loss or corruption, or non-compliance of legislated obligations then Council's delivery of services and reputation will be negatively impacted.

KEY RISK DRIVERS

PEOPLE

- Human error or other actions of staff
- Privacy breach
- Non-compliance with process and policy



PROCESS

- Insufficient controls
- Outdated controls



SYSTEM

- Data loss or corruption
- Access compromised



EXTERNAL

- Third party vendor requirements
- Cyber security attacks
- Global environment of increased state attacks



RISK IMPACTS

- Theft, ransom demands
- Loss of data or intellectual property
- Compromised service delivery
- Property Loss
- Legal repercussions
- Reputational damage

RISK APPETITE

WDC manages a range of information and data pertaining to its own activities and that of its stakeholders which is one of its most valuable assets. Investment in technology is ongoing and strategically driven by the digital roadmap. This investment is also a critical component of organisational resilience.

Although it is deemed to be an unlikely target for information management breaches and cyber risk (compared to other organisations), due to the size of the impact if the risk was realised Council has a **low** top risk appetite. However, the level of investment required to move this risk down further drives acceptance risk during the current year as **moderate**.

RISK ASSESSMENT

Inherent Risk	Very High
Residual Risk	Moderate
Interim Target Risk	Moderate
Risk Appetite	Low

CURRENT MITIGATIONS AND CONTROLS

Council actively mitigates against information management risk on an ongoing basis. These mitigants include:

- The implementation of up-to-date firewalls, anti-virus software and operating system patching
- Organisational internal and external policies aligned with best practice security controls
- Policy awareness and education campaigns
- Auditing and monitoring of systems and controls
- Regular hardware, software and network renewal programme reduces the risk of vulnerability to attack.
- Active testing programme in place with critical security vulnerabilities closed as identified
- Security consulting partner contract in place
- Cyber security improvement programme rolled out in conjunction with WLASS
- Privacy impact assessments completed as part of each digital project
- Training in Privacy and LGOIMA obligations with staff
- Cross Council tabletop exercise to test response and resilience
- High uptake of phishing training and test emails

SIGNIFICANT PLANNED ADDITIONAL MITIGATIONS - 22/23 Year

Action	Owner
Delivery of the Digital Roadmap and continued focus on improving existing systems	GM BS
Cyber security compliance	Mgr IS
Everything in its Place initiative (EIIP) – moving from setting the groundwork up to more of a compliance and reporting focus	Mgr IS
ICT Vendor Roadmaps – 12 Month forward looking calendar	Mgr IS

KEY RISK INDICATORS

The Key Risk Indicators identified are trends in the following measures:

- Number of security incidents and corrective actions identified
- Trends in security risks and vulnerabilities as per quarterly compliance reporting (internal and external)

APPENDIX 1: RISK ASSESSMENT AT WAIPA

Likelihood Assessment

LIKELIHOOD RATING		LIKELIHOOD PERCENTAGE	STRATEGIC	OPERATIONAL	PROJECT
			Probability of the risk occurring	Probability of the risk occurring	Probability of the risk occurring
Almost certain	AC	>95%	It is almost certain to occur in most circumstances in the next three years.	It is almost certain to occur in most circumstances in the next year. In relation to Health and Safety risks, definite probability, very limited or no controls. Has happened in the past and no compensating controls were implemented. Without additional controls the event is expected to occur in most circumstances. Is expected to occur again within a short period of time (likely to occur at least once in the next 3 months).	It is almost certain to occur in most circumstances during the life of the project.
Likely	L	75% - 95%	The event will likely occur sometime in the next three years	The event will likely occur sometime in the next year. In relation to Health and Safety risks, event will probably occur in most circumstances. Weak controls e.g. be careful. No auditing carried out to provide assurances. With existing controls in place this event will probably still occur with some certainty.	The event will likely occur sometime during the life of the project.

LIKELIHOOD RATING		LIKELIHOOD PERCENTAGE	STRATEGIC	OPERATIONAL	PROJECT
			Probability of the risk occurring	Probability of the risk occurring	Probability of the risk occurring
Possible	P	25% - 75%	Possibly occur sometime in the next three years.	Possibly occur sometime in the next year. In relation to Health and Safety risks, event could occur in some circumstances. Minimal controls. Event has occurred in other Councils or industries with similar levels of controls in place. Is expected to occur within the next 1 - 2 years.	Possibly occur sometime during the life of the project.
Unlikely	U	5% - 25%	Unlikely to occur in the next three years	Unlikely to occur in the next year. In relation to Health and Safety risks, event could occur in some circumstances, however more likely through human error by not following the controls. Event has not occurred in the business, but could in some circumstances in the next 2 - 5 years.	Unlikely to occur during the life of the project.
Rare	R	0% – 5%	Would occur only in rare circumstances in the next three years	Would occur only in rare circumstances in the next year. In relation to Health and Safety risks, event may occur in some exceptional circumstances e.g. serious assault. Improbably: a very small chance of events occurring that may be caused by events not previously seen or certain conditions. Despite effective controls being used an external event or uncontrollable event could occur.	Would occur only in rare circumstances during the life of the project

Matrix – Consequence if the risk occurs

SOURCE OF RISK	CONSEQUENCE RATING				
	Minor	Moderate	Serious	Major	Severe
	1	2	3	4	5
High level rating definitions	Manageable through routine procedures, unlikely to require specific application of resources	Event with consequences which can be readily absorbed, but which require management effort to minimise the impact	Significant event which can be managed under normal circumstances	Critical event which can be endured with proper management	Disaster with potential to lead to business failure
People and Culture - Health and Safety and Wellbeing	First Aid injury. Injury not requiring medical treatment. Health - Infrequent contact with the hazard at low concentration.	Medical Treatment injury. Injury requiring short term medical treatment with some lost time. Health - Frequent (daily) contact with the hazard at low concentration.	Restricted duties injury. Injuries requiring extended treatment. Health - Moderate (weekly) contact with the hazard at moderate concentration.	Lost Time injury or illness. Health - Infrequent (monthly) contact with the hazard at very high concentration. Frequent contact with the hazard at moderate concentration.	Fatality or Permanent Disability. Health - Frequent (daily) contact with the hazard at very high concentration.
Governance, reputation, legislative compliance and control	No impact on public confidence or media attention	Minor impact on public confidence and media attention. May be some local coverage - not front page.	Some impact on public confidence, reflected by local media and community interest in the Council's performance	Major impact on public confidence resulting in some national media coverage	Critical impact on public confidence, resulting in significant national media and Central Government attention e.g. through an inquiry and/or appointment of a Commissioner
Environment	Little or no impact on the environment	Short-term or minor impact on the environment	Serious damage of local importance with possible regulatory intervention	Serious damage of regional importance with possible regulatory intervention	Permanent damage requiring ongoing remediation and monitoring with regulatory involvement

SOURCE OF RISK	CONSEQUENCE RATING				
	Minor	Moderate	Serious	Major	Severe
	1	2	3	4	5
Planning and strategy including changes in central government policy	Negligible impact on outcomes and handled within normal operations	Temporary impact on long- term levels of service, with limited community interest and media attention	Noticeable impact on long- term levels of service, being consistently below expectations in one or more outcome categories. Some community interest and media attention.	Levels of service significantly below expectations in one or more outcome categories, bringing significant negative community and media attention	Levels of service in significant decline across all outcome categories. Widespread negative commentary attracts Central Government attention e.g. through an inquiry and/or appointment of a Commissioner.
Financial Organisation	Loss or overrun of less than \$100k	Loss or overrun of between \$100-250k	Loss or overrun of between \$250-500k	Loss or overrun of between \$500k-\$1m	Loss or overrun of over \$1m
Financial Organisation - Projects	1% project or programme budget overrun	2-5% project or programme budget overrun	5-10% project or programme budget overrun	>10% project or programme budget overrun	>30% project or programme budget overrun
Information management	Isolated equipment failure	Compromise of user password or information management processes impacting the confidentiality and integrity of data	Exploitation of application security flaws compromising the confidentiality and integrity of data	Loss or theft of USB/laptop/other device compromising confidentiality. Loss of a core system for an extended period.	Loss of infrastructure for an extended period
Resilience – Operations and service delivery	Temporary disruption in servicing a small number of customers	Disruption affecting some areas for less than a day	Disruption to a community for more than two hours or some areas for more than a day	Disruption to a community for more than a day or some areas for more than two weeks	Disruption to a community for more than a week
Resilience – Property and assets	Insignificant incident that causes no disruption to services	Isolated damage not requiring relocation of services to an alternative site	Damage to property that requires the relocation of some services to an alternative site	Damage to property that requires the relocation of all services for a short period	Damage to property that requires the relocation of all services for an extended period
Resilience – Climate change	Little or no impact on community plans for climate change	Localised impact on community plans for climate change	Some serious or long term impact on community plans for climate change	Significant impact on community plans for climate change	Extensive or catastrophic impacts on community plans for climate change

SOURCE OF RISK	CONSEQUENCE RATING				
	Minor	Moderate	Serious	Major	Severe
	1	2	3	4	5
Fraud, bribery and corruption	Near miss incident of fraud, bribery or corruption without financial or reputational damage	Fraud, bribery or corruption incident identified and managed internally without serious loss	Serious loss due to fraud, bribery or corruption impacting on reputation and in local media, requiring external assistance	Significant loss due to fraud, bribery or corruption with regional media attention and requiring external assistance	Extensive loss due to fraud, bribery or corruption resulting in national media coverage or regulatory intervention.

Risk Matrix and Risk Significance Levels

		CONSEQUENCE				
		Minor	Moderate	Serious	Major	Severe
LIKELIHOOD	Almost certain	High	High	Very High	Extreme	Extreme
	Likely	Medium	High	Very High	Very High	Extreme
	Possible	Low	Medium	High	Very High	Very High
	Unlikely	Low	Medium	Medium	High	Very High
	Rare	Low	Low	Low	Medium	High

APPENDIX 4

Risk Appetite Statement 2022/23 (document number 10863494)

Waipā District Council Year 2022/23 Risk Appetite Statement

July 2022

Revised February 2023



Contents

Part 1 - RISK APPETITE STATEMENT	3
1.1 Purpose	3
1.2 Risk Appetite	3
1.3 Overall Risk Appetite	3
1.4 The Application of Risk Appetite to Council’s Top Risks.....	8
1.5 Guide to setting Risk portfolio appetite	10
1.6 Communicating Organisational Risk Appetite.....	13
Part 2 - GLOSSARY	17

Issue	Reason for Issue	Author	Reviewer	Date
1	Draft for Review after refresh from ARC annual risk workshop	Genny Wilson	Georgina Knapp	25 July 2022
2	Draft for review by Leadership Team	Genny Wilson	Leadership Team	27 July 2022
3	Draft for approval by Executive Team and Audit and Risk Committee	Genny Wilson	Executive Team and ARC	19 August 2022
4	Revised document for approval by Executive Team and Audit and Risk Committee	Georgina Knapp	Executive Team and ARC	17 February 2023

PART 1 - RISK APPETITE STATEMENT

1.1 Purpose

Risk appetite is the conscious decision about the amount and type of risk that Waipā District Council (WDC) is willing to take in pursuit of its organisational objectives; Council's vision, community outcome and strategic priorities. Its purpose is to define and communicate to the organisation expectations regarding various risk types, and where it is to be pursued and where it is to be avoided.

1.2 Risk Appetite

WDC employs the concept of **risk appetite**; to describe the level of risk (as defined by likelihood and consequence) that WDC intends to attain.

Having a clearly defined risk appetite gives clarity to the wider organisation about the nature and degree of risks that can be taken with our strategic, operational and project work. It is closely linked to defining the overall strategy of WDC therefore setting risk appetite is defined by the Executive Team and Council through the Audit and Risk Committee.

The appetite for risk is influenced by a number of factors including (but not limited to):

- External environment and internal business model
- People (employees); capacity and capability, and culture
- Community needs and wants
- Councils risk maturity
- Business systems and internal risk management capabilities
- Legislation and policies
- Financial parameters and assumptions

1.3 Overall Risk Appetite

WDC sets risk appetite at the portfolio level as per the categories outlined in the table below. This risk appetite then informs the risk appetite selected at a more granular level against individual top, operational and project risks.

Overall WDC accepts that it is willing to take well defined risks at a moderate to high level where it will result in the achievement of strategic objectives and provide opportunities. It also understands that the successful achievement of these objectives is significantly supported by Council's perceived reputation of customers and stakeholders. Accordingly WDC is not willing to accept risks that would significantly adversely impact its reputation, nor where employee or

customer wellbeing is compromised. The risk appetite per portfolio is outlined in table 2: Council's risk appetite setting by risk portfolio. Table 1 defines the risk gauges.

Where the adoption of strategies, initiatives or actions may exceed the stated risk appetite, the Executive Team and Council, through the Audit and Risk Committee, will be consulted prior to those activities commencing. The risk statements in this document are for employees and elected members of WDC and any partners, contractors or participating associates.

Table 1: Risk gauge for reference:
















Range	Definition	Gauge
Low	Acceptable level is no risk to little residual risk. Controls in place to mitigate risks to as low as reasonably practicable.	
Moderate	Acceptable level of moderate residual risk so that innovation and opportunities can be maximised to provide value and threats are reduced to a safe level appropriately and cost effectively.	
High	Acceptable level of residual risk is high as it is either outside Council's control, provides opportunities that will result in rewards and value higher than the overall risk, or the investment required to mitigate the risk further is not prudent.	
Very High	Acceptable level of residual risk is very high as it is generally outside of Council's control and impacted by wider macroeconomic or political factors and the ability to lower is not possible or financially prudent in the current environment.	
Extreme	Acceptable level of residual risk is at a maximum.	

Table 2: Council's risk appetite setting by risk portfolio

Risk Portfolio	Brief grouping descriptor	Risk appetite	Risk appetite statement
People (People and Culture)	<ul style="list-style-type: none"> Inability to attract and retain skilled staff Ineffective employment relations Poor staff knowledge, skills, engagement Inadequate human resource planning 	Moderate 	<p>People risks typically result from staff constraints (not being able to fill positions with skilled staff); incompetence (lack skills and knowledge to do job correctly); or a corporate culture that does not foster engagement and productivity.</p> <p>Council accepts that strong leadership and investment in staff is necessary to achieve its strategic objectives. The risk appetite is driven by the potential for non-delivery of Council's objectives and reputational damage.</p>
People (Health, Safety and Well-being)	<ul style="list-style-type: none"> Failure to provide a safe work environment The presence of a work hazard 	Low 	<p>Council supports a zero harm goal. WDC has a low appetite for risk resulting in serious injury or death related to any Council controlled activity. This includes risk that affects the mental health of staff.</p>
Governance, reputation, legislative compliance and control	<ul style="list-style-type: none"> Ineffective relationship with our community (with reputational risk being a contributor) Ineffective relationship with and between elected members Implications of the election cycle e.g. familiarity with the functions and requirements of local government Failure to comply with legislative requirements Lack of internal control 	Moderate 	<p>A primary mandate of WDC is to effectively serve its communities. WDC must also comply with legislation. However, due to the breadth of the risk a moderate level of risk will be tolerated. In some instances the consequence is low or realistically mitigating the risk lower is not economically feasible.</p> <p>Stakeholder relationships are critical to Council however it recognises the challenges of effective community engagement including explaining what Council provides and being transparent with decision making. Council has a moderate appetite for the risks associated with relationships with Iwi/Mana Whenua and other key stakeholders as it accepts that there are challenges in building and sustaining effective relationships and constraints with the capacity and capability internally. Considering all aspects Council has a moderate level of risk for this portfolio.</p>

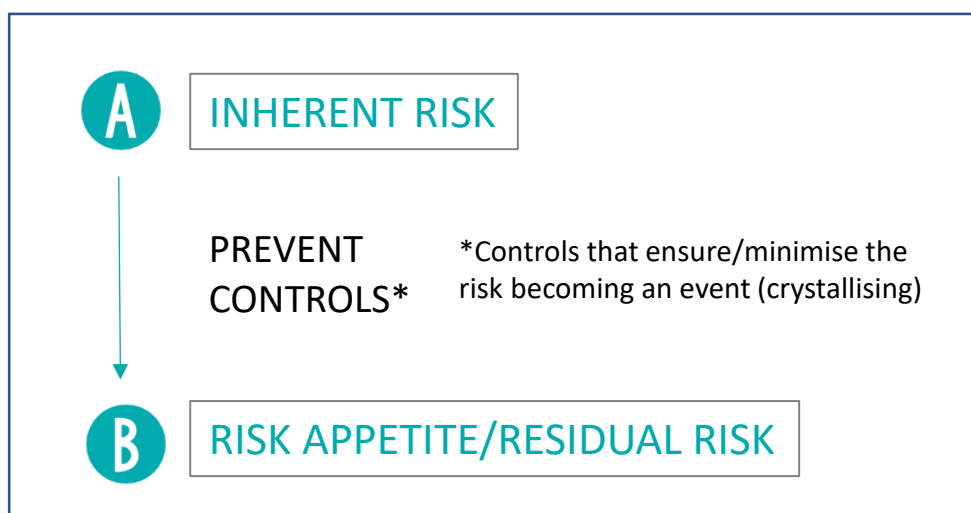
Environment	<ul style="list-style-type: none"> Natural hazards Hazardous and toxic materials Public health outbreak Emergency/disaster management Waste and refuse 	<p>Low</p> 	<p>Council has a low appetite for the adverse impact made on the environment by Council operations, including non-compliance with resource consent conditions.</p>
Planning and strategy (including changes in central government policy)	<ul style="list-style-type: none"> Inadequate planning to meet future requirements (growth, renewals, changing levels of service) as documented in the Long-Term Plan, Annual Plan, and Annual Report Inadequate emergency response / business continuity planning Inadequate business improvement planning 	<p>Moderate to high</p> 	<p>The risk appetite is driven by potential damage to reputation and the desire to ensure customers are receiving the best value services for money. However to pursue some strategic objectives it is recognised a higher risk level may be required. Council recognises it has very limited ability to control the risks related to changes in central government policy and the risks bring high levels of uncertainty and ambiguity. Overall Council accepts moderate to high level of risk for this portfolio.</p>
Financial Organisation (including projects and programmes)	<ul style="list-style-type: none"> Inability to secure funding or credit Inappropriate or inadequate procurement practices Lack of internal control 	<p>Moderate</p> 	<p>The inability to effectively deliver due to financial consequences introduces both reputational and potential compliance risk to Council. Noting also that exceeding expenditure or not operating within financial policies may have an adverse impact on rate levels and/or audit outcomes. Council is willing to accept a moderate level of risk as reinforced by the financial parameters approved through the 2021-31 LTP. Focus is on ensuring council services are run prudently.</p>
Information management (Cybersecurity, data protection and data use)	<ul style="list-style-type: none"> Inadequate management of technology and systems Poor staff knowledge of systems Viruses, hacking, unauthorised access, inappropriate use of IT systems 	<p>Low</p> 	<p>Information is one of the largest assets of Council and there is an increasing reliance on technology to deliver services. WDC manages a range of data pertaining to its own activities and that of its stakeholders. The risk is driven by compromised cybersecurity resulting in reputational damage, property and service loss. While WDC is not considered a likely target the</p>

			impacts and the pace of the impacts could be significant there the portfolio risk is set at low.
Resilience (Operations and service delivery and property and assets)	<ul style="list-style-type: none"> Poor operations or customer service (including poor contractor management and performance) Facilities do not meet requirements Failure to deliver on key projects Inadequate asset information and management Inadequate insurance cover Poor safety and security at public facilities: accidents, criminal activity, unacceptable behaviours, abuse. 	Low to moderate 	The ability to provide essential services following a natural disaster or other unforeseen event is a core function of Council. WDC has a low to moderate appetite for emergency management, crisis management, and business continuity risk. The higher level of risk appetite is for less disruptive events that can be managed to minimize the impact on the Council and District through the established response mechanisms. This appetite is driven by potential failure for emergency management and core service delivery introducing significant financial and reputational risk to Council and significant social and economic risk to the District.
Resilience (Climate Change)	<ul style="list-style-type: none"> Inadequate consideration of climate change risk including sustainability 	Moderate 	Climate change events could have a substantial effect on WDC and its community. It is recognised however that the Waipā District may have a lower number of natural hazards than other Districts, Waipā being largely landlocked. Council has a risk appetite of moderate for climate change.
Fraud, Bribery and Corruption	<ul style="list-style-type: none"> Fraud (misappropriation of Council funds) Inappropriate or inadequate procurement practices Lack of internal control Lack of disclosure Theft 	Low 	Non-compliance can introduce severe financial and reputational damage. Therefore Council's risk appetite is low for this portfolio.

1.4 The Application of Risk Appetite to Council's Top Risks

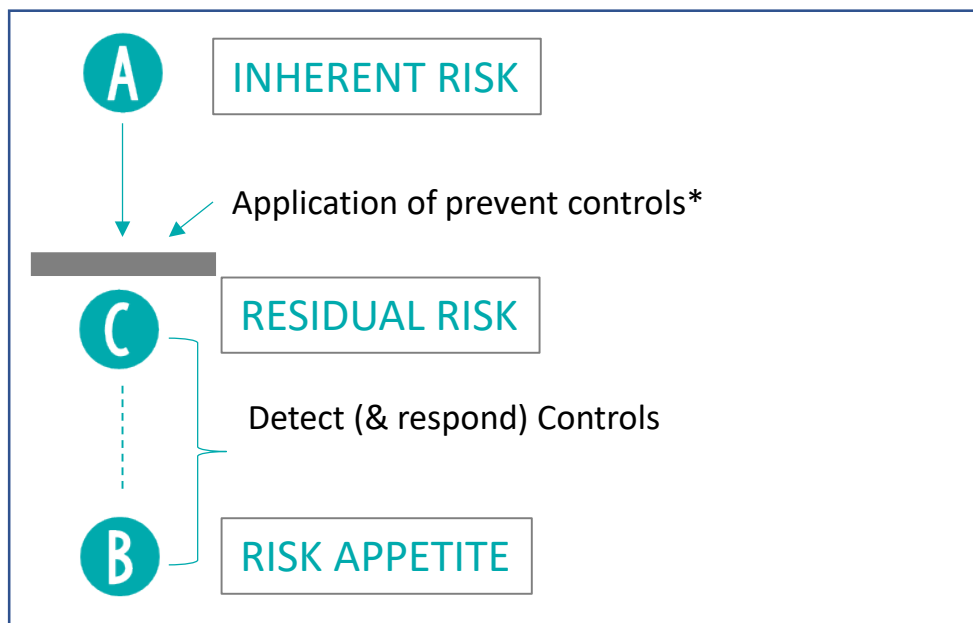
As with operational and project risks Council articulates its risk appetite against each of Council's top risks. The risk appetites are aligned to the risk appetite of the appropriate wider risk portfolio.

Through the risk management process risk prevent controls (controls and mitigants) are put in place to move the inherent risk (A) (or sometimes termed raw risk) in line with, or closer to, risk appetite. Where the risk level currently sits is called the 'residual risk' and the level of risk it is willing to accept is called 'risk appetite'. Where feasible, the residual risk and risk appetite will be equivalent (B). This is shown under schematic title scenario 1.



Scenario 1: Risk appetite aligned with residual risk level.

In certain circumstances it may not be possible for the residual risk to be aligned with Council's risk appetite (i.e. the result is a gap between the two). Examples could include where further investment is not considered feasible, where there may be environmental factors driving the risk which are largely outside of Council's control or the timing of investment to decrease the residual risk is occurring over a longer timeframe. This is represented in scenario 2 below (there is a now a gap – represented between B and C).



Where this gap occurs against a Council top risk, Council employs the concept of ‘interim risk target’. In those cases where residual risk is higher than appetite but Council still has intent to lower the risk the term ‘interim risk target’ describes this. In this instance Council recognises it may take time to move closer to appetite and the movement will occur over a longer time period. Causes of this may be the timing of investment. In some cases Council may accept the gap and indicate that no further work will be completed to reduce the residual risk further.

In scenario 2 above Council takes the approach of introducing the monitoring of detect controls or key risk indicators (KRIs) to alert Council when the risk is trending in an adverse direction and introducing further mitigants to reduce the gap between residual risk and risk appetite may be prudent.

Guide to setting Risk portfolio appetite

Risk appetite at a portfolio level is set using WDC's risk matrix consequence as a guide. Noting risk consequence x risk likelihood results in the overall risk level. Below is the table that all staff use in the evaluation of individual risks. These definitions, along with the higher level descriptors against the gauges above, have guided the setting of risk portfolio appetite.

Table3: Consequence Rating from Risk Matrix

PORTFOLIO LEVEL SOURCE OF RISK	CONSEQUENCE RATING				
	Minor 1	Moderate 2	Serious 3	Major 4	Severe 5
High level rating definitions	Manageable through routine procedures, unlikely to require specific application of resources	Event with consequences which can be readily absorbed, but which require management effort to minimise the impact	Significant event which can be managed under normal circumstances	Critical event which can be endured with proper management	Disaster with potential to lead to business failure
People and Culture - Health and Safety and Wellbeing	First Aid injury. Injury not requiring medical treatment. Health - Infrequent contact with the hazard at low concentration.	Medical Treatment injury. Injury requiring short term medical treatment with some lost time. Health - Frequent (daily) contact with the hazard at low concentration.	Restricted duties injury. Injuries requiring extended treatment. Health - Moderate (weekly) contact with the hazard at moderate concentration.	Lost Time injury or illness. Health - Infrequent (monthly) contact with the hazard at very high concentration. Frequent contact with the hazard at moderate concentration.	Fatality or Permanent Disability. Health - Frequent (daily) contact with the hazard at very high concentration.
Governance, reputation, legislative compliance and control	No impact on public confidence or media attention	Minor impact on public confidence and media attention. May be some local coverage - not front page.	Some impact on public confidence, reflected by local media and community interest in the Council's performance	Major impact on public confidence resulting in some national media coverage	Critical impact on public confidence, resulting in significant national media and Central Government attention e.g. through an inquiry and/or appointment of a Commissioner
Environment	Little or no impact on the environment	Short-term or minor impact on the environment	Serious damage of local importance with possible regulatory intervention	Serious damage of regional importance with possible regulatory intervention	Permanent damage requiring ongoing remediation and monitoring with regulatory involvement
Planning and strategy including changes in central government policy	Negligible impact on outcomes and handled within normal operations	Temporary impact on long-term levels of service, with limited	Noticeable impact on long-term levels of service, being consistently below	Levels of service significantly below expectations in one or	Levels of service in significant decline across all outcome categories.

PORTFOLIO LEVEL SOURCE OF RISK	CONSEQUENCE RATING				
	Minor	Moderate	Serious	Major	Severe
	1	2	3	4	5
		community interest and media attention	expectations in one or more outcome categories. Some community interest and media attention.	more outcome categories, bringing significant negative community and media attention	Widespread negative commentary attracts Central Government attention e.g. through an inquiry and/or appointment of a Commissioner.
Financial Organisation	Loss or overrun of less than \$100k	Loss or overrun of between \$100-250k	Loss or overrun of between \$250-500k	Loss or overrun of between \$500k-\$1m	Loss or overrun of over \$1m
Financial Organisation - Projects	1% project or programme budget overrun	2-5% project or programme budget overrun	5-10% project or programme budget overrun	>10% project or programme budget overrun	>30% project or programme budget overrun
Information management	Isolated equipment failure	Compromise of user password or information management processes impacting the confidentiality and integrity of data	Exploitation of application security flaws compromising the confidentiality and integrity of data	Loss or theft of USB/laptop/other device compromising confidentiality. Loss of a core system for an extended period.	Loss of infrastructure for an extended period
Resilience – Operations and service delivery	Temporary disruption in servicing a small number of customers	Disruption affecting some areas for less than a day	Disruption to a community for more than two hours or some areas for more than a day	Disruption to a community for more than a day or some areas for more than two weeks	Disruption to a community for more than a week
Resilience – Property and assets	Insignificant incident that causes no disruption to services	Isolated damage not requiring relocation of services to an alternative site	Damage to property that requires the relocation of some services to an alternative site	Damage to property that requires the relocation of all services for a short period	Damage to property that requires the relocation of all services for an extended period
Resilience – Climate change	Little or no impact on community plans for climate change	Localised impact on community plans for climate change	Some serious or long term impact on community plans for climate change	Significant impact on community plans for climate change	Extensive or catastrophic impacts on community plans for climate change
Fraud, bribery and corruption	Near miss incident of fraud, bribery or corruption without financial or reputational damage	Fraud, bribery or corruption incident identified and managed internally without serious loss	Serious loss due to fraud, bribery or corruption impacting on reputation and in local media, requiring external assistance	Significant loss due to fraud, bribery or corruption with regional media attention and requiring external assistance	Extensive loss due to fraud, bribery or corruption resulting in national media coverage or regulatory intervention.

1.5 Communicating Organisational Risk Appetite

The benefits of communicating the organisation’s risk appetite are detailed in the diagram below.

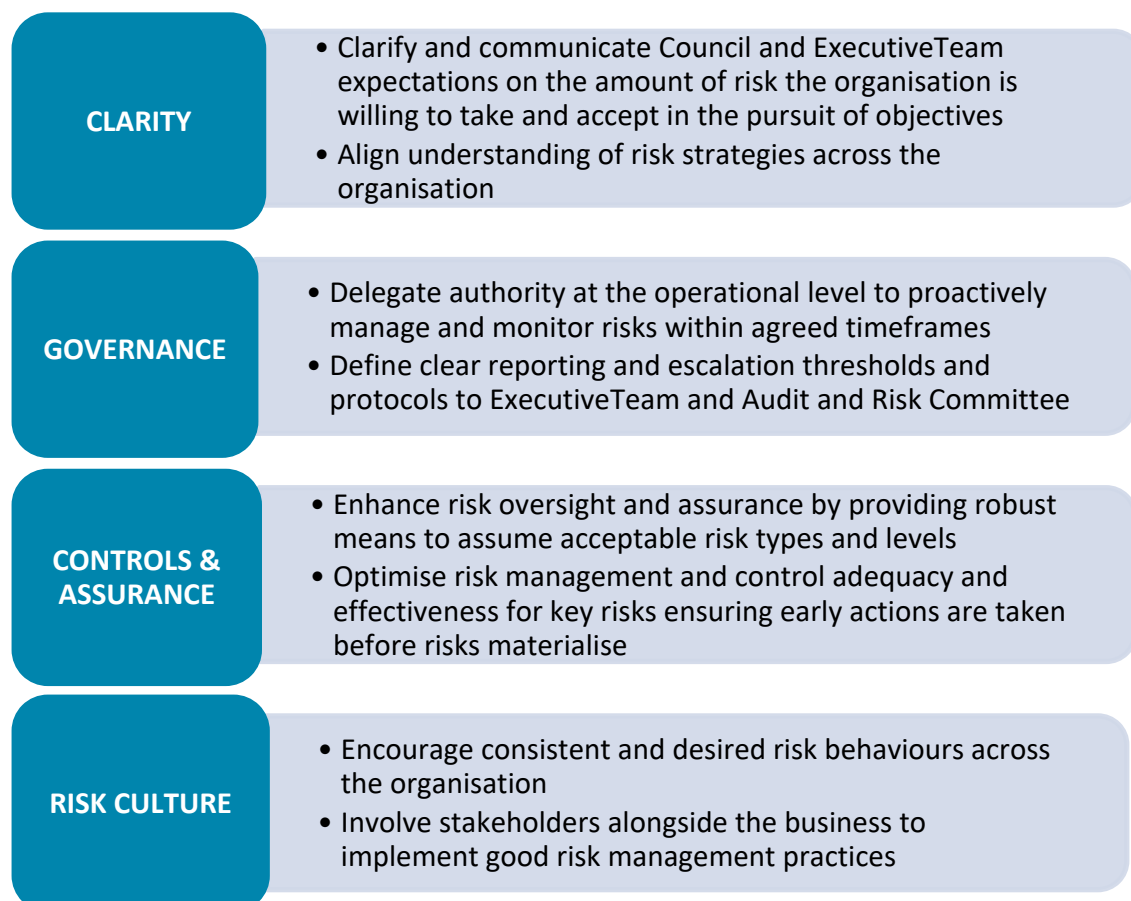


Figure 1: Benefits of Communicating Risk Appetite¹

As above discrepancies between WDC’s agreed risk appetite and residual risk level determine whether more controls are required to appropriately manage a risk or whether there is room to exploit more opportunities.

PART 2 - GLOSSARY

TERM	DEFINITION
Council	Waipā District Council, elected members.
Strategic risks – Top Risks	Risks that could affect the achievement of our vision, purpose, strategic goals and objectives, and strategies.
Operational risks	Risk associated with day to day business operations of the organisation.
Project risks	Risk event which if it materialises could potentially have an impact on the project objectives, resources and timelines.
Risk/ risk event	The potential effect of a future event that, if it happens, is expected to affect the outcome or outputs of one or more business objectives in a positive or negative way.
Risk appetite	The amount and type of risk that the organisation is willing to take in pursuit of our organisational objectives
Risk culture	The behaviours, attitudes and practices associated with risk management, reflected by staff while performing the day to day business operations.
Risk management	The culture, processes, systems and activities that assist in making informed decisions, with regards to risks to be pursued and/or avoided, to achieve our business objectives.
Risk management process	Systematic application of management policies, procedures and practices to the activities of communicating and consulting; understanding and defining the scope, content and criteria for risk management; identifying and assessing risks; exploring potential options for risk treatment; monitoring and reviewing the risks and risk management processes; recording and reporting on risk management.
Risk profile	Identifying, assessing and rating the top risks based on the effectiveness and efficiency of related control measures and understanding the impact of such risks on the business objectives.
Inherent Risk	The level of risk when there are no controls or treatment – i.e. if we were to do nothing
Residual Risk	The level of risk after controls are in place
Interim Target Risk	The level of risk that Council is aiming to achieve in the current financial year
Controls and Mitigants	Actions that will lower the likelihood and consequences (impacts) of the risk if it were to occur
Key Risk Indicators (KRIs) and Detect Controls	Measurements of activities/internal controls that will inform any changing trends with a risk that is above appetite so action can be taken if the level of risk is rising
Risk portfolio	The categories of risk that are defined at Waipā District Council
Stakeholder	Person or organisation that can affect, be affected by, or perceive themselves to be affected by a decision or activity
Waipa DC / WDC	Waipā District Council, the organisation.



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APPENDIX 5

Internal Audit Plan 2023/24 (document number 10971890)



Internal Audit Plan Refresh FY 2024 (July 2023 to June 2024)

Waipā District Council

February 2023



Contents

#	Section	Page #
01	Executive summary	03
02	Approach to developing the Internal Audit Plan	05
03	Indicative view - FY2024 & FY2025 Internal Audit Plan	06
04	Detailed FY2024 Internal Audit coverage	07
05	Mapping of assurance coverage to WDC's KERs	08

1. Executive summary

This plan proposes the Internal Audit Plan for Waipā District Council (“Waipā”) for FY2024 (July 2023 to June 2024) and outlines potential audits for FY2025.

The proposed plan:

- Ensures strong oversight of controls over key business processes, whilst also focusing on key enterprise risks and the linkage to strategy.
- Incorporates key themes and focus areas in the local government sector and those highlighted by Management.
- Considers the threats and opportunities from emerging risks.
- Integrates with work conducted by other assurance providers to ensure efficiency and effectiveness of coverage across the business.
- Reflects the broad sector and specialist skills and knowledge of our Internal Audit function.

Internal Audit objective

Working with other assurance providers, Internal Audit’s goal is to provide Waipā with innovative, responsive, effective and value added assurance over the risks threatening Waipā’s business objectives. This should assist Management and the Audit and Risk Committee (“ARC”) in managing risks, monitoring compliance with policies and procedures and improving the efficiency and effectiveness of its internal control systems.

Approach to developing the Internal Audit Plan

A three year plan (FY2023-25) was approved by the ARC in March 2022. The reviews approved by the ARC as per the three year IA Plan have been adopted for FY2024 following discussions with Management as part of the refresh of the IA Plan. The proposed plan has been developed after reviewing and considering the following factors and with input from Management:

- Waipā’s strategic objectives;
- Waipā’s top risks, emerging risks, issues, trends and regulations;
- Consideration of the entity level business model and the complexity of the processes;
- Recent and expected changes in Waipā’s regulatory and operating environment, processes; controls and systems; and
- Levels of assurance from Management and other external assurance providers and Internal Audit coverage over the last few years.

1. Executive summary (cont'd)

Proposed FY2024 Internal Audit coverage

Key areas of focus for FY2024 include:

- A maturity assessment of WDC's Risk Management framework. The last review in this area was carried out in 2018. In the last 5 years, Council has taken significant steps in uplifting the maturity of its risk management practices and thus a re-visit by Internal Audit is timely.
- Change Management
- Based on a discussion with Management, it has been proposed that a review originally planned for FY2025 'Follow-up of legislative compliance framework review' to be brought forward.

In addition, there were two reviews planned for FY2024 i.e. "Follow-up on Fraud Risk Management Gap Analysis" and "Stakeholder Engagement and Management". These will be deferred to FY2025 as Management initiatives in these areas are still underway. These reviews are outlined in **Section 3**.

Section 5 of this IA plan shows the mapping between FY2020-FY2023 and proposed FY2024 internal audit coverage to WDC's enterprise risk profile to demonstrate assurance focus and coverage across the key risk areas.

The proposed plan, timetable and indicative scope of coverage for FY2024 are set out in **Section 4**.

Despite this structured view, risks and priorities can change during the year due to business changes, emerging risks or risk events. The plan has a degree of flexibility to respond to this. Should this occur during the year, alternative projects will be considered and agreed with WDC, Executive team and the Council.

Review and approval

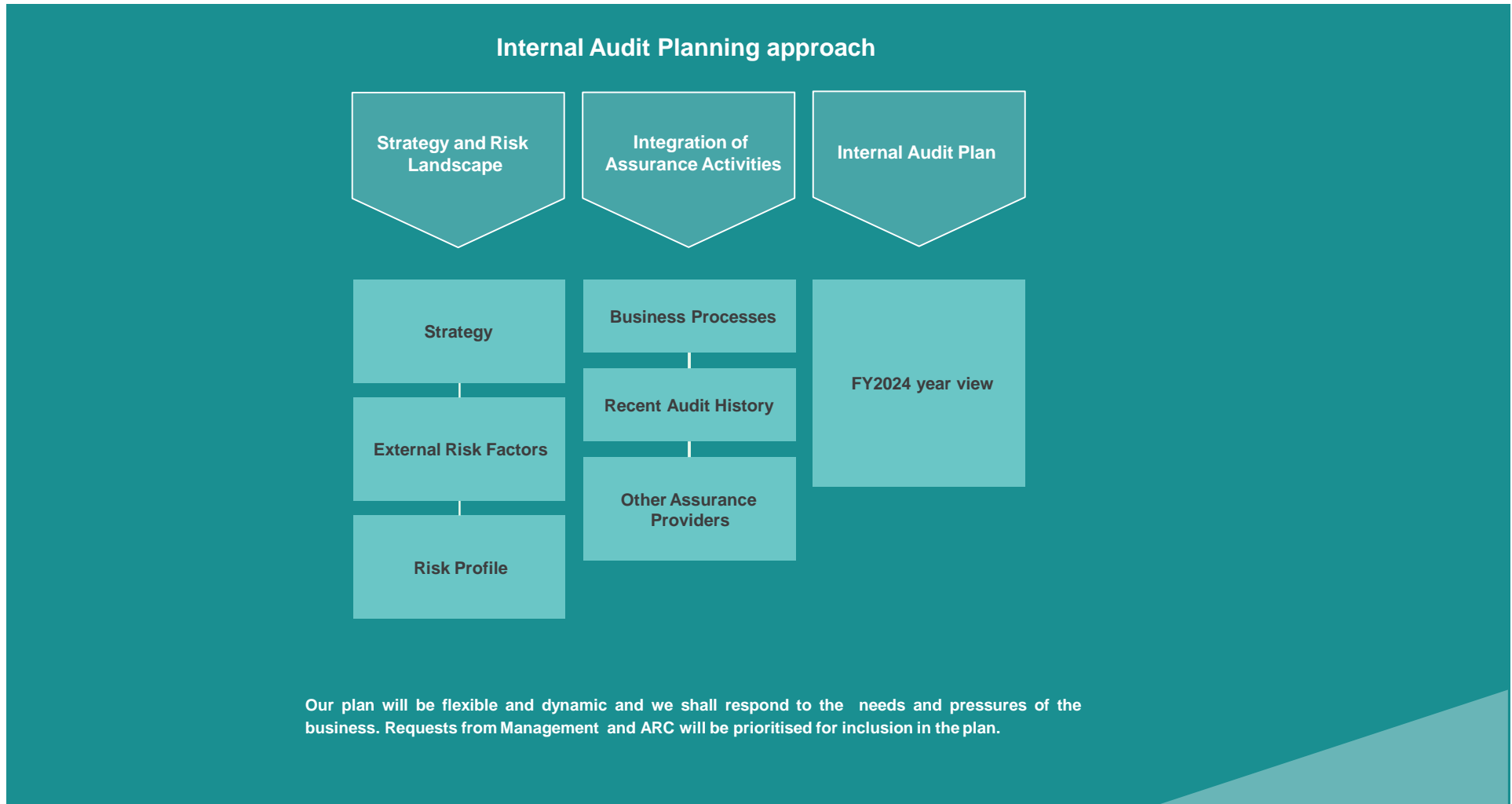
The current plan continues to build on Waipā's assurance model and ensures:

- Internal Audit that continues to provide strong oversight of financial and related information technology controls whilst also focussing on key business risks, major business processes and the linkage to strategy;
- Access to a broad skill set and specialist knowledge and complemented by strong business understanding; and
- Continued consideration of work performed by other assurance providers.

The ARC is requested to review and approve the proposed plan for FY2024 and note the indicative year FY2025.

2. Approach to developing the Internal Audit Plan

The Internal Audit Plan has been prepared based on the following key activities as depicted below.



3. Indicative view - FY2024 and FY2025 Internal Audit Plan

The Indicative view for FY2024 and FY2025 reviews has been depicted below.

Reviews	FY2024	FY2025
Risk Management Maturity Assessment	Q1 (Jul 23-Sept 23)	
Change Management	Q2 (Oct 23-Dec 23)	
Follow up of Legislative Compliance Framework Review	Q3 (Jan24-Mar24)	(Brought forward from FY2024 to FY2025)
Follow Up: Fraud Risk Management Gap Analysis	Deferred	FY2025
Stakeholder Engagement and Management	Deferred	FY2025
Follow up: Project Management Governance Review; and Deep dive on Business Case Prioritisation & Benefits Realisation		FY2025
Treasury review		FY2025

4. Detailed FY2024 Internal Audit coverage

The nature and focus areas detailed in the table below are provided as an indicative scope prior to a detailed scoping process being performed. The detailed scope will be agreed with WDC prior to commencement of any work.

Proposed Internal Audit	Link to KERs and Key Business Processes	Indicative summary scope and rationale for inclusion	Proposed timing and fees
Risk Management Maturity Assessment	<ul style="list-style-type: none"> Key Business Processes 	<p>Rationale: An effective risk management framework will enable WDC to respond appropriately to risks on a timely basis. The last risk management maturity review was carried out in 2018 and the overall assessment was 'Sustainable' with a number of improvement opportunities identified by Internal Audit. We acknowledge that significant uplift initiatives have been implemented in the last few years. The review will be built on the assessment carried out in 2018 and we will leverage off our knowledge of WDC's risk management processes and practices.</p> <p>Scope: The review will assess the design and operating effectiveness of WDC's Risk Management processes using KPMG's Enterprise Risk Management maturity framework. The areas covered will include risk strategy and appetite, risk governance, risk culture, risk assessment and measurement, risk management and monitoring, risk reporting and insight, and data and technology.</p>	<p>Q1 (Jul23-Sept23) FY2024</p> <p>\$25,000 to \$30,000</p>
Change Management	<ul style="list-style-type: none"> Inadequate staffing capacity and capability to deliver councils objectives Failure to manage an effective response to climate change impacts 	<p>Rationale: Its important that robust change management framework and processes are in place and embedded effectively by WDC to deliver change effectively across the Council. An assessment of the change management would be timely as the Council is going through a few significant programmes requiring change to be managed appropriately.</p> <p>Scope: The focus of the review will be on assessing whether appropriate change management controls are in place to mitigate risks. The scope would include design and operating effectiveness assessment of the framework, methodology, tools, templates, and processes, assessing the effectiveness of change management framework and methodologies and the governance processes in place.</p>	<p>Q2 (Oct23-Dec23) FY2024</p> <p>\$40,000 to \$42,000</p>
Follow up of Legislative Compliance Framework Review	<ul style="list-style-type: none"> Failure to manage Health and Safety and Wellbeing 	<p>Rationale: A robust legislative compliance framework will enable WDC to comply with and adapt to changes in laws and regulations over time. Internal Audit conducted a review of WDC's legislative compliance processes in 2018. This follow-up review would ensure whether WDC has implemented the relevant action plans as agreed. As part of uplifting the compliance management processes, Waipā has rolled out a compliance management system – ComplyWith which was the area highlighted by Internal Audit in 2018.</p> <p>Scope: The focus of the review will be following up on the previous internal audit findings from the legislative framework review to assess the status of implementation of the agreed actions.</p>	<p>Q3 (Jan24-Mar24) FY2024</p> <p>\$32,000 to \$35,000</p>
Internal Audit Refresh for FY2025	Not Applicable		At no cost to Council
Attendance at the ARC meetings			

5. Mapping of Internal Audit coverage to WDC's KERs

We have mapped coverage by Internal Audit in prior years, external assurance and the proposed FY2024 and FY2025 areas to WDC's top risks for 2022/23. At the time of this plan development, Management was in the process of updating top risks. This may change the top risks listed below and/or rating of the KERs.

Key Risks	Inherent Risk Rating	External Assurance	FY2020-23	FY2024	Proposed FY 2025
1. Inadequate staffing capacity and capability to deliver councils objectives	Extreme	<ul style="list-style-type: none"> CoLab 		<ul style="list-style-type: none"> Change Management 	
2. Failure to deliver the programme of capital works	Extreme		<ul style="list-style-type: none"> Asset Management Framework Review (FY2020) Capex Procurement via Professional Services Panel (FY2020) Follow Up review: Procure to Pay and Contract Management (FY2022) Project Management and Governance Review (FY2022) 		<ul style="list-style-type: none"> Follow Up Review: Project Management Governance Review and deep dive on Business Case Prioritisation & Benefits Realisation
3. Risk to Financial Sustainability	Extreme		<ul style="list-style-type: none"> Fees and Charges - Building and Resource Consent & Development Contribution (FY2023) 		<ul style="list-style-type: none"> Treasury Review
4. Failure to effectively engage with the community	Extreme				
5. Failure to manage an effective response to climate change impacts	Extreme		<ul style="list-style-type: none"> Climate Change Governance and Management (FY2023) 	<ul style="list-style-type: none"> Change Management 	
6. Failure to give effect to Te Tiriti and build successful Iwi/Mana Whenua partnerships	Very High				<ul style="list-style-type: none"> Stakeholder Engagement and Management
7. Failure of relationships with key stakeholders	Very High				<ul style="list-style-type: none"> Stakeholder Engagement and Management
8. Failure to manage response to and the impacts of central government reforms	Very High	<ul style="list-style-type: none"> CoLab 			

5. Mapping of assurance coverage to WDC's KERs (cont'd)

We have mapped coverage by Internal Audit in prior years, external assurance and the proposed FY2024 and FY2025 areas to WDC's top risks for 2022/23. At the time of this plan development, management was in the process of updating top risks. This may change the top risks listed below and/or rating of the KERs

Key Risks	Inherent Risk Rating	External assurance	FY2020-23	FY2024	Proposed FY2025
9. Failure to manage Health and Safety and Wellbeing	Extreme		<ul style="list-style-type: none"> Follow-up review: H&S SafePlus Assessment (FY2021) 	<ul style="list-style-type: none"> Follow up of Legislative Compliance Framework Review 	
10. Failure to protect information management assets	Very High	<ul style="list-style-type: none"> CoLab 	<ul style="list-style-type: none"> Fraud Risk Management Gap Analysis (FY2021) 		<ul style="list-style-type: none"> Follow up - Fraud Risk Management Gap Analysis



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APPENDIX 6

Climate Change Governance Internal Audit Report (document number 10972055)



Climate change governance review

Waipā District Council (Waipā DC)

March 2023



FUELLING 
PROSPERITY

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Tōnuitanga mō
Aotearoa, mō tātou**

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

Contents

1. Executive summary	05
2. Detailed findings and recommendations	10
3. Appendices	15

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Executive summary

Executive summary

Climate change is a relatively new and fast evolving area of focus globally and in New Zealand. New standards and guidance are being rolled out to assist with preparing for physical risks from climate change events and the transition to a low carbon economy. Councils have an important role to lead and positively influence this transition.

Overview

As per the FY2023 Internal Audit Plan endorsed by the Audit and Risk Committee, a review of the climate change governance has been completed. Given the current focus on climate change risks and increasing expectations, it is timely for Waipā DC to have an independent assessment of whether appropriate governance structures and processes are in place to manage climate change risks.

Waipā DC has taken active steps towards managing and mitigating climate change risks. We have provided an overview of Waipā DC's journey mapping in page 06. This includes the Environment Strategy, Waipā DC Community Spatial Plan (Ahu Ake) currently being developed and the carbon monitoring work.

Objectives and approach

The key objectives of this review were to:

- assess whether there are appropriate structures, skills, processes, and policies in place to govern Waipā DC's climate change risks, opportunities, and performance in an effective manner. This included reporting and oversight over:
 - The gap analysis to ensure that any risks not currently included are considered;
 - The role of a regional council vs a territorial authority in governing and managing climate change for our communities;
 - Waipā DC's climate change roadmap for the next 12 months.
- Provide recommendations for improvement where opportunities exist.

(Refer to Appendix One for the detailed Internal audit scope and approach)

Approach

We have assessed Waipā DC's climate change governance structures and practices against KPMG's Climate Maturity Assessment Framework (framework) focusing specifically on the governance element. The governance element includes 3 sub-elements – risk governance structures, skills and performance, and systems and settings. Our review was largely based on interviews with key stakeholders and a review of related documentation.

Overall assessment

Overall, Waipā DC has made some significant beginnings in the climate change area. In particular, there has been some good work done to date to set-up robust governance mechanisms to manage climate change risks. These are detailed in the next slide. Notwithstanding the work already completed and underway, there are a number of areas that can be improved to enhance the maturity of climate change governance. Therefore, we have assessed Waipā DC's climate change governance as 'Developing'.

Relative to similar organisations, Waipā DC's 'Developing' rating is closely aligned with some of the other councils in New Zealand, at this stage of their climate change journey. We have shared some good climate change governance practices adopted by other councils in page 08 of this report.

Waipā DC could aim to achieve an "Effective" rating over the next 2-3 years based on our experience with other public sector organisations. Waipā DC has in place, a strong risk management framework which can be leveraged to expedite its climate change governance and risk management.

Overall Rating	Developing
-----------------------	-------------------

The 'Developing' rating reflects:

- The need for a formal climate change policy that provides guidance on managing climate-related risks and opportunities when planning and reviewing Waipā DC's strategy, financial decisions and key initiatives.
- Clarity on climate change risk ownership at Executive Management level and a holistic governance structure is necessary to effectively manage climate change risks and opportunities
- The Executive Management and the Council will benefit from a holistic and deeper view of the climate change risks and status of actions on a regular basis. Current climate change reporting is high-level.
- An uplift in climate change training and upskilling of the Councillors and Executive Management will enable them to provide better challenge and oversight over climate change risk matters which are generally complex.
- Although a climate change related risk is recorded as one of the Top Risks for the Council, a thorough assessment is needed at the operational level, firstly, to identify the most critical climate change risk sources followed by assessment and implementation of risk mitigation actions.

(Refer to pages 10 to 13 for detailed findings and recommendations).



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5

Waipā DC's climate change journey

The view provided below summarises the timeline of Waipā DC's key climate change initiatives and activities:

2022

- New Environment Strategy under development
- Climate change workshops conducted for the Councillors and Executive Management
- Carbon emissions and reductions considered as part of evaluating business cases.
- Flood Hazard Mapping completed for urban areas

2021

- Carbon Monitoring and Reduction Programme set up

2020

- Established Carbon Monitoring Steering Group
- Greenhouse Gas Emissions Inventory Report commissioned in August 2020
- Preparing for Climate Change session – Co-Lab Energy Manager

2019

- The Mayor signed the Local Government Leaders' Climate Change Declaration
- Plan proposed to develop climate change policy



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What is working well

Our review of the documents and interviews with Waipā DC Councillors, Executive Management and other staff members identified some key climate change initiatives and practices adopted by Waipā DC.

Climate change risk governance structures

Waipā DC has made some good progress with its first steps and building blocks through:

- An Environment strategy is under development that seeks protection and enhancement of the environment and life-sustaining resources, the mauri and the wairua. It is a 30 year strategy, with reviews within each 5-year period to ensure it remains relevant and up-to-date, resets priorities and continues to unite people in Waipā for progress while sustaining the environment. Inputs from this strategy will feed into the Ahu Ake – which presents the blueprint for the district for the next 30-plus years.
- The establishment of a Carbon Monitoring & Reduction Steering Group to lead and manage Waipā DC's Carbon Monitoring and Reduction Programme, covering different workstreams like transport fuels (reducing fleet number, etc), electricity, construction/suppliers (including sustainability as part of procurement considerations), etc.
- Embedding carbon reduction considerations as part of evaluating business cases.
- An annual climate change risk deep dive report is presented to ARC which provides a high-level commentary on the effectiveness of mitigation measures, change in residual risk ratings, risk indicator trends and progress against planned mitigation measures.
- A quarterly high-level update to ARC on climate change risk is provided.

Climate change skills and performance

Waipā DC has taken active steps to uplift the climate change risk awareness and understanding. These include:

- Te Whakahaere conducting climate change workshop for the Councillors and the Executive Management team.
- WSP facilitating a workshop for the Executive Management Team on Carbon Management and Reduction in business cases.
- Waipā DC staff members are provided opportunity to participate in CoLab (Waikato LASS) forum to discuss carbon emissions monitoring and more generally climate change response across the Waikato Region.
- Waipā DC has budget allocated for climate change training that the Councillors might be interested in.

Climate change systems and policy settings

As a good starting point, Waipā DC completed a survey for Waikato Regional Council providing inputs into key risk areas listed on the questionnaire:

- Flooding and extreme rainfall
- Coastal hazards
- Temperature increase and drought
- Other climate hazards
- Transition risk

This work will form the baseline to specify the critical climate change risks at the operational level relevant to Waipā DC.



Insights on good climate change governance practices adopted by other councils

As mentioned earlier, Waipā DC's climate change journey is closely aligned to most of its peers. Based on our experience with the other Councils, we have highlighted other good climate change governance practices implemented by some of the other Councils. Waipā DC may consider incorporating some of these. We have also incorporated some of these in our recommendations as relevant.



- Sustainability/climate change skills assessment at the Councillors and Executive Management level through a third party service provider. The initial assessment covers sustainability literacy and climate change literacy.
- A designated Sustainability Committee at the Councillor level.
- A cross functional group comprising of the Executive Management team members to focus on sustainability matters including climate change. One of the Executive Management team members has the responsibility to lead and ensure the group delivers on the expectations.
- 1-2 Councillors with specific responsibility to focus and lead on Sustainability matters (incl. climate change) to meet with the cross functional group at least quarterly to highlight potential risks or opportunities.
- The cross functional group generates six monthly holistic reports covering key risks mitigation measures, progress against actions and commentary on key risk movements, risk drivers responsible for these movements, etc. This is then presented to all the Councillors at the meeting.
- The Council to plan specific outcomes on how it will deliver on its leadership role to guide community on sustainability outcomes.
- Development of the Council's own emissions reduction plan for their community.
- Climate change scenario analysis used to perform structured climate change risk assessments to identify the most critical climate change risks relevant for the Council.
- Current and anticipated climate risks identified, assessed, and integrated into Council's risk management framework.
- Reviewing its Sustainability/ climate change strategy or outcomes at least every 5 years to ensure they remain relevant.



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8

2

Detailed findings and recommendations

Risk Governance Structures

RATING: High

The Governance domain assesses whether the ‘Governance-level’ Elected members - (the Elected Council members) and ‘Executive Management-Level’ – Executive Management have the right structures, skills, processes, and policies in place to govern Waipā DC’s climate related risks, opportunities, and performance in an effective manner.

Areas for improvement

Interviews with the Councillors, Executive Management team and staff members and review of documents highlighted that:

1. Currently, Waipā DC doesn’t have an overarching climate change policy. As a result, climate change initiatives are largely driven by individual staff members’ values and interests rather than a strategic direction and a deliberate approach.
2. Waipā DC has not established a Climate Change Committee at the governance level to own and maintain oversight over climate change risks and opportunities. Climate change is not included as a formal agenda item for Executive Management team and Councillors’ meetings.
3. Apart from the Group Manager - Strategy who owns the environment strategy, and Group Manager – Service Delivery who leads the carbon monitoring and reduction planning, Waipā DC has not appointed or allocated climate change/sustainability responsibilities to specific personnel. We understand that none of the Executive Management have formal accountability for overseeing Waipā DC’s climate change practices, initiatives, and resourcing. The wider climate change risk roles and responsibilities are decentralised with each Group Manager expected to consider and highlight climate change consideration matters for their business units.

This has resulted in:

- unclear responsibility for the vulnerability of Council assets and services to the physical impacts of climate change has not been assigned. Nor has responsibility been assigned for reporting on vulnerability or Council’s efforts to reduce vulnerability.
 - absence of ownership and oversight over the implementation of activities and actions from strategies like the environment strategy and reporting progress to ARC.
 - lack of performance measures or KPIs relating to climate change risk.
4. As a local council organisation, Waipā DC can play a more active role for its community and businesses to build climate-resilient communities and implementation of sustainable behaviours to contribute towards the 2050 net zero targets.
 5. The climate change risk reporting is ad-hoc. There are individual reports presented on carbon emissions and council’s energy use with an annual high-level summary presented to the ARC. However, there is no overarching and holistic view of climate change actions and activities presented to the Councillors and the Executive Management on a regular basis.



Risk Governance Structures

Recommendations

1. **Climate change policy:** Waipā DC should formulate a climate change policy on how the Council will consider climate-related risks and opportunities when overseeing Waipā DC's short, medium, and long-term strategy, financial decisions, and risk management policies. This should include a consideration of trade-offs and sensitivity analysis.
 - climate change governance and oversight structures,
 - climate change risk roles and responsibilities,
 - process for climate change risk identification, assessment, management, monitoring, and reporting and escalation
2. **Sustainability/Climate change committee:** Waipā DC should review the need to establish a formal Sustainability/ Climate change committee to direct, drive and implement climate change related actions from the environment strategy, transport strategy, planned workstreams - carbon monitoring and reductions, etc.
 - Include climate change as a formal agenda item for Executive Management and Councillors' meetings.
3. **Establish a cross functional group to consider climate change risks and opportunities. Responsibility should be assigned to an Executive team member to lead the group's activities:**

This group will be responsible for maintaining oversight over delivery of the specific planned climate change outcomes identified by Waipā DC through its environment strategy, transport strategy, etc.

4. **Conduct a workshop to focus on Council's leadership role in managing the climate change risks for the region.**

Consideration should be given to the following:

- climate change topics and expectations from Council highlighted from interactions with the key community stakeholders
- specific climate change areas where Waipā DC believes it can lead and provide guidance to the businesses and wider community like reducing the carbon emissions, etc.

Based on the results of the workshop, Waipā DC should finalise key focus areas and develop action plans for Waipā DC to take a leadership role in the region.

5. **Reporting of climate-related risks, opportunities, and performance:** The cross functional group should generate six-monthly reports to be presented to all the Councillors. Once operation of the cross functional group smoothens, Waipā DC can look to progress towards quarterly reports.

To further enhance the reporting on climate change matters, Waipā DC should:

- establish processes to ensure the Elected Council members and the Executive Management team are regularly informed about key climate-related risks and opportunities, outside of the six monthly reports.
- provide decision-relevant climate change risk and opportunity insights to Elected Council members for every agenda item.

- include a standard question on all report/memo templates asking authors to consider relevant climate change risks and opportunities when presenting any report to the Council and Executive Management team.
- quantify the benefits from Waipā DC's current or planned investments in climate-related mitigation, adaptation, or other opportunities to build sustainability.

Management comments:

Waipā DC accepts the findings of 'Developing' and acknowledges the areas for improvement recommended in the report. We also appreciate the insights into what other Councils are doing in the climate change governance space. The areas for improvement will now be prioritised and an improvement programme plan developed to implement the recommendations over a three year period. The improvement programme will be presented back to ARC at a future meeting.



Skills and Performance

RATING:	Medium
---------	--------

Being able to enumerate a list of key climate change risks will not be sufficient to ensure that the organisation is able to make the correct assessment of complex climate change risk situations and act accordingly. Skills and competencies like being able to ask relevant questions and weighing the different stakes are indispensable.

Areas for improvement

1. Waipā DC has not conducted a formal climate change skills assessment at the Councillors and Executive Management team level. This is important to ensure and enhance the quality of climate change risk discussions, embedding climate change considerations in the decision-making processes and provide effective challenge, and oversight.
2. No regular training sessions or workshops are conducted to support continued upskilling and knowledge sharing for the Councillors and the Executive Management team.

Recommendation(s):

To continue uplifting the climate change awareness and understanding Waipā DC should focus on:

1. **Climate change skills assessment:** Waipā DC should consider conducting climate change skills assessment at the Councillors and Executive Management level, identify potential gaps and measures to remediate the gaps. This may be facilitated through a third party service provider. The initial assessment should cover sustainability/climate change/carbon literacy.
2. **Developing climate change training programme:** Waipā DC should:

For Councillors and Executive Management members:

- provide ongoing training and guidance on internal and external climate expectations and requirements, most critical climate change risks for Waipā DC, Council's leadership role on guiding communities and business on climate change matters.
- incorporate climate change challenges and responsibilities into briefing/induction programme for Councillors and Executive Management team members

For all Waipā DC staff members:

- conduct training sessions to understand the most critical climate change risks for Waipā DC, mitigations measures, and their roles and responsibilities in managing these risks.

Management comments:

Waipā DC accepts the findings of 'Developing' and acknowledges the areas for improvement recommended in the report. We also appreciate the insights into what other Councils are doing in the climate change governance space. The areas for improvement will now be prioritised and an improvement programme plan developed to implement the recommendations over a three year period. The improvement programme will be presented back to ARC at a future meeting.



Systems and Settings

RATING: **Medium**

The activities in place that allow an organisation to identify, assess and quantify known and emerging climate change risks. The risk assessment and measurement processes allow organisations to consider the extent to which potential events may have an impact on them and their key stakeholders. It encompasses qualitative and quantitative approaches, processes, tools and systems that organisations develop and implement to identify, assess, and measure climate change risks.

Areas for improvement

1. Although, climate change risk has been identified as a critical risk for Waipā DC, detailed climate change risk assessments to identify specific climate change risks at the operational level relevant to Waipā DC, their mitigation measures and key actions plans have not been conducted.

Recommendation(s):

1. Consider conducting a workshop to identify the most critical climate change risks relevant to Waipā DC.
2. **Undertake a climate change risk assessment. Anticipated risks should be explored using scenario analysis:** In line with good practice, Waipā DC should explore the anticipated impacts of climate change through integrated climate change scenarios. The scenario narratives should cover a range of climate outcomes, including economic, regulatory and social, as well as weather-related events.

This will provide Council's decision makers with a common platform for assessing options to reduce, avoid and prepare for climate-related risks and encourage the proactive development of recovery plans for broader outcomes.

Council could share its scenarios with local communities and businesses to encourage and support their adaptation efforts.

Management comments:

Waipā DC accepts the findings of 'Developing' and acknowledges the areas for improvement recommended in the report. We also appreciate the insights into what other Councils are doing in the climate change governance space. The areas for improvement will now be prioritised and an improvement programme plan developed to implement the recommendations over a three year period. The improvement programme will be presented back to ARC at a future meeting.





Appendices

Appendix One: Internal audit scope (extract)

Internal audit objectives

The objectives of this engagement were to:

- Assess whether there were appropriate structures, skills, processes and policies in place to govern:
 - Waipā DC's climate change risks, opportunities, and performance in an effective manner;
 - Gap analysis to ensure that any risks not currently included are considered;
 - Establish the role of a regional council vs a territorial authority in governing and managing climate change for our communities;
 - Assess what may be required of Waipā DC in the coming 12 months to ensure that there is an element of future proofing provided for.
- Provide recommendations for improvement where opportunities exist.

Internal audit scope

The review focused on the governance domain only and covered the following 2 themes under that domain:

1. governance level leadership and oversight
2. executive level leadership and management coordination

Specifically, the review assessed the following:

- roles and responsibilities (including roles and responsibilities allocated to specific committees or staff members) and consideration of the role of Waikato Regional Council in supporting climate change response across the wider region (to ensure collaboration rather than duplication).
- consideration of climate change risks as part of Waipā DC's strategic initiatives.

- training and guidance provided to the Councillors and Executive Leadership Team on climate change risks.
- development and roll-out of climate change risk framework, policies, or processes.
- updates and reporting provided to the Councillors and SLT on climate change risks.

Internal audit approach

The approach included the following steps:

1. Obtained and reviewed relevant information relating to climate change risks including policies and procedures and process documents.
2. Conducted interviews with some Councillors, Executive Management team members and staff members involved in Council's climate change initiatives.
3. Consolidated the key messaging from the interviews and hold additional discussions with key stakeholders relating to the in-scope areas as required.
4. Compiled potential internal audit findings for discussion with process owners as part of the close-out meeting.
5. Drafted a report detailing the internal audit findings and opportunities for improvement.
6. Issued draft report to Executive Management for documentation of intended action plans.
7. Issued final report including management action plans to address Internal Audit's recommendations.



Appendix Two: Ratings and classifications

Review Rating		Risk Rating	
Rating	Definition	Rating	Definition
GOOD	The controls are fit for purpose and are being performed in a manner which effectively mitigates the identified risks.	LOW	Matters which are unlikely to have a significant impact on the system of internal control, but should be addressed as part of continuous improvement.
EFFECTIVE	Despite the fact that some control weaknesses were identified, existing controls within the audited process are considered to be generally adequate, appropriate and effective. They ensure that the audited business processes will achieve their control objectives.	MEDIUM	Matters which are important to the system of internal control and should be addressed as soon as possible.
DEVELOPING	Control weaknesses were identified which, if not appropriately addressed, could in the future result in the audited business processes not achieving their control objectives.	HIGH	Matters which are fundamental to the system of internal control. The matters observed can seriously compromise the system of internal control and data integrity and should be addressed as a matter of urgency.
NOT EFFECTIVE	Existing controls are considered to be inadequate and ineffective to ensure that the audited business processes will achieve their control objectives. Significant improvements are required to improve the adequacy and effectiveness of the control environment.		





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APPENDIX 7

Audit New Zealand Management Report 2021/22 (document number 10970353)

Report to the Council on the audit of

Waipa District Council

For the year ended 30 June 2022

Contents

Key messages	3
1 Recommendations	5
2 Our audit report.....	7
3 Assessment of internal control	9
4 Matters raised in the Audit Plan	10
5 Significant matters identified during the audit.....	14
6 Assessment of internal control	17
7 Public sector audit.....	19
8 Group audit	20
9 Useful publications.....	21
Appendix 1: Status of previous recommendations	25
Appendix 2: Uncorrected misstatements.....	35
Appendix 3: Disclosures	36

Key messages

We have completed the audit of Waipā District Council (the District Council) for the year ended 30 June 2022. This report sets out our findings from the audit and draws attention to areas where the District Council is doing well and where we have made recommendations for improvement.

Audit report

We issued a non-standard audit report on 13 December 2022. Without modifying our opinion, we included an emphasis of matter paragraph drawing attention to the disclosures in the financial statements about the possible impact of the Government's three waters reform on the District Council. This means that we were satisfied that the financial statements and statement of service performance present fairly the District Council's activity for the year and its financial position at the end of the year.

Three waters reform

The three waters reform programme is expected to result in structural changes to how water supply, wastewater and stormwater assets are owned and managed in the local government sector. This could have a significant impact on the District Council.

Council included disclosures about the reform in the annual report. Given the significant impact the reform is likely to have on the District Council, we have included an emphasis of matter paragraph in our audit report to draw a readers' attention to this disclosure.

Control environment

We performed a high-level review of the District Council's control environment. Overall, we are satisfied the control environment is effective for the purpose of undertaking an efficient and effective audit.

Asset valuations

We reviewed the revaluations and fair value assessment to confirm that they were soundly based and had been correctly accounted for in the District Council's financial statements.

We also followed up on the status of issues outstanding from previous audits. These matters are now closed.

Impairment of Earthquake prone building

We agree with the District Council's final impairment assessment, which included consideration of earthquake risk buildings, and the final impact on the financial statements to take these issues into account.

We also followed up on the status of issues outstanding from previous audits. These matters are discussed further in Appendix 1.

Thank you

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



Leon Pieterse
Appointed Auditor
17 February 2023

1 Recommendations



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

Priority	Explanation
Urgent	<p>Needs to be addressed <i>urgently</i></p> <p>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.</p>
Necessary	<p>Address at the earliest reasonable opportunity, <i>generally within six months</i></p> <p>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.</p>
Beneficial	<p>Address, <i>generally within six to 12 months</i></p> <p>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 these, provided the benefits outweigh the costs.</p>

1.1 New recommendations

The following table summarises our recommendations and their priority.

Recommendation	Reference	Priority
Sensitive expenditure We recommend one-up approval for all sensitive expenditure	5.4	Necessary
Evidence of review We recommend that all checks and approvals are evidenced to maintain the integrity of the internal controls systems.	6.1	Necessary
Annual leave policy We recommend a formal annual leave policy is implemented. Some of the matters that should be included in the policy are: <ul style="list-style-type: none"> • Mandatory leave hours taken for staff mental health benefits; • The extent to which leave is carried forward; and • How much advance notice is given for annual leave. 	6.2	Necessary
Asset capitalisation We recommend a formal sign off by the appropriate project engineers/managers on ARF forms and asset lists as approved for capitalisation before assets are capitalised.	6.3	Necessary

1.2 Status of previous recommendations

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

Priority	Priority			
	Urgent	Necessary	Beneficial	Total
Open	1	5	1	7
Implemented or closed	2	15	-	17
Total	3	20	1	24

2 Our audit report

2.1 We issued a non-standard audit report



We issued a non-standard audit report on 13 December 2022. This means we were satisfied that the financial statements and statement of service performance present fairly the District Council's activity for the year and its financial position at the end of the year.

Without modifying the audit opinion, we have included an emphasis of matter paragraphs in our audit report to draw attention to the disclosures in the financial statements about the possible impact of the Government's three waters reform on the District Council.

2.2 Impact of the three waters reform on the District Council

The Government is currently reforming the way water services will be delivered and is intending to pass legislation that will create four publicly owned water services entities that would take on responsibility for delivering water services to a specific geographical area, from 1 July 2024. These entities will own and operate drinking water, wastewater and stormwater (three waters) services across New Zealand. The Department of Internal Affairs is tasked with the successful implementation of these reforms, and will work with the local government sector, iwi, water industry and other stakeholders to ensure a smooth transition to the new arrangements. The District Council's participation in the proposed reform will be mandatory.

On 2 June 2022, the government introduced the Water Services Entities Bill in the House of Representatives. After the first reading on 9 June 2022 the bill was referred to the Finance and Expenditure Committee, which reported back to the House of Representatives by November 2022. In December 2022, the Government introduced the Water Services Legislation Bill, which will transfer assets and liabilities to the water services entities, and the legislation received royal assent from the Governor-General on 15 December 2022.

For the financial statements of 30 June 2022, the District Council continues to recognise its three waters assets.

The District Council included detailed disclosure in the annual report about the reform and the uncertainty this creates in relation to the future operation of the three waters services. Given the significant impact the reform is likely to have on the District Council, we have included an emphasis of matter paragraph in our audit report to draw a reader's attention to this disclosure.

2.3 **Uncorrected misstatements**

The financial statements are free from material misstatements, including omissions. During the audit, we have discussed with management any misstatements that we found, other than those which were clearly trivial. The misstatement that has not been corrected is listed in Appendix 2 along with management's reasons for not adjusting this misstatement. We are satisfied that these misstatements are individually and collectively immaterial.

2.4 **Corrected misstatements**

We also identified misstatements that were corrected by management. A list of these misstatements has been supplied separately to management.

2.5 **Quality and timeliness of information provided for audit**



Management needs to provide information for audit relating to the annual report. This includes the draft annual report with supporting working papers.

We provided a listing of information we required to management via Audit Dashboard in July 2022. This included the dates we required the information to be provided to us.

Information was provided to us, and management worked with us to address issues quickly. We identified a number of changes required to be made to the financial statements and performance information. The finance team and the audit team worked well together to resolve those matters.

3 Assessment of internal control



The Council, with support from management, is responsible for the effective design, implementation, and maintenance of internal controls. Our audit considers the internal control relevant to preparing the financial statements and the service performance information. We review internal controls relevant to the audit to design audit procedures that are appropriate in the circumstances. Our findings related to our normal audit work, and may not include all weaknesses for internal controls relevant to the audit.

3.1 Control environment

The control environment reflects the overall attitudes, awareness, and actions of those involved in decision-making in the organisation. It encompasses the attitude towards the development of accounting and performance estimates and its external reporting philosophy and is the context in which the accounting system and control procedures operate. Management, with the oversight of Council, need to establish and maintain a culture of honesty and ethical behaviour through implementation of policies, procedures, and monitoring controls. This provides the basis to ensure that the other components of internal control can be effective.

We have performed a high-level assessment of the control environment, risk management process, and monitoring of controls relevant to financial and service performance reporting. We considered the overall attitude, awareness, and actions of the Council and management to establish and maintain effective management procedures and internal controls.

Overall, we concluded that the control environment is effective.

3.2 Internal controls

Internal controls are the policies and processes that are designed to provide reasonable assurance as to the reliability and accuracy of financial and non-financial reporting. These internal controls are designed, implemented, and maintained by the Council and management.

We reviewed the internal controls, in your information systems and related business processes. This included the controls in place for your key financial and non-financial information systems.

We found that the controls are design effective and have been operating effectively throughout the period, to enable us to plan and undertake a controls reliance audit.

4 Matters raised in the Audit Plan



In our Audit Plan we identified the following matters as the main areas of audit focus:

Area of audit focus	Outcome
Revaluation and fair value assessment of property, plant and equipment	
<p>Council periodically revalue their infrastructure assets and land and buildings.</p> <p>PBE IPSAS 17 <i>Property, plant and equipment</i>, requires that valuations are carried out with sufficient regularity to ensure that the carrying amount does not differ materially from fair value.</p>	<p>We reviewed the scope of the valuation, the competence of the independent valuer and the reasonableness of assumptions underlying the valuation. We sought assurances from the valuer that the valuation has been completed in accordance with the valuation and accounting standards.</p> <p>For asset classes that are not being revalued, we reviewed the Council’s assessment of whether there is any significant difference between the carrying amount and fair value of these assets.</p> <p>We followed up on Council’s progress against our prior year recommendations in relation to the valuation process.</p> <p>Our review found that the valuation adopted by the District Council was supportable and valuation movements were consistent with our expectations.</p>

Area of audit focus	Outcome
Capital works programme	
<p>We considered the progress Council is making against budget for its capital work programme. We identified a number of projects that have been carried forward to future years. There are plans for Council to continue with these projects. However, carry forwards are continuing to increase significantly every year.</p> <p>From a project delivery perspective, this poses the risk that Council will not be ready to accommodate the anticipated high levels of growth in the district. There are also concerns that the desired levels of service for key functions of Council, such as roading and water, wastewater, and storm water, will not be able to be delivered to the community.</p>	<p>We reviewed the overall control environment in place in relation to procurement, contract management, project management and asset management.</p> <p>We considered the progress against budget for the capital works programme, in terms of both the number of projects completed as well as the proportion of actual spend to budget.</p> <p>We reviewed the work in progress at year-end to ensure those projects reported as work in progress were not yet completed at year-end, and we also completed a review of costs that have been capitalised during the year to ensure they meet the definition of capital expenditure rather than operational costs.</p> <p>Our review did not identify any significant issues.</p>

Area of audit focus	Outcome
Segregation of duties in the expenditure system	
<p>Our review of Council’s expenditure system in prior years identified a new systems accountant has been appointed to administer the Finance One system. However, we continued to note the following risks:</p> <ul style="list-style-type: none"> • finance staff continue to have super user access to the finance system; • there are users with elevated access (generic service desk users); • system controls for managing expenditure have not been set with system wide defaults, potentially allowing purchases outside the approved process; and • several individuals in the finance team can change details in the creditor’s masterfile. <p>This creates the risk that users have the ability to override key controls in place around the expenditure system. This can result in erroneous transactions, whether due to fraud or error.</p> <p>As a result of these control deficiencies, we were unable to take a controls-based approach to auditing expenditure during last year’s audit.</p>	<p>In prior years our review of Council’s expenditure system identified a new systems accountant had been appointed to administer the Finance One system.</p> <p>This creates the risk that users can override key controls in place around the expenditure system. This can result in erroneous transactions, whether due to fraud or error.</p> <p>In the current year (2022 FY), following a system user Profile review, the high number of Finance staff who had ‘Super User’ access rights to the finance system, and the high number of staff able to update sensitive accounts payable vendor master data, has been reduced.</p> <p>We also noted that the user Profiles capable of this functionality are allocated to people who need them for their job role. we reviewed the District Council’s expenditure system and did not identify any unusual access levels for external users.</p>

Area of audit focus	Outcome
Three waters reform	
<p>In July 2020, the Government launched the Three Waters Reform Programme – a three-year programme to reform three waters service delivery arrangements. The reform programme proposes the establishment of four new multi-regional entities which will own and operate drinking water, wastewater, and storm water (three waters) services across New Zealand. The three waters reform programme is one of the most significant policy programmes affecting local authorities. This is a three-year programme of work in three tranches.</p> <p>The Government has not introduced the Water Services Entities Bill into the House, although a consultation draft of the Bill is publicly available. The Government has established a working group to further consider the governance and accountability arrangements. The working group is expected to report back to the Minister of Local Government at the end of this month.</p> <p>During the prior financial period, the District Council signed a non-binding Memorandum of Understanding (MOU) with the Crown. By signing this MOU, the District Council agreed to participate in the exploration of future service delivery options for the three waters services and to collaborate with agencies involved in the reform.</p>	<p>We reviewed the District Council’s disclosure included in the annual report regarding the Three Waters Reform programme (included in the statement of accounting policies) and are satisfied that the disclosure is reasonable.</p> <p>Our audit report includes an emphasis of matter paragraph which draws the reader’s attention to this disclosure.</p>
The risk of management override of internal controls	
<p>There is an inherent risk in every organisation of fraud resulting from management override of internal controls. Management are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Auditing standards require us to treat this as a risk on every audit.</p>	<p>Our testing included:</p> <ul style="list-style-type: none"> • testing the appropriateness of selected journal entries; • reviewing accounting estimates for indications of bias; and • evaluating any unusual or one-off transactions, including those with related parties. <p>Our testing did not identify any issues of concern.</p>

5 Significant matters identified during the audit



We have identified, in broadly this order of importance, these significant matters, issues, or risks in this audit.

5.1 Revaluation and fair value assessment of property, plant and equipment

Council periodically revalue its infrastructure assets, land and buildings. PBE IPSAS 17 *Property, plant and equipment*, requires that valuations are carried out with sufficient regularity to ensure that the carrying amount does not differ materially from fair value.

Council completed a fair value assessment as at 30 June 2022 on their Land and Building. Based on this analysis of market movements between the last land and building revaluation in 2019 and 30 June 2022, there was evidence that there was a material change in the value of the land and building asset class.

Subsequent to the fair value assessment, the District Council engaged an independent valuer to value its land and building assets as at 30 June 2022.

To gain assurance over the valuation of property, plant, and equipment we:

- assessed the external valuer's expertise and objectivity, and obtained representations from the valuers that the valuations were conducted in accordance with accepted professional valuation standards;
- reviewed the valuation reports and made enquiries of the valuers to obtain an understanding of the valuation methodologies used;
- assessed whether the valuation movements were reasonable and consistent with our expectations; and
- assessed the reliability of source data and the reasonableness of assumptions used.

Our review found that the valuation adopted by the District Council was supportable and valuation movements were consistent with our expectations.

We also reviewed the fair value assessment performed by the District Council for three waters assets and roading assets. Our review confirmed the assumptions used and the resulting calculation did not indicate a material difference between the District Council's current carrying value and their approximate fair value.

5.2 The risk of management override of internal controls

We did not identify any instances of override of controls or fraudulent financial reporting.

Management in most organisations are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Auditing standards require us to treat this as a significant risk on every audit.

We tested the appropriateness of journal entries, reviewed significant accounting estimates for indications of bias and, where applicable, considered the rationale for significant transactions outside the normal course of business.

We also assessed whether relevant controls are designed effectively in a way that reduces the risk of override. Overall, we found that relevant controls existed and were designed effectively.

5.3 Impairment assessment for property, plant and equipment (PPE)

PBE IPSAS 21 Impairment of Non Cash Generating Assets requires an entity assess, at the end of each reporting period, whether there is any indication that an asset may be impaired.

In October 2022 (Subsequent to the year end 30 June 2022), the Te Awamutu Museum and Annex DSA was found to have some seismic issues and was closed following a Seismic assessment by BCD Group Limited. Council decided to close the museum to the public and employees re-allocated to other Council buildings. Following this, the Council has been asked to complete further Seismic assessments of its various properties and facilities.

The Seismic issue would have existed prior to the 2022 financial year. The information came to light post balance date indicating that the condition of these assets as at balance date was worse than previously reflected, this would be an adjusting event in terms of PBE IPSAS 14 Events after reporting date as it provides evidence of conditions existing at the reporting date. One would need to assess whether derecognition or impairment is appropriate – whether future service potential can be expected/demonstrated.

From our understanding of the information available, the building will not be derecognised as WDC expect future benefits (use) of the building. In that case, impairment seems to be the correct accounting treatment.

We reviewed the Council's impairment assessment of all its assets that include PPE and capital work in progress. We considered the Council's assessment of impairment as well as considering whether any of these or other assets would need to be derecognised (rather than impaired).

Council impaired the Te Awamutu Museum and Annex DSA building on 30 June 2022. We consider the residual carrying value on 30 June 2022 to be a reasonable reflection of fair value.

5.4 Sensitive expenditure - Approval of expenses

While performing our review of sensitive expenditure, we noted instances where the Chief Executive Officer's (CEO) and Mayor expenses were approved by the Deputy CEO.

Sensitive expenditure should be approved on a one-up basis and the approver should be independent of the benefits received from the expenditure. The OAG's guidance on sensitive expenditure notes that authorised expenditure needs to ensure there is independence of the approver over the expenditure. This is also in keeping with the Council's sensitive expenditure policy.

We recommend one-up approval on all sensitive expenditure are formally documented and adequately retained for future references.

Management comment

The established procedure for the approval of expenditure benefitting either the Mayor or the Chief Executive is for that expenditure to be approved by the Deputy Chief Executive after obtaining written approval from two Councillors (in the case of the Mayor), or from the Mayor (in the case of the Chief Executive). We understand that this approach is in accordance with Audit expectations.

The instances noted by Audit are not in this category. In two of the instances the expenditure was from the Mayoral Discretionary budget allocation. As the name of this budget suggests any expense incurred is considered by staff as being entirely at the Mayor's discretion. The budget is limited to a relatively small per annum amount and the senior staff member providing the final financial approval of the Mayor's discretionary wishes is cognisant of the need for the expense to be reasonable given that it is of ratepayer funds. The funds are disbursed to third parties, usually community groups. A requirement for further 'approvals' to be obtained from Councillors in this instance would defeat the intent that the Mayor has discretionary ability to meet identified ad hoc community needs. That said, officers will work with the Mayor to implement a process of annually reporting the spend against said fund to the Audit and Risk committee to enhance accountability and transparency.

The other two instances involved costs incidental to the Chief Executive's travel that had already been approved by the Mayor, and in another instance the purchase of Council equipment.

6 Assessment of internal control



The Council, with support from management, is responsible for the effective design, implementation, and maintenance of internal controls. Our audit considers the internal control relevant to preparing the financial statements and the service performance information. We review internal controls relevant to the audit to design audit procedures that are appropriate in the circumstances. Our findings related to our normal audit work, and may not include all weaknesses for internal controls relevant to the audit.

6.1 Evidence of review

Whilst the reconciliations were prepared by the appropriate personnel, there were no evidence of review for the months of September 2021 and February 2022 reconciliations.

Recommendation

We recommend that all checks and approvals are evidenced to maintain the integrity of the internal controls systems.

Management comment

We have implemented a process where the Finance Manager reviews monthly reconciliations shortly after each month end. The reconciliations are signed off and retained for future reference.

6.2 Formal annual leave policy

We noted absence of a formal annual leave policy.

Recommendation

We recommend a formal policy is implemented. Some of the matters that should be included in the policy are:

- Mandatory leave hours to be taken for staff mental health benefits.
- The extent to which leave is to be carried forward.
- How much advance notice to be given for annual leave.

We understand that management are taking steps to monitor the annual leave.

Management comment

Council have recently adopted a policy rationalisation approach under the umbrella of Pou Tatakai, which is a 'staff charter' type initiative founded on value-aligned behaviour. The policy rationalisation is designed to consolidate lengthy policies and provide more user-friendly and easily accessible information and guidelines for our staff. Requirements in regard to staff leave, as set out above, can be built into a guideline in addition to parental leave, closedown period, special leave, etc. This is on the HR teams work-radar. Our current process places ownership of managing leave on Group Managers and Managers who receive monthly reports noting who in their team/group have four weeks or more of annual leave. In addition the Executive Leadership Team discuss excessive leave balances at Executive Team meetings and with the implementation of our new payroll system, all line managers will be able to access this data and manage accordingly.

6.3 Asset capitalisation

During our testing of PPE additions, we noted that the Asset Recognition Forms (ARF), which the finance team accepts as approval from the project managers for asset additions, were not signed off by the relevant project engineers.

Recommendation

We recommend that project engineers/managers sign off the ARF forms and asset lists as approval before the capitalisation of assets.

Management comment

We will review the various processes and investigate how the objective of final sign off can be achieved to satisfy this requirement.

7 Public sector audit



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

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

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

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

8 Group audit



The group comprises :

- Waipa District Council
- Waipa Community Facilities Trust
- Cambridge Town Hall Trust

We have not identified any of the following during our audit for the year ended 30 June 2022:

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

9 Useful publications



Based on our knowledge of the District Council, we have included some publications that the Council and management may find useful.

Description	Where to find it
Performance reporting	
Public organisations are responsible for reporting their performance to Parliament and the public in a way that meaningfully reflects their organisation's aspirations and achievements. The Auditor-General published a discussion paper that explores five areas for improvement in performance reporting.	On the Office of the Auditor-General's website under publications. Link: The problems, progress, and potential of performance reporting
The Office of the Auditor-General, the Treasury and Audit New Zealand have jointly prepared good practice guidance on reporting about performance. The guidance provides good practice examples from public organisations in central government. Those working in other sectors may also find this useful.	On Audit New Zealand's website under good practice. Link: Good practice in reporting about performance — Office of the Auditor-General New Zealand (oag.parliament.nz)
Local government risk management practices	
The Covid-19 pandemic is a stark reminder for all organisations about the need for appropriate risk management practices. In our audit work, we often see instances where councils do not have effective risk management. This report discusses the current state of local government risk management practices and what councils should be doing to improve their risk management.	On the Office of the Auditor-General's website under publications. Link: Observations on local government risk management practices
Public accountability	
Public accountability is about public organisations demonstrating to Parliament and the public their competence, reliability, and honesty in their use of public money and other public resources. This discussion paper explores how well New Zealand's public accountability system is working in practice.	On the Office of the Auditor-General's website under publications. Link: Building a stronger public accountability system for New Zealanders

Description	Where to find it
Setting and administering fees and levies for cost recovery	
<p>This good practice guide provides guidance on settings fees and levies to recover costs. It covers the principles that public organisations should consider when making any decisions on setting and administering fees and levies. It also sets out the matters public organisations should consider when calculating the costs of producing goods or providing services and setting charges to recover those costs.</p>	<p>On the Office of the Auditor-General’s website under publications.</p> <p>Link: Setting and administering fees and levies for cost recovery: Good practice guide</p>
<p>The Office of the Auditor-General, the Treasury and Audit New Zealand have jointly prepared good practice guidance on reporting about performance. The guidance provides good practice examples from public organisations in central government. Those working in other sectors may also find this useful.</p>	<p>On Audit New Zealand’s website under good practice.</p> <p>Link: Good practice in reporting about performance — Audit New Zealand (auditnz.parliament.nz)</p>
Managing conflicts of interest involving council employees	
<p>This article discusses findings across four councils on how conflicts of interest of council employees, including the chief executive and staff, are managed.</p>	<p>On the Office of the Auditor-General’s website under publications.</p> <p>Link: Getting it right: Managing conflicts of interest involving council employees</p>
Establishing a new “public entity”	
<p>This document is for people making policy decisions about establishing a new public entity. It sets out questions to help you consider what accountability requirements a new public entity should have.</p>	<p>On the Office of the Auditor-General’s website under publications.</p> <p>Link: Accountability requirements to consider when establishing a new “public entity”</p>
Model financial statements	
<p>Our model financial statements reflect best practice we have seen. They are a resource to assist in improving financial reporting. This includes:</p> <ul style="list-style-type: none"> • significant accounting policies are alongside the notes to which they relate; • simplifying accounting policy language; • enhancing estimates and judgement disclosures; and • including colour, contents pages and subheadings to assist the reader in navigating the financial statements. 	<p>Link: Model Financial Statements</p>

Description	Where to find it
Tax matters	
As the leading provider of audit services to the public sector, we have an extensive knowledge of sector tax issues. These documents provide guidance and information on selected tax matters.	On our website under good practice Link: Tax Matters
Client substantiation file	
When you are fully prepared for an audit, it helps to minimise the disruption for your staff and make sure that we can complete the audit efficiently and effectively. We have put together a collection of resources called the Client Substantiation File to help you prepare the information you will need to provide to us so we can complete the audit work that needs to be done. This is essentially a toolbox to help you collate documentation that the auditor will ask for.	On our website under good practice. Link: Client Substantiation File
Sensitive expenditure	
The Auditor-General's good practice guide on sensitive expenditure provides practical guidance on specific types of sensitive expenditure, outlines the principles for making decisions about sensitive expenditure, and emphasises the importance of senior leaders "setting the tone from the top". It also describes how organisations can take a good-practice approach to policies and procedures for managing sensitive expenditure.	On the Office of the Auditor-General's website under good practice. Link: Sensitive expenditure
Good practice	
The OAG's website contains a range of good practice guidance. This includes resources on: <ul style="list-style-type: none"> • audit committees; • conflicts of interest; • discouraging fraud; • good governance; • service performance reporting; • procurement; • sensitive expenditure; and • severance payments. 	On the OAG's website under good practice. Link: Good practice

Description	Where to find it
Procurement	
<p>The OAG are continuing their multi-year work programme on procurement.</p> <p>They have published an article encouraging reflection on a series of questions about procurement practices and how processes and procedures can be strengthened.</p> <p>Whilst this is focused on local government, many of the questions are relevant to all types of public sector entities.</p>	<p>On the OAG’s website under publications.</p> <p>Links: Strategic suppliers: Understanding and managing the risks of service disruption</p> <p>Getting the best from panels of suppliers</p> <p>Local government procurement</p>

Appendix 1: Status of previous recommendations

Open recommendations

Recommendation	First raised	Status
Necessary		
Financial delegations register		
We recommend the District Council adopts a financial delegation's policy that documents the delegations for both operational and capital expenditure.	2019/20	Updated policy has been drafted and is yet to be approved. Issue outstanding.
Confirmation all contractor network access is valid		
Establish a central register for contractors working at the District Council that is reconciled against payments made to contractors and the network. Staff who previously worked at the District Council and return to work as a contractor should also follow the same process as a contractor.	2019/20 Interim	Management is planning on leveraging the Human Resource Planning system to address this matter. The project is at scoping phase. Matter progressing.
Review network login accounts and removal of redundant accounts		
Undertake a full review of network logins, including users, contractors, generic accounts and special service accounts, to ensure any redundant accounts have been disabled or removed.	2020/21	Council confirmed that a full review of users was done and dormant accounts were deleted. We noted from work performed that there were still a number of redundant user accounts that remain. Account management procedure was updated. Matter progressing. Expected implementation date 31 March 2023.

Recommendation	First raised	Status
Incomplete interests register		
<p>The interest register is updated on an ad-hoc basis when interests appear and Council to have interest declaration updates as a standing agenda item.</p>	<p>2020/21</p>	<p>Disclosure of members' interests is a standing agenda item at each Council meeting.</p> <p>We identified some related parties through our Companies Office and Charities Register searches that had not been included in Council's interest register.</p> <p>Issue outstanding.</p>

Recommendation	First raised	Status
Sensitive Expenditure Policy		
<p>Update the Sensitive Expenditure Policy and Credit Card Use Policy to reflect OAG's good practice guidelines.</p>	<p>2020/21</p>	<p>Draft updated policy has been reviewed and the following matters were still outstanding:</p> <ul style="list-style-type: none"> • To define 'actual and reasonable' when the terms are used and dollar limits/defined boundaries for what is 'reasonable'. • To cover rideshare options charged through an app linked to a credit card. • To document that staff making procurement decisions do not personally receive any loyalty rewards as a result of their decisions. • To cover those contributions to social clubs must be prudent and reasonable in terms of the benefit obtained by the organisation. • To cover that if Council allows staff to purchase directly from suppliers it sets limits on the value and quantity of purchase and monitors staff use to avoid any risks to future procurement decisions involving that supplier. • To cover that Koha are approved in advance. • To make clear that receiving cash gifts is unacceptable in any circumstances. <p>Issue outstanding.</p>

Recommendation	First raised	Status
Beneficial		
Policy and practice improvements: Bribery and corruption		
<p>Bribery and corruption policies, risks assessments, and associated processes are enhanced to reflect good practice.</p>	<p>2018/19</p>	<p>Draft Fraud Policy has been updated – due for approval in September 2022.</p> <p>We note that Council’s draft ‘Guide to Protecting Against Fraud and Corruption’ document includes information that covers:</p> <p>Fraud and corruption risks (Incentives/ Pressure, Opportunities and Attitudes)</p> <p>The key processes for conducting investigations.</p> <p>The two other matters previously identified still remain outstanding.</p> <p>Matter progressing.</p>

Implemented or closed recommendations

Recommendation	First raised	Status
Urgent		
Expenditure: segregation of duties		
<p>Finance staff should not be provided with “super user” access to the Finance System.</p> <p>That an electronic control is put in place to ensure segregation of duties over changes to Accounts Payable masterfile data.</p> <p>That regular review are performed to determine the appropriateness of users with access to the system.</p>	2017/18	<p>No Finance Staff has superuser access anymore. Only two staff have superuser access but are outside Finance team. Their superuser access is for admin purposes only – Leonard Hassbroek (IS Solutions Lead) and Farrah Templeton (TechnologyOne Finance Systems Lead).</p> <p>The system also has an automated workflow rule for GL data entry that ensures the creator of the journal is not the same person who approves it.</p> <p>The system does not allow for user access to be view and approve without having the ability to ‘modify’, therefore Council will run a report of all changes made by the Accounts Payable Supervisor (who reviews all changes) at year-end to determine whether any changes need to be reviewed by a separate staff member. Council will consider running this report more frequently (i.e. each month) going forward.</p> <p>Matter Closed.</p>
The review process for superusers in journals		
<p>We recommend that the person who reviews all journals posted for instances of the same person raising and approving a journal does not have superuser access.</p>	2020/21	<p>This has been resolved as there are now only two staff with superuser access, and both are outside of finance. A control has been added that restricts superusers self-approving journals via GL data entry flow. We confirmed this through systems walkthroughs.</p> <p>Matter Closed.</p>

Recommendation	First raised	Status
Lack of independent review of accounts payable masterfile changes		
<p>The person who independently reviews masterfile changes is not able make any changes and does not have superuser access.</p>	<p>2020/21</p>	<p>Superuser access has been removed for finance staff – the only two users with such access are IS Solutions Lead and TechnologyOne Finance Systems Lead.</p> <p>Neither are responsible for completing review of masterfile changes.</p> <p>We note that the staff member that reviews masterfile changes still has the ability to make changes based on our review however, management has accepted this risk.</p> <p>Matter Closed.</p>
Necessary		
Electronic purchase order system		
<p>We encourage the full implementation of an integrated electronic purchase order system to provide Council with significantly increased assurance that appropriate approval processes are being applied. This would mean using the EPO system for all purchases.</p>	<p>2014/15</p>	<p>For the full financial year, all transactions have gone through the PO system. Commentary from KPMG internal audit report is as follows:</p> <p>All POs at WDC are now raised through the PO module”</p> <p>Issue closed.</p>
Need to assess where the Council may be susceptible to fraud		
<p>The District Council undertakes a formal fraud assessment to assess those transactions, activities, locations that may be susceptible to fraud, and what controls/processes the group has in place to mitigate those risks.</p>	<p>2016/17</p>	<p>KPMG completed an internal audit of Council’s Fraud Risk Management Framework Gap Analysis and gave a 4/5 rating.</p> <p>A range of positive attributes were outlined, however there were three recommendations made, one of which was that Council develop a robust programme that outlines a systematic approach of undertaking fraud risk assessments.</p> <p>Council has started working on KPMG’s recommendations.</p> <p>Matter closed</p>

Recommendation	First raised	Status
Procurement processes		
<p>Our review of the District Council’s procurement processes identified the following recommendations:</p> <ul style="list-style-type: none"> • procurement is led by a dedicated team (i.e. a centralised model); • the procurement information system interfaces or is integrated with the financial system and allows spend analysis. This system could also be used to identify future procurement activity, and provide data to inform the medium-term approach to procurement planning; and • documentation to support all procurement activity is consistently stored electronically and is easily accessible, and that the data and documentation supporting procurement is accurate and up to date. 	<p>2017/18</p>	<p>WDC has appointed a procurement advisor to provide good support and procurement monitoring across the organisation.</p> <p>Spend analysis has been introduced as the Contract module and the PO system is integrated.</p> <p>Electronic copies of all documents are stored in the document management system. Contracts are only approved with appropriate documentation to support it.</p> <p>Issue closed.</p>

Recommendation	First raised	Status
Contract management and project management processes		
<p>Our review of the District Council’s contract management and project management processes identified the following:</p> <ul style="list-style-type: none"> • The contract management system could be enhanced to retain sufficient information on contractor performance throughout the contract that can be used to assist with contract renewal decisions. This type of information may come from a formal “contract performance review” process and include, for example, service delivery, timeliness, and quality metrics. • Such contract performance reviews can take place during the contract (not only at the end of the contract) at recognised milestones. The collection of such information will enable comparisons and assist with contract renewal decisions. • An organisation-wide Supplier categorisation model is implemented differentiating between the relative importance of suppliers (e.g. strategic partners, routine suppliers, commodities etc.). This categorisation should then be used to inform a differential approach to contract management. <p>We also highlight that best practice includes a contract management system being in place that links directly to the FMIS and payment system to assist Council to actively manage their contracts.</p>	<p>2017/18</p>	<p>KPMG completed an internal audit of Council’s Procure to Pay and Contract Management.</p> <p>Some findings were identified in the report that provided to WDC.</p> <p>There is no centralised supplier performance record-keeping that other council staff members and/or procurement teams can use to assess the respective supplier’s record of past performances for services they have provided across the Council.</p> <p>This shows some improvements have been made but there is still part of the recommendation outstanding.</p> <p>Council has started working on KPMG’s recommendations.</p> <p>Matter closed</p>

Recommendation	First raised	Status
Property, plant and equipment – valuers’ recommendations		
Implement or address the recommendations made by the valuers to ensure asset data is accurate and complete.	2018/19	Council believes this should be removed due to it being implemented (which identified the significant issues in the prior year). Matter closed
Project costs		
Project costs are reviewed against the recognition criteria of PBE IPSAS 17 for capitalisation.	2020/21	No issues noted relating to this Matter closed
Reconciliation between FAR and finance system		
Management completes a full reconciliation between the Asset Management System and the Finance System on an annual basis.	2020/21	No issues noted relating to this Matter closed
Asset disposals		
Ensure assets are appropriately disposed of in the asset management system when being replaced or renewed.	2020/21	No issues noted relating to this Matter closed
Asset data entry		
Ensure assets are entered correctly into the Asset Management System so that assets are not double counted at the point of revaluation.	2020/21	No issues noted relating to this Matter closed
Recording of removal of duplicated assets adjustment within Asset Management System		
Investigate a way to record the removal of duplicated assets adjustment within the Asset Management System.	2020/21	No issues noted relating to this Matter closed
Review of service requests		
Review service requests prior to performance being reported in the annual report to ensure requests are classified correctly.	2020/21	Classifications have been reviewed on a regular basis throughout the year. Council also ran some workshops with appropriate staff to ensure they better understood what was needed and provided additional written guidance. Matter closed

Recommendation	First raised	Status
Submission of timesheets		
All staff submit their own timesheets for approval by their relevant manager.	2020/21	All staff now submit their own timesheets and duly approved by their relevant manager. Matter closed.
Adherence with IT Change Management Policy		
All staff and contractors are made aware of councils' IT security framework. All policies and procedures are followed, including procedures for changes to IT systems.	2020/21	All system changes are logged in the Change Management Database. Matter closed.
Development and testing of organisational Business Continuity plans		
Finish development and testing of organisational Business Continuity plans. Update and test IT Disaster Recovery plans to reflect the council moving systems and technology to the cloud.	2020/21	Business Continuity planning/review by departments completed in early part of 2022. Disaster recovery plans now updated. Matter closed.
Publicly available CCO documents		
Required documents are clearly visible within the Waipa DC website to ensure compliance with the Local Government Act 2002.	2020/21	For each CCO, the final statement of intent and annual report is uploaded on the Waipā District Council website. Sighted website confirming this. Matter closed.

Appendix 2: Uncorrected misstatements

Current year uncorrected misstatements	Reference	Assets	Liabilities	Equity	Financial performance
		Dr (Cr)	Dr (Cr)	Dr (Cr)	Dr (Cr)
Discovered assets	1	900			
Other expenses	1	400			
Property, plant and equipment revaluation gains/(losses) taken to equity	1				(1,300)
Investment gains taken to equity (OCI)	2				288
Investment in CCO's	2	(288)			
Total group		1,012			(1,012)

Explanation of uncorrected misstatements

1. Management found difficulty in adjusting for historical asset costs that were not capitalised at the time of completion of a project and instead were expensed within the underlying Asset Management System. The flow on impact this would have with the Asset Management System and FMIS not aligning meant that management have decided to not correct this error within the financial statements.
2. Management used the first draft of the Waikato Regional Airport Limited (WRAL) financial statements as at 30 June 2022 to recognise the fair value of Waipa DC's investment in WRAL. There were further adjustments in the WRAL accounts after the first draft received from WRAL. This relates to the impact of the subsequent adjustments to the WRAL financial statements that was not recognised in Waipa DC accounting records as at 30 June 2022. Management has decided not to recognise the additional adjustment since the impact is not material to Waipa DC as at 30 June 2022.

Appendix 3: Disclosures

Area	Key messages
Our responsibilities in conducting the audit	<p>We carried out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the financial statements and performance information and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001.</p> <p>The audit of the financial statements does not relieve management or the Council of their responsibilities.</p> <p>Our Audit Engagement Letter contains a detailed explanation of the respective responsibilities of the auditor and the Council.</p>
Auditing standards	<p>We carried out our audit in accordance with the Auditor-General's Auditing Standards. The audit cannot and should not be relied upon to detect all instances of misstatement, fraud, irregularity or inefficiency that are immaterial to your financial statements. The Council and management are responsible for implementing and maintaining your systems of controls for detecting these matters.</p>
Auditor independence	<p>We are independent of the Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: <i>International Code of Ethics for Assurance Practitioners</i>, issued by New Zealand Auditing and Assurance Standards Board.</p> <p>In addition to our audit and our report on the disclosure requirements, we have carried out engagements in the areas of a limited assurance engagement related to the District Council's debenture trust deed and the audit of the long-term plan, which are compatible with those independence requirements. Other than these engagements, we have no relationship with, or interests in the District Council or its subsidiaries and controlled entities.</p>
Fees	<p>The audit fee for the year is \$162,289, as detailed in our Audit Fee Proposal Letter.</p> <p>Other fees charged in the period are \$9,000 for the Debenture Trust Deed.</p>

Area	Key messages
Other relationships	<p>We are not aware of any situations where a spouse or close relative of a staff member involved in the audit occupies a position with the District Council or its subsidiaries that is significant to the audit.</p> <p>We are not aware of any situations where a staff member of Audit New Zealand has accepted a position of employment with the District Council or its subsidiaries during or since the end of the financial year.</p>

AUDIT NEW ZEALAND

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COUNCIL REPORT



To: Her Worship the Mayor and Councillors
From: Manager Governance
Subject: **Community Board 2.0 Oversight Committee and Nominations**
Meeting Date: 28 March 2023

1 PURPOSE - TAKE

The purpose of this report is to appoint the oversight committee for Community Boards 2.0 and to nominate Mayor/Councillor representatives for the Community Boards 2.0 Project Control Group.

2 EXECUTIVE SUMMARY – WHAKARĀPOPOTOTANGA MATUA

This report recommends the Strategic Planning and Policy Committee as the oversight committee for Community Boards as the matters considered by that committee are of key interest to the community boards, such as bylaws, policies, Long Term Plan, Annual Plan and Ahu Ake – Waipā Community Spatial Plan.

Council nominations are also requested for the Community Boards 2.0 Project Control Group, which is being set up to measure processes, successes and/or failures of operational matters of Community Boards 2.0.

3 RECOMMENDATION – TŪTOHU Ā-KAIMAHI

That Council

- a) *Receives the report of Jo Gread Manager Governance titled Community Board 2.0 Oversight Committee and Nominations (ECM Number 10980885);*
- b) *Delegates, pursuant to clause 32 of Schedule 7 to the Local Government Act 2002, to the Strategic Planning and Policy Committee the responsibility for providing oversight and direction to the Community Boards 2.0 project; and*
- c) *Nominates the following representatives to the Community Boards 2.0 Project Control Group: _____*

4 BACKGROUND – KŌRERO WHAIMĀRAMA

The role and function of our community boards was reviewed, at the request of Waipā district councillors, in early 2022. Dr Steven Finlay of EQUIP Consultancy carried out the review and reported his findings to council in July 2022. His report recommended that the councillors, executive, staff and community boards work collectively to raise both the state of the community boards functioning and relevance to their respective communities.

The following recommendations from the EQUIP review were adopted at Council's 26 July 2022 meeting:

1. The state and relevance of community boards needs to increase so that council can see the value proposition of participative democracy in action;
2. Council to reaffirm its relationship to its community boards and delegate responsibility, resourcing and oversight to the appropriate committee and Executive Leadership Team;
3. Community boards to reaffirm their relationship to council and staff and to improve their governance maturity with professional relationships;
4. Council to renew delegations to a more narrowly defined community need; and
5. Community boards to re-engage with their communities and mana whenua, with support from council staff enabling engagement processes.

The findings of this review are what is now known as Community Boards 2.0.

One of the purposes of this report is to establish the Strategic Planning and Policy Committee as the oversight committee for the Community Boards. The Strategic Planning and Policy Committee is recommended as the matters considered by that committee are of key interest to the community boards: such as bylaws, policies, Long Term Plan, Annual Plan and Ahu Ake.

In order to implement the recommendations coming out of the EQUIP review an Implementation Plan was prepared. The Implementation Plan was shared with the Mayor, Councillors, and Community Board members as part of a workshop, where no alternative proposals were received. The Implementation Plan recommended the establishment of a Project Control Group (PCG). The purpose of the PCG is to measure processes, successes and/or failures of operational matters of Community Boards 2.0 and would likely meet every six months.

The Implementation Plan recommended that the PCG be made up of the Community Board Chairs, a community board representative for each board, the Mayor, one

‘independent’ councillor, an oversight Group Manager, Support Managers and Governance staff.

The purpose of having ‘independent’ councillors is to have councillor representation on the PCG that is one step removed from the community boards to provide a different perspective on the progress of implementation of Community Board 2.0.

The Council may decide to nominate different members to the PCG other than recommended. The Community Boards will nominate their own members.

5 SIGNIFICANCE & ENGAGEMENT – KAUPAPA WHAI MANA ME NGĀ MATAPAKINGA

Staff have considered the key considerations under the Significance and Engagement Policy, in particular sections 7 and 8, and have assessed that the matters in this report have a low level of significance.

6 OPTIONS – NGĀ KŌWHIRINGA

Option	Advantages	Disadvantages
<p>Option 1: Do nothing</p>	<ul style="list-style-type: none"> No additional time commitment for Mayor/Councillors for PCG. 	<ul style="list-style-type: none"> Lack of consistent reporting as reporting for Community Boards 2.0 could go to whichever committee works best in terms of timing. No Mayor or Councillor input into the group established to measure processes, successes and/or failures of operational matters of Community Boards 2.0
<p>Option 2: Select Strategic Planning and Policy Committee as the oversight committee for Community Board 2.0 and appoint the Mayor and specific Councillors to the PCG.</p>	<ul style="list-style-type: none"> Consistent committee for Community Boards 2.0 reporting and oversight. Mayor/Councillor input into the progress of the implementation of Community Board 2.0. 	<ul style="list-style-type: none"> Time commitment for elected members on the PCG, however, time requirement should not be significant.

The recommended option is Option 2. The reason for this is that it provides a dedicated committee for reporting on Community Boards 2.0 and provides for Mayor and Councillor input into the Community Boards 2.0 PCG.

7 OTHER CONSIDERATIONS – HEI WHAIWHAKAARO

Council's Vision and Strategic Priorities

The Council's Committee structure makes important governance decisions related to the delivery of Council's vision and strategic priorities.

Legal and Policy Considerations – Whaiwhakaaro ā-Ture

Staff confirm that option 2 complies with Council's legal and policy requirements.

Financial Considerations – Whaiwhakaaro ā-Pūtea

The cost of the Council's governance structure is provided for in existing budgets

Risks - Tūrarū

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

8 NEXT ACTIONS

Action	Responsibility	By When
Schedule reporting to Strategic Planning and Policy Committee	Governance	3 April 2023
Appointment of community board members to the PCG	Governance	April 2023
PCG established	Governance	30 April 2023



Jo Gread
MANAGER GOVERNANCE



Approved by Ken Morris
DEPUTY CHIEF EXECUTIVE / GROUP MANAGER BUSINESS SUPPORT

COUNCIL REPORT



To: Her Worship the Mayor and Councillors
From: Manager Governance
Subject: **COMMITTEE MEMBERSHIP & EXTERNAL ORGANISATION CHANGES**
Meeting Date: 28 March 2023

1 PURPOSE - TAKE

The purpose of this report is to attend to the resignation of Puawai Cairns and the vacancy created by Councillor Stirling's resignation on the Te Ara Wai Governance Committee, and to replace Councillor Stirling on the Te Awamutu & District Museum Trust Board.

2 EXECUTIVE SUMMARY – WHAKARĀPOPOTOTANGA MATUA

Council has received the resignation of Puawai Cairns from the Te Ara Wai Governance Committee and Councillor Stirling has resigned from his Councillor position, leaving two vacant positions on this committee. This report proposes formally reducing the Te Ara Wai Governance Committee membership from eight members to six members until later in the year.

The report also recommends appointing a Councillor to replace Councillor Stirling on the Te Awamutu & District Museum Trust Board. Other positions held by Councillor Stirling will be addressed at a later date when the new Māori Ward Councillor is appointed.

3 RECOMMENDATION – TŪTOHU Ā-KAIMAHI

That Council

- a) *Receives the report of Jo Gread, Manager Governance, titled Committee Membership & External Organisation Changes (ECM Number 10983928);*
- b) *Pursuant to Schedule 7, Clause 31 of the Local Government Act 2002, Council discharges Puawai Cairns and Takena Stirling from the Te Ara Wai Governance Committee and resolves to remove their positions from that committee reducing the committee membership to the following: Lee-Ann Muntz, Paraone Gloyne, Glenda Taithua, Mayor O'Regan, Councillor Stolwyk and Councillor A Brown; and*

- c) *Appoints Councillor _____ to the Te Awamutu & District Museum Trust Board to replace Councillor Stirling.*

4 BACKGROUND – KŌRERO WHAIMĀRAMA

Under the Local Government Act 2002 Schedule 7, clause 31(3) Council may appoint a member to a Committee who is not an elected member of the local authority if “in the opinion of the local authority, that person has the skills, attributes, or knowledge that will assist the work of the committee”.

At the Council meeting on 13 December 2022 the Council established the Te Ara Wai Governance Committee with the following membership:

Membership: Lee-Ann Muntz, Paraone Gloyne, Puawai Cairns, Glenda Taithua, Mayor O’Regan, Councillor Stolwyk, Councillor A Brown, Councillor Stirling.

Puawai Cairns has resigned due to other commitments and Councillor Stirling has recently resigned from his Councillor position. It is proposed to reduce the number of committee members from eight down to six members while Council investigates a replacement for Puawai Cairns and the new Māori Ward Councillor election takes place. Quorum arrangements will automatically adjust as a result.

At the Council meeting on 15 November 2022 Council appointed the following two representatives to the Te Awamutu & District Museum Trust Board:

- Councillor L Brown, and
- Councillor Stirling.

Councillor Stirling has recently resigned his Council position and this report proposes that a new Council representative be appointed to the Te Awamutu & District Museum Trust Board to replace him. The Te Awamutu Museum Trust Board owns the Te Awamutu Museum collection. Council staff manage the collection with the Trust Board and staff liaise directly with the Trust Board on issues such as deaccession of pieces or dealing with potential donations.

Other positions held by Councillor Stirling will be addressed at a later date when the new Māori Ward Councillor is appointed.

5 SIGNIFICANCE & ENGAGEMENT – KAUPAPA WHAI MANA ME NGĀ MATAPAKINGA

Staff have considered the key considerations under the Significance and Engagement Policy, in particular sections 7 and 8, and have assessed that the matters in this report have a low level of significance.

6 OPTIONS – NGĀ KŌWHIRINGA

Option	Advantages	Disadvantages
Option 1: Do nothing (leave positions vacant)	<ul style="list-style-type: none"> No advantages 	<ul style="list-style-type: none"> The 2 vacant positions on the Te Ara Wai Governance Committee will remain for quorum requirement purposes, and may impact on achieving a quorum Only one Council representative on the Te Awamutu & District Museum Trust Board.
Option 2: Remove positions from the Te Ara Wai Governance Committee until later in the year and appoint a second representative to the Te Awamutu District Museum Trust Board	<ul style="list-style-type: none"> The 2 vacant positions on the Te Ara Wai Governance Committee are formally disestablished and therefore do not count for a quorum. Increased representation on the Te Awamutu & District Museum Trust Board. 	<ul style="list-style-type: none"> No disadvantages

The recommended option is Option 2. The reason for this is so quorum requirements are not distorted by these vacant positions for the Te Ara Wai Governance and appropriate Council representation is maintained on the Te Awamutu & District Museum Trust Board.

7 OTHER CONSIDERATIONS – HEI WHAIWHAKAARO

Council's Vision and Strategic Priorities

The Te Ara Wai Governance committee forms part of Council's Committee structure which makes important governance decisions related to the delivery of Council's vision and strategic priorities.

Legal and Policy Considerations – Whaiwhakaaro ā-Ture

Staff confirm that Option 2 complies with Council's legal and policy requirements.

Financial Considerations – Whaiwhakaaro ā-Pūtea

There are no financial considerations.

Risks – Tūraru

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

8 NEXT ACTIONS

Action	Responsibility	By When
Committee membership updated	Governance	31 March 2023
New representative on the Te Awamutu & District Museum Trust Board advised to the Board	Governance	31 March 2023



Jo Gread
MANAGER GOVERNANCE



Approved by Ken Morris
DEPUTY CHIEF EXECUTIVE / GROUP MANAGER BUSINESS SUPPORT