



Hastings District Council

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OPEN A G E N D A

RISK AND AUDIT SUBCOMMITTEE MEETING

Meeting Date: **Monday, 2 July 2018**

Time: **10.00am**

Venue: **Landmarks Room
Ground Floor
Civic Administration Building
Lyndon Road East
Hastings**

Subcommittee Members	Chair: Mr J Nichols <i>Ex Officio: Mayor Hazlehurst</i> Deputy Mayor Kerr (Deputy Chair) Councillors Nixon and Travers <i>(Quorum=3)</i>
Officer Responsible	Chief Financial Officer, Bruce Allan
Committee Secretary	Christine Hilton (Ext 5633)

Risk and Audit Subcommittee – Terms of Reference

A subcommittee of the Finance and Monitoring Committee

Fields of Activity

The Risk and Audit Subcommittee is responsible for assisting Council in its general overview of financial management, risk management and internal control systems that provide:

- Effective management of potential risks, opportunities and adverse effects; and
- Reasonable assurance as to the integrity and reliability of the financial reporting of Council; and
- Monitoring of the Council's requirements under the Treasury Policy

Membership

Chairman appointed by the Council

The Mayor

Deputy Mayor

2 Councillors

An independent member appointed by the Council.

Quorum – 3 members

DELEGATED POWERS

Authority to consider and make recommendations on all matters detailed in the Fields of Activity and such other matters referred to it by the Council or the Finance and Monitoring Committee

The subcommittee reports to the Finance and Monitoring Committee.

HASTINGS DISTRICT COUNCIL
RISK AND AUDIT SUBCOMMITTEE MEETING
MONDAY, 2 JULY 2018

VENUE: Landmarks Room
Ground Floor
Civic Administration Building
Lyndon Road East
Hastings

TIME: 10.00am

A G E N D A

1. Apologies

At the close of the agenda no apologies had been received.

At the close of the agenda no requests for leave of absence had been received.

2. Conflict of Interest

Members need to be vigilant to stand aside from decision-making when a conflict arises between their role as a Member of the Council and any private or other external interest they might have. This note is provided as a reminder to Members to scan the agenda and assess their own private interests and identify where they may have a pecuniary or other conflict of interest, or where there may be perceptions of conflict of interest.

If a Member feels they do have a conflict of interest, they should publicly declare that at the start of the relevant item of business and withdraw from participating in the meeting. If a Member thinks they may have a conflict of interest, they can seek advice from the General Counsel or the Democratic Support Manager (preferably before the meeting).

It is noted that while Members can seek advice and discuss these matters, the final decision as to whether a conflict exists rests with the member.

3. Confirmation of Minutes

Minutes of the Risk and Audit Subcommittee Meeting held Tuesday 1 May 2018.
(Previously circulated)

4. 2017/18 Annual Report Update and Audit Plan

5.	Enterprise Risk Management Update June 2018	23
6.	General Update Report and Status of Actions	63
7.	Additional Business Items	
8.	Extraordinary Business Items	
9.	Recommendation to Exclude the Public from Items 10, 11 and 12	69
10.	2018/19 Insurance Renewal Programme	
11.	Internal Audit	
12.	IT Audit Plan & Control Review	

REPORT TO: RISK AND AUDIT SUBCOMMITTEE

MEETING DATE: MONDAY 2 JULY 2018

FROM: CHIEF FINANCIAL OFFICER
BRUCE ALLAN
FINANCIAL CONTROLLER
AARON WILSON

SUBJECT: 2017/18 ANNUAL REPORT UPDATE AND AUDIT PLAN

1.0 SUMMARY

- 1.1 The purpose of this report is to update the Subcommittee about progress being made on year-end issues.
- 1.2 The Council is required to give effect to the purpose of local government as prescribed by Section 10 of the Local Government Act 2002. That purpose is to meet the current and future needs of communities for good quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses. Good quality means infrastructure, services and performance that are efficient and effective and appropriate to present and anticipated future circumstances.
- 1.3 This report concludes by recommending that the report be received

2.0 CURRENT SITUATION

2.1 2018 Audit Plan

- 2.2 Audit NZ have issued their 2018 Audit Plan and is attached as **Attachment 1**. The plan sets out the arrangements for this year's audit and includes a summary of business risks and issues that they have identified and how they intend to respond to these during the audit. These business issues include:
 - Fair value of infrastructural assets and other revalued assets
 - Water Supply
 - Opera House
 - Reporting against mandatory measures
 - Improving the Audit Process
 - Risk of Management override of internal controls
- 2.3 Mr Stephen Lucy, Audit New Zealand Audit Director is unable to attend this meeting.

2018 Annual Report

- 2.4 Staff have completed the annual year end timetable for the 2018 year end. The timetable is inclusive of all the processes and requirements of the production of the Annual Report and requires a high degree of coordination across Council. The Local Government Act stipulates that the Annual Report must be adopted by Council by 31st October each year, this year the date set down for Council approval is 25th October. Other key dates for the audit process and outlined in the 2018 Audit Plan are:

Draft financial statements available for audit	31 August
Final Audit begins – audit on-site	3 September
Final financial statements available	21 September
Full Annual report available for Audit	1 October
Summary Annual Report available for Audit	1 October

- 2.5 Improvements have been made to reporting processes and systems over the past few years and Officers are confident of providing Audit with completed draft financial statements for audit on August 31st prior to them arriving on-site. The Finance team has its full complement of accounting resources this year which should make the year end process more manageable than last year.
- 2.6 Every year there are revaluations of various classes of assets that are performed on a rotating basis on a set schedule. This year it is the Heritage and Cultural, Water infrastructure, along with Land and Buildings assets that will be revalued. The Land and Buildings revaluation is a significant piece of work and is well underway with the final valuation expected from Valuation Plus by 30th June.
- 2.7 There are no significant changes to Public Benefit Entity (PBE) reporting standards that are likely to materially affect the 2017 /18 Annual Report.
- 2.8 At this stage of the Annual Report process Officers are not aware of any additional issues that may give rise to technical discussions with Audit and judgements that will be required by Officers.
- 2.9 With the next Risk & Audit Subcommittee meeting scheduled for September 4th, Officers will be working to have some preliminary financial statements available for the subcommittee to review. Obviously at this time anything presented will be unaudited and subject to change.

3.0 SIGNIFICANCE AND ENGAGEMENT

- 3.1 The matters within this report do not trigger the thresholds within Council's significance and engagement policy.

4.0 RECOMMENDATIONS AND REASONS

- A) That the report of the Chief Financial Officer titled “2017/18 Annual Report Update and Audit Plan” dated 2/07/2018 be received.**

Attachments:

- | | | |
|---|---|------------------|
| 1 | Audit Plan for the year ending 30 June 2018 | FIN-07-01-18-401 |
|---|---|------------------|

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Audit plan

Hastings District Council

For the year ending 30 June 2018

Item 4

Attachment 1

Audit plan

I am pleased to present the arrangements for the audit of Hastings District Council for the year ending 30 June 2018. The purpose of this audit plan is to discuss:

Audit risks and issues	2
Our audit process	6
Reporting protocols	9
Audit logistics	10

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

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

We are committed to delivering a high-quality audit. Our audit is risk based, which means that we focus on the areas that matter. Every member of the audit team will contribute to achieving the highest standard of professional excellence.

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

Yours sincerely



Stephen Lucy
Director
18 May 2018

Audit risks and issues

Focus areas



Based on the planning work and discussions that we have completed to date, this table sets out the main audit risks and issues.

Audit risk/issue	Our audit response
Fair value of infrastructural assets and other revalued assets	
<p>Infrastructural assets and other revalued assets need to be revalued with sufficient regularity to ensure that the carrying amount does not differ materially from fair value. The relevant accounting standard is PBE IPSAS 17, <i>Property, Plant and Equipment</i>.</p> <p>The District Council's accounting policy is that land and buildings (operational and restricted), library books, and infrastructural assets (except land under roads) are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years with the exception of heritage assets which are valued every five years.</p> <p>The accounting policies also note that future revaluations of infrastructure and park assets will take place at two yearly intervals.</p> <p>The last valuations were:</p> <ul style="list-style-type: none"> Heritage assets – June 2013 Land and buildings – June 2015 Water infrastructure (including land) – June 2016 Library collections – June 2017 Roading – June 2017 Parks - June 2017 	<p>For those assets that are not revalued, we will review the robustness of management's assessments as to why there is no material difference between the fair value and the carrying value of those assets.</p> <p>Where revaluations are undertaken, we will:</p> <ul style="list-style-type: none"> Review how the District Council ensured completeness over the asset data; Review the District Council's explanations of variances between the latest and prior years' valuations for reasonableness; Obtain confirmation from the independent valuer or peer review valuer; Confirm our understanding of the valuation methodology and key assumptions. We will assess these for compliance with PBE IPSAS 17 and evaluate their reasonableness based on our experience and knowledge of other valuations of similar assets; Determine how the age and condition of the assets has been determined, and how this has been reflected in the determination of the remaining useful life of the assets and the valuation calculation for those assets; For those assets valued on an Optimised Depreciated Replacement Cost (ODRC) basis, determine how unit rates for replacement costs have been determined. We will confirm the reasonableness of a sample of unit costs by reference to recent

Audit risk/issue	Our audit response
	<p>capital works undertaken by the District Council; and</p> <ul style="list-style-type: none"> Review how changes in the value of assets are accounted for and disclosed in the financial statements.
Water Supply	
<p>As a result of the Havelock North Water Inquiry the District Council has significant work that will be required to be done on its water infrastructure to ensure the safety and security of its water supply.</p> <p>The District Council has completed work on its water strategy and this has been used to inform the development of the 2018-28 LTP.</p> <p>There are also some immediate projects that the District Council is undertaking in the 30 June 2018 year.</p>	<p>We will ensure that the expenditure in relation to the District's water supply is appropriately split between capital and operating expenditure.</p>
Opera House	
<p>We understand that:</p> <ul style="list-style-type: none"> earthquake strengthening works on the Opera House have commenced; decisions have yet to be made regarding the Municipal Building; and the Civic Square project is currently on hold while all options are considered for the Opera House complex. <p>In 2013/14 the District Council identified that the Opera House complex did not meet the required earthquake standards and would need significant remedial work to strengthen the building to comply with the building code. The value of the Opera House and Municipal buildings has subsequently been significantly impaired.</p> <p>In its 2015-25 LTP the District Council put aside \$20 million towards the Opera House complex and other potential projects.</p>	<p>We will assess the impact on the 2018 financial statements as a result of any developments and decisions made around the Opera House and Civic Square development.</p> <p>This will include assessing whether costs incurred to date for the Opera House are appropriately included in capital or operating expenditure depending on the nature of the item.</p>

Audit risk/issue	Our audit response
Reporting against the Mandatory measures	
<p>Last year we recommended that review processes be strengthened to ensure the quality and accuracy of information going into the system supporting the mandatory performance measures.</p> <p>Specifically that the District Council put in place more robust checks to ensure that service contractors personnel (CityCare) are logging into the system at the correct times in order to correctly record response and resolution times for call outs to water issues.</p>	<p>We understand that the District Council has started implementing changes to increase the robustness of review (e.g. more regular reporting of response and resolution times to review for appropriateness) and we will review progress against our recommendation as part of our interim audit visit.</p>
Improving the audit process	
<p>Last year, we noted improvements to the audit process and quality of the draft financial statements whilst also noting that further improvements to the year end process could still be made.</p> <p>There were also some delays in obtaining the full reported performance for the non-financial reporting in the Annual Report. The delays related to the reporting of the water supply measures and resulted in us only receiving the complete performance information after we had finished our onsite visit for the final audit.</p>	<p>We will continue to liaise with management on ways to improve the efficiency of the audit process.</p>
Risk of management override of internal controls	
<p>There is an inherent risk in every organisation of fraud resulting from management override of internal controls.</p> <p>Management 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.</p> <p>Auditing standards require us to treat this as a risk on every audit.</p>	<p>Our audit response to this risk includes:</p> <ul style="list-style-type: none"> • testing the appropriateness of selected journal entries; • reviewing accounting estimates for indications of bias; and • evaluating any unusual or one-off transactions, including those with related parties.

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

Fraud risk

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

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

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

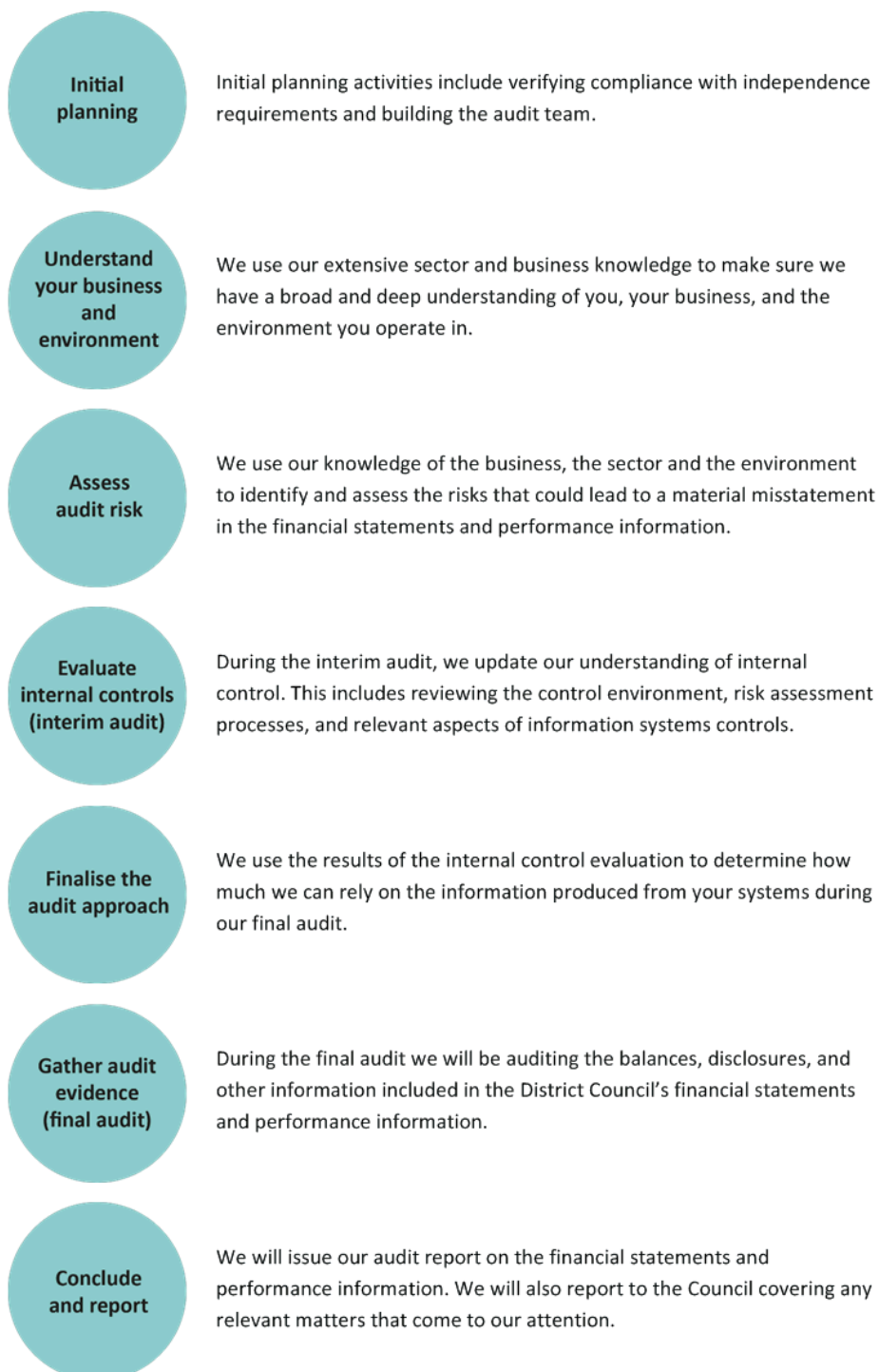
Our responsibility

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

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

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

Our audit process



Materiality

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

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

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

Accounting standards also require the Council and management to consider materiality in preparing the financial statements. IFRS Practice Statement 2, *Making Materiality Judgements*, provides guidance on how to make materiality judgements from a financial statements preparer's perspective. Although this guidance is primarily aimed at for-profit entities, the same principles can be applied by public benefit entities.

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

Misstatements

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

We will ask for each misstatement to be corrected, other than those that are clearly trivial. Where management does not wish to correct a misstatement we will seek written representations from the Mayor and Chief Executive, in the usual year-end representation letter, that specify the reasons why the corrections will not be made.

Professional judgement and professional scepticism

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

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

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

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

How we consider compliance with laws and regulations

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

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

Wider public sector considerations

A public sector audit also examines whether:

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

Reporting protocols

Communication with management and the Council



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

Reports to Council



We will provide a draft of all reports to management for discussion/clearance purposes. Once management comments are received the report will be finalised and provided to Council.

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

Audit logistics

Our team



Our senior audit team members are:

Stephen Lucy

Director

Leon Pieterse

Engagement Quality Control Director

Megan Wassilieff

Audit Manager

Bridget Armstrong

Assistant Manager

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

Timetable



Our proposed timetable is:

30 April 2018	Interim audit begins
18 May 2018	Draft interim management report issued
31 August 2018	Draft financial statements available for audit (including notes to the financial statements) with actual year-end figures
3 September 2018	Final audit begins
21 September 2018	Final financial statements available, incorporating all the amendments agreed to between us
28 September 2018	Verbal audit clearance given
1 October 2018	Annual report available, including any Mayor's and Chief Executive's overview or reports
To be confirmed	Audit opinion issued
5 October 2018	Draft final detailed management report issued

Expectations



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

Our respective responsibilities are set out in our audit engagement letter dated 25 October 2017.

We expect that:

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

To help you prepare for the audit, we will liaise with management and provide them with a detailed list of the information we will need for the audit. We have also published information to explain what to expect from your audit:



Health and safety



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

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

We expect you to provide a work environment for our audit staff that minimises or, where possible, eliminates risks to their health and safety. This includes providing adequate lighting and ventilation, suitable desks and chairs, and safety equipment where required.

We also expect management to provide our audit staff with all information or training necessary to protect them from any risks they may be exposed to at your premises. This includes advising them of emergency evacuation procedures and how to report any health and safety issues.

REPORT TO: RISK AND AUDIT SUBCOMMITTEE

MEETING DATE: MONDAY 2 JULY 2018

FROM: RISK AND CORPORATE SERVICES MANAGER
REGAN SMITH
DISTRICT CUSTOMER SERVICES MANAGER
GREG BRITTIN

SUBJECT: ENTERPRISE RISK MANAGEMENT UPDATE JUNE 2018

1.0 SUMMARY

- 1.1 The purpose of this report is to update the Subcommittee on Enterprise Risk Management activities and to present Bow Tie analysis for the following strategic risks; Loss of key staff, Officer error/omission, Failure to meet regulatory requirements, Legislative change, Facility failure and Failure to achieve business as usual performance.
- 1.2 This issue arises from adoption of the Strategic Risk Register by Council.
- The Council is required to give effect to the purpose of local government as prescribed by Section 10 of the Local Government Act 2002. That purpose is to meet the current and future needs of communities for good quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses. Good quality means infrastructure, services and performance that are efficient and effective and appropriate to present and anticipated future circumstances.
- 1.3 This report concludes by recommending that the report be received.

2.0 BACKGROUND

- 2.1 Council has adopted the Bow Tie risk assessment method to analyse the strategic risks adopted by Council on 31 July 2017.
- 2.2 The Bow Tie risk assessment method was selected by Council as it is an effective tool to demonstrate causal relationships in complex systems. A Bowtie diagram does two things. First of all, it gives a visual summary of all plausible accident scenarios that could exist around a certain Hazard. Secondly, by identifying control measures the Bow Tie displays what the organisation does to control those scenarios.
- 2.3 Bow Tie analysis of strategic risks and associated threats, consequences and control barriers, have been completed and reported to the Subcommittee for the following risks:
- Civil Defence Emergency (Risk #2).
 - Health & Safety Incident (Risk #3).
 - Infrastructure Service Failure (Risk #4)

- Ineffective Regulatory Oversight (Risk #5)
- Adverse Environmental Change (Risk #6)
- Demographic Change (Risk #7)
- Information Security Failure (Risk #8)
- Inadequate Available Funds (Risk #9)
- Economic Downturn (Risk #10)
- Biosecurity Failure (previously Risk #11) addressed within response to Economic Downturn.
- Procurement Failure (Risk #12)
- Corruption and Fraud Incident (Risk #13)
- Business Interruption (Risk #14)

3.0 CURRENT SITUATION

- 3.1 Initial Bow Tie risk analysis have been completed for the following strategic risks. Note; the Bow Tie diagrams are included for reference to show the scale of work. It is not intended that these be read as presented. The content of the analysis is summarised in the One Page summaries.
- 3.1.1 **Water contamination (Risk #1) – updated:** Water supply contamination risk focuses on Council's responsibility to supply safe drinking water to the community. The risk covers all aspects of managing a water supply in compliance with statutory obligations and Council policy that might create potential for the water supply to carry source or network contamination to water users.
- 3.1.2 *Risk assessment:* The Water Contamination bow tie diagram (attached) was created from the detailed risk registers contained in the Water Safety Plans (WSP). This bow tie illustrates the complexity of the system and the extensive preventative controls in place. This process has validated the integrity of the WSP risk registers and identified potential areas for further improvement, particularly with regard to consequence mitigation controls.
- 3.1.3 **Loss of key staff (Risk #15):** Loss of key staff impacting service delivery. This risk encompasses the loss of skills and experience needed to deliver efficient services and minimise Council's legal liability due to process variation when key staff leave the organisation.
- 3.1.4 *Risk assessment:* The impact of a loss of knowledge or skills from staff leaving Council is managed by retention strategies for key staff and/or embedding the knowledge in organisation practices through cross training and documenting business process.
- 3.1.5 **Officer error/omission (Risk #16):** Council Officer (staff or elected member) errors or omissions leading to poor decisions that causes harm to people, create the potential for litigation or reputation damage.

- 3.1.6 It should be noted that the title of risk 16 was changed from Office Negligence to Officer Error/Omission during the bow tie risk analysis workshop. This change was made as it allowed a wider range of issues to be taken into account and avoided concerns regarding the legal interpretation associated with the term negligence.
- 3.1.7 *Risk assessment:* To avoid poor decision making a range of measures are used to ensure staff have the required knowledge to undertake allocated duties, as well as monitoring the execution of activities to detect variation.
- 3.1.8 **Failure to meet regulatory requirements (Risk #17):** Failure to meet legislative/regulatory requirements resulting in suspension of Council services. This risk includes the impact on existing services from losing certification for, or loss of central government trust, to deliver a role delegated to Local Government.
- 3.1.9 *Risk assessment:* The potential for failing to meet regulatory requirements is managed through a system of defined accountabilities delegated to staff for meeting regulatory obligations, which drives oversight, monitoring of the legislative landscape and documentation of required practices. This is also supported by an open reporting culture to identify and address any issues found.
- 3.1.10 **Legislative change (Risk #18):** Legislation change that places additional demand on the community or Council resources. Legislative change risk covers the impacts of Central Government implementing new or amended legislation that increases community or Local Government responsibilities, or increases compliance obligations with which the community or Council must comply. Note: This differs from “ability to meet regulatory requirements” in that it refers to new obligations, rather than ability to continue deliver an existing role.
- 3.1.11 *Risk assessment:* Through a combination of participation in professional bodies, working with other local authorities and various avenues for monitoring the legislative environment, Council staff obtain early warning of pending legislative change to enable forward planning to avoid shocks.
- 3.1.12 **Facility failure (Risk #19):** Facility failure resulting in loss of community service. Facility failure risk covers a loss or degradation in service to the community from failure of community facing activities such as libraries, community centres, swimming pools, sport centres and cemeteries. Failures might be caused by problems with the physical buildings or assets, information technology system or personnel.
- 3.1.13 *Risk assessment:* Due to the fact that facilities are duplicated across Hastings, Flaxmere and Havelock North there is an inherent level of resilience within the delivery of community services. However, redirecting communities to an alternative site does still cause impacts on the community. Council also applies Asset Management Planning practices to the management of the buildings to implement renewals and undertakes scheduled maintenance to minimise disruption. Management of the programmes are overseen by a central team to improve coordination. As a result the risk of service interruption is reduced to possible.
- 3.1.14 **Failure to achieve business as usual performance (Risk #20):** Failure to deliver Council strategic objectives, projects or normal business service levels

resulting in community dissatisfaction. Business as usual risk covers failure to deliver Council's strategic objectives as stated in the Long Term Plan, including project work, as well as failure to achieve the specified service levels for normal business activities (i.e. consenting, animal control, libraries etc) under normal circumstances. This is intended to cover failure to deliver Council goals in the absence of other extraordinary events. Note: Failure to deliver under extraordinary or adverse conditions is covered by Business Interruption risk.

3.1.15 *Risk assessment:* Reliable delivery of business services is achieved through assigning clear accountability for outcomes combined with performance planning and KPI monitoring.

3.2 As a result of discussion during the Council workshop in May 2018 work is underway on defining Governance risk and associated mitigations. An update will be reported to Risk and Audit at the next meeting.

4.0 SIGNIFICANCE AND ENGAGEMENT

4.1 While consideration of risk is significant to efficient and effective operation of Council, changes to the risk register are not significant in terms of Council's Significance and Engagement Policy and no consultation is required.

5.0 NEXT STEPS

5.1 The annual review of the Risk Management Framework is due, and will be reported at the next meeting.

5.2 The risk management rollout project effort will now be directed toward developing:

5.2.1 A risk based audit programme to provide assurance that strategic risk critical controls are providing the intended level of mitigation, and

5.2.2 An internal training and awareness campaign to ensure risk management is considered in operational decision making.

6.0 RECOMMENDATIONS AND REASONS

A) That the report of the Risk and Corporate Services Manager titled "Enterprise Risk Management Update June 2018" dated 2/07/2018 be received.

With the reasons for this decision being that the objective of the decision will contribute to meeting the current and future needs of communities for good quality local infrastructure, local public services and performance of regulatory functions in a way that is most cost-effective for households and business by:

i) Validating that risks in core business processes are effectively managed.

Attachments:

1	Policies, Procedures, Delgtns, Warrants & Manuals - Manuals - Risk Management - Governance Strategic Risk Register for Risk and Audit Subcommittee 2 July 2018	PMD-03-81-18-138
2	Policies, Procedures, Delgtns, Warrants & Manuals - Manuals - Risk Management - Governance Strategic Risk Summary Water Contamination for Risk and Audit Subcommittee 2 July 2018	PMD-03-81-18-139
3	Policies, Procedures, Delgtns, Warrants & Manuals - Manuals - Risk Management - Governance Strategic Risk Bow Tie Water Contamination for Risk and Audit Subcommittee 2 July 2018	PMD-03-81-18-140
4	Policies, Procedures, Delgtns, Warrants & Manuals - Manuals - Risk Management - Governance Strategic Risk Control List Water Contamination for Risk and Audit Subcommittee 2 July 2018	PMD-03-81-18-141
5	Policies, Procedures, Delgtns, Warrants & Manuals - Manuals - Risk Management - Governance Strategic Risk Summary Loss of Key Staff for Risk and Audit Subcommittee 2 July 2018	PMD-03-81-18-142
6	Policies, Procedures, Delgtns, Warrants & Manuals - Manuals - Risk Management - Governance Strategic Risk Bow Tie Loss of Key Staff for Risk and Audit Subcommittee 2 July 2018	PMD-03-81-18-143
7	Policies, Procedures, Delgtns, Warrants & Manuals - Manuals - Risk Management - Governance Strategic Risk Summary Officer Error or Omission for Risk and Audit Subcommittee 2 July 2018	PMD-03-81-18-144
8	Policies, Procedures, Delgtns, Warrants & Manuals - Manuals - Risk Management - Governance Strategic Risk Bow Tie Officer Error or Omission for Risk and Audit Subcommittee 2 July 2018	PMD-03-81-18-145
9	Policies, Procedures, Delgtns, Warrants & Manuals - Manuals - Risk Management - Governance Strategic Risk Summary Failure to Meet Regulatory Requirements for Risk and Audit Subcommittee 2 July 2018	PMD-03-81-18-146
10	Policies, Procedures, Delgtns, Warrants & Manuals - Manuals - Risk Management - Governance Strategic Risk Bow Tie Failure to Meet Regulatory Requirements for Risk and Audit Subcommittee 2 July 2018	PMD-03-81-18-147
11	Policies, Procedures, Delgtns, Warrants & Manuals - Manuals - Risk Management - Governance Strategic Risk Summary Legislative Change for Risk and Audit Subcommittee 2 July 2018	PMD-03-81-18-148
12	Policies, Procedures, Delgtns, Warrants & Manuals - Manuals - Risk Management - Governance Strategic Risk Bow Tie Legislative Change for Risk and Audit Subcommittee 2 July 2018	PMD-03-81-18-149
13	Policies, Procedures, Delgtns, Warrants & Manuals - Manuals - Risk Management - Governance Strategic Risk Summary Facility Failure for Risk and	PMD-03-81-18-150

- Audit Subcommittee 2 July 2018
- 14 Policies, Procedures, Delgtns, Warrants & Manuals PMD-03-81-18-151
- Manuals - Risk Management - Governance
Strategic Risk Bow Tie Facility Failure for Risk and
Audit Subcommittee 2 July 2018
- 15 Policies, Procedures, Delgtns, Warrants & Manuals PMD-03-81-18-152
- Manuals - Risk Management - Governance
Strategic Risk Summary Business as Usual Failure
for Risk and Audit Subcommittee 2 July 2018
- 16 Policies, Procedures, Delgtns, Warrants & Manuals PMD-03-81-18-153
- Manuals - Risk Management - Governance
Strategic Risk Bow Tie Business as Usual Failure
for Risk and Audit Subcommittee 2 July 2018

HDC Tier 1 Strategic Risk Register as at 1/6/2018

This risk register provides a summary of the top strategic risks facing Hastings District Council.

The table includes a brief description of the problem (risk description) and an assessment of the inherent risk before any action to mitigate the impact of the problem, followed by a brief description of the treatments in place to control the risk and an assessment of the remaining residual risk now faced by Council.

Refer to the risk summary pages for more detail on risk controls.

Likelihood	Risk Matrix Consequence				
	Insignificant	Minor	Moderate	Major	Severe
Rare	Low	Low	Low	Low	High
Possible	Low	Low	Low	Medium	High
Likely	Low	Low	Medium	Medium	Very High
Probable	Low	Medium	Medium	High	Very High
Almost Certain	Low	Medium	High	Very High	Very High

			Severity of risk BEFORE treatment				Summary of treatment to mitigate the risk	Severity of risk AFTER treatment					
Rank	Risk Description	Category	Likelihood	x	Consequence	=	Inherent Risk	Treatment	Likelihood2	x	Consequence2	=	Residual Risk
1	Water Supply Contamination Potential for water supply to carry source or network contamination to water users.	People Safety	Likely	x	Severe	=	Very High	Council manages the risk associated with water contamination through a focus on preventative activity designed to reduce the potential for contamination to enter the system. This includes catchment management and robust Asset Management Planning based on multi-barrier philosophy which is industry good practice, and utilising expert advice when necessary.	Rare	x	Severe	=	High
2	Civil Defence Emergency Major disaster or emergency due to a natural hazard or other cause affecting community safety or damaging Council assets.	People Safety	Likely	x	Severe	=	Very High	Due to the nature of these events little can be done to reduce the chance of an event occurring. As a result Council's focus is on preparedness and ensuring an effective response can be mounted. This is achieved through integration with the Hawkes Bay Group CDEM team and training Council staff to manage the response and recovery for a major disaster.	Likely	x	Severe	=	Very High
3	Health & Safety Incident Health and safety incident or exposure that has a permanent health impact on one or more people.	People Safety	Probable	x	Severe	=	Very High	Council has a proactive health and safety team actively supported by senior management that is focused on driving proactive health and safety processes based on industry best practice tailored to Council's activities. Managers and staff have received externally delivered training to ensure understanding of their personal responsibilities for achieving safe working environments across the diverse services undertaken by Council. However, despite these measures, the risk of an adverse health and safety event remains high so continued focus is needed in this area.	Possible	x	Severe	=	High
4	Infrastructure Service Failure Infrastructure service failure resulting in loss, or compromised operation, of essential services causing harm to the community.	People Safety	Probable	x	Severe	=	Very High	The probability of a significant event is reduced through application of high service levels to all infrastructure services. These service levels are achieved through robust asset management planning based on international standards, which are monitored by external audits and 3 yearly external peer reviews.	Possible	x	Severe	=	High
5	Ineffective Regulatory Oversight Adverse impact on the public due to poor regulatory oversight of land use, construction standards or food preparation.	People Safety	Probable	x	Severe	=	Very High	Effective regulatory oversight is achieved through a structured processes for receiving and evaluating applications relating to legislated activities, and active monitoring of actual works undertaken in the district. This work is undertaken by appropriately trained and competent staff that have suitable authority delegated from Council.	Possible	x	Severe	=	High
6	Adverse Environmental Change Climate change effects impacting community wellbeing and land value affecting Council rating capability.	People Safety	Probable	x	Severe	=	Very High	Council's main role in responding to climate change is to assist with strengthening the resilience of communities in the district. This is achieved by managing the exposure to environmental change threats through district planning and consenting, and improving preparedness through civil defence activities. Council also has a role to play in interagency collaboration for the development of regional policy and pathway option generation to respond to the effects of climate change.	Probable	x	Major	=	High
7	Demographic Change Change in community demographics or population size that impacts community or Council service demand, support required or capacity to afford services.	Financial Viability	Probable	x	Severe	=	Very High	Through application of robust demographic forecasts and community consultation in long term planning Council strives to match service investment with anticipated community needs and aspirations.	Probable	x	Major	=	High
8	Information Security Failure Loss of control over Council information assets due to failure of Information Services security to protect against; system failure, cyber attack or staff actions.	Service Delivery	Probable	x	Severe	=	Very High	Council runs a replicated server environment with a robust firewall, backed up to cloud storage. Training and regular reminders are provided to staff about cyber security measures on a regular basis to reduce risk to a tolerable level.	Possible	x	Severe	=	High
9	Inadequate Available Funds Loss of access to sufficient funds to meet Council's current financial commitments.	Financial Viability	Probable	x	Severe	=	Very High	Strong treasury controls and oversight supported by robust budgeting and forecasting, including obtaining expert advice when necessary, significantly reduce the chance that Council will commit to financial obligations that exceed the funds to which Council has access.	Rare	x	Major	=	Low
10	Economic Downturn Changes in global economic conditions or political stability that adversely affect the local community, resulting in reduced demand and ability to pay for services.	Financial Viability	Possible	x	Severe	=	High	Through a combination of well informed land use and infrastructure planning, and an economic development initiative designed to promote economic diversity in the district, Council aims to minimise the impact of an economic downturn should it occur.	Possible	x	Major	=	Medium

HDC Tier 1 Strategic Risk Register as at 1/6/2018

This risk register provides a summary of the top strategic risks facing Hastings District Council.

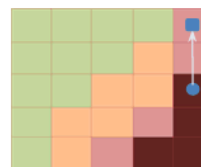
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Refer to the risk summary pages for more detail on risk controls.

Likelihood	Risk Matrix Consequence				
	Insignificant	Minor	Moderate	Major	Severe
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			Severity of risk BEFORE treatment				Summary of treatment to mitigate the risk	Severity of risk AFTER treatment					
Rank	Risk Description	Category	Likelihood	x	Consequence	=	Inherent Risk	Treatment	Likelihood2	x	Consequence2	=	Residual Risk
11	Biosecurity Failure Introduction of naturally occurring pathogens or genetically modified organisms that could compromise viability of commercial agriculture or horticulture industries in the region.	Financial Viability	Rare	x	Severe	=	High	Focus on local economic growth to promote a wider variety of local industry that is more resilient. NOTE: Removal of Biosecurity as a strategic risk is pending Council ratification of Risk & Audit Subcommittee resolution.	Rare	x	Severe	=	High
12	Procurement Failure Poor procurement practices resulting in poor expenditure decisions.	Financial Viability	Probable	x	Major	=	High	Procurement policies and practices following government best practice are documented in the Council Procurement Manual, which is supported by robust templates and overseen by Council's Procurement Manager and Procurement Steering Group. Standing practices are in place for tender publication, opening and approval to ensure adequate separation of duties and control over decision making.	Possible	x	Major	=	Medium
13	Corruption and Fraud Incidents Deliberate misuse of position or authority that results in loss of funds, loss of assets or reputation damage.	Financial Viability	Probable	x	Major	=	High	The chance and magnitude of potential fraud is mitigated through clear separation of duties and monitoring of spending activities, while corruption is minimised through robust organisation culture and declaration of gifts and conflicts of interest.	Likely	x	Moderate	=	Medium
14	Business Interruption Business interruption caused by some unexpected event impacting service delivery.	Service Delivery	Probable	x	Major	=	High	Council has a Business Continuity Framework that sets out the crisis management and business continuity planning principles to achieve efficient containment and recovery from disruptions. Supporting plans have been established for services that are highly sensitivity to disruption; such as water supply and customer services. Further development of these plans to improve operational application is underway.	Likely	x	Moderate	=	Medium
15	Loss of Key Staff Loss of key staff impacting service delivery.	Service Delivery	Probable	x	Major	=	High	The impact of a loss of knowledge or skills from staff leaving Council is managed by retention strategies for key staff and/or embedding the knowledge in organisation practices through cross training and documenting business process.	Likely	x	Moderate	=	Medium
16	Officer Error/Omission Council Officer (staff or elected member) error or omission leading to poor decisions that casues harm to people, litigation or reputation damage.	Legal Compliance	Probable	x	Major	=	High	To avoid poor decision making a range of measures are used to ensure staff have the required knowledge to undertake allocated duties, and execution of activities are monitored to detect issues.	Possible	x	Major	=	Medium
17	Failure to Meet Regulatory Requirements Failure to meet legislative/regulatory requirements resulting in suspension of Council services.	Legal Compliance	Likely	x	Major	=	Medium	The potential for failing to meet regulatory requirements is managed through a system of defined accountabilities delegated to staff for meeting regulatory obligations, which drives oversight, monitoring of the legislative landscape and documentation of require practices. This is also support by an open reporting culture to identify and address any issues found.	Rare	x	Major	=	Low
18	Legislative Change Legislation change that places additional demand on the community or Council resources.	Legal Compliance	Probable	x	Moderate	=	Medium	Through a combination of participation in professional bodies, working with other local authorities and various avenues for monitoring the legislative environment, Council staff obtain early warning of pending legislative change to enable forward planning to avoid shocks.	Possible	x	Moderate	=	Low
19	Facility Failure Facility failure resulting in loss of community service.	Service Delivery	Probable	x	Moderate	=	Medium	Due to the fact that facilities are duplicate across Hastings, Flaxmere and Havelock North there is an inherent level of resilience within the delivery of community services. However, redirecting communities to an alternative site does still cause impacts on the community. Council also applies Asset Management Planning practices to the management of the buildings to implement renewals and undertakes scheduled maintenance to minimise disruption. Management of the programmes are overseen by a central team to improve coordination. As a result the risk of service interruption is reduced to possible.	Possible	x	Moderate	=	Low
20	Failure to Achieve Business as Usual Performance Failure to deliver Council strategic objectives, projects or normal business service levels resulting in community dissatisfaction.	Service Delivery	Probable	x	Moderate	=	Medium	Reliable delivery of business services is achieved through assigning clear accountability for outcomes combined with performance planning and KPI monitoring.	Possible	x	Moderate	=	Low

Risk 1: Water Supply Contamination



Owner: Group Manager: Asset Management
Stakeholders: HDC Staff, contractors and members of the public.

Risk Description

Water supply contamination risk focuses on Council's responsibility to supply safe drinking water to the community. The risk covers all aspects of managing a water supply in compliance with statutory obligations and Council policy that might create potential for the water supply to carry source or network contamination to water users.

Risk Type: Hazard (can only have negative impacts). **Timescale:** Rapid onset with medium term impact.

Consequences: Loss of life, Widespread public illness, Legal liability, Fines and/or restitution costs, Loss of trust and confidence (reputation), Funding repair costs, Service interruption.

Previous Event: Havelock North Brookvale Bore contamination 2016

Inherent Risk ● **Likely** x **Severe** = **Very High**

Integrity of water sources and the distribution pipe network is vital for supply of safe drinking water. If our water sources and infrastructure are not actively maintained the potential for waterborne pathogens to enter the system and cause wide spread illness, and potentially death, is high.

Threats: Aquifer contamination, Loss of secure water status, Contamination at abstraction point, Power failure, Unintended or intended damage to supply assets, Filtration failure, Ultraviolet irradiation failure, Treatment plant failure, Chlorination failure, Treated water source compromised, Transmission pump failure, Distribution network integrity compromised, Pressure fluctuation/low, Backflow prevention failure, Customer premises connections, Planning based on incorrect data, Inappropriate alarm response, Lack of staff or equipment, Inability to deliver improvement projects.

Residual Risk ■ **Rare** x **Severe** = **High**

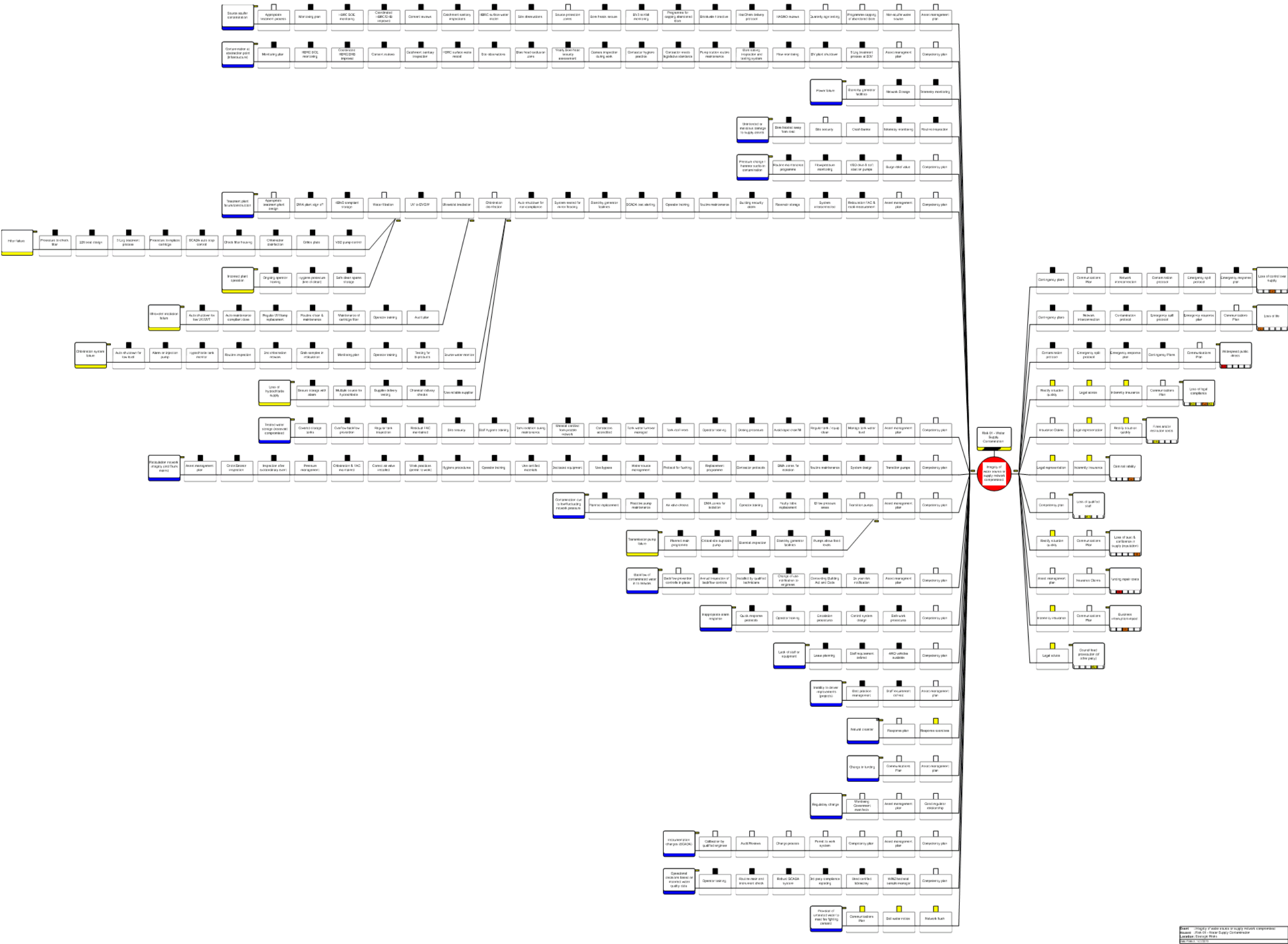
Council manages the risk associated with water contamination through a focus on preventative activity designed to reduce the potential for contamination to enter the system. This includes catchment management and robust Asset Management Planning based on multi-barrier philosophy which is industry good practice, and utilising expert advice when necessary.

It should also be noted that:

- 1) The treatment for ground water will be consistent once all works are complete, and surface water (including shallow ground water) will have more treatment provided.
- 2) The current works plan has focused on ensuring source integrity, on the basis this must be right before moving on to

The following table lists each Council supply with the current barriers and associated residual risk.

Source	Current Barriers	Residual Risk	Target Barriers (Dec 2018)
Brookvale	Aquifer, Filtration, UV, Chlorination	High	No Change
Omahu	Aquifer, Filtration, UV, Chlorination	High	No Change
Eastbourne	Aquifer, Chlorination	High	No Change
Frimley	Aquifer, Chlorination	High	No Change
Wilson Road	Aquifer, Chlorination	High	Aquifer, UV, Chlorination
Portsmouth	Aquifer, Chlorination	High	Not in use.
Waimarama	Aquifer (but not for all water), Filtration, UV, Chlorination	High	No Change
Whirinaki/Esk	Aquifer (but not for all water), Filtration, UV, Chlorination	High	Replace with validated system
Whakatu	Aquifer	Very High	TBC
Clive	Aquifer	Very High	TBC
Te Awanga/Hamoana	Aquifer	Very High	No Change



Hazard Threats and Consequences

BowTie Pro 

Event	Integrity of water source or supply network compromised	
Location Group	Strategic Risks	
Hazard	Risk 01	Water Supply Contamination
Threats		
Source aquifer contamination		
Appropriate treatment process		
Monitoring plan		
HBRC SOE monitoring		
Coordinated HBRC/DHB improved maintenance		
Consent reviews		
Catchment sanitary inspections		
HBRC surface water model		
Site observations		
Source protection zones		
Bore heads secure		
BV3 rainfall monitoring		
Programme for capping abandoned Bore		
Brookvale 1 inactive		
HazChem delivery protocol		
HASNO reviews		
Quarterly age testing		
Programme capping of abandoned Bore		
Non-aquifer water source		
Asset management plan		
Contamination at abstraction point (Infrastructure)		
Monitoring plan		
HBRC SOE monitoring		
Coordinated HBRC/DHB improved maintenance		
Consent reviews		
Catchment sanitary inspection		
HBRC surface water model		
Site observations		
Bore head exclusion zone		
Yearly Bore head security assessment		
Camera inspection during work		
Contractor hygiene practice		
Contractor meets legislative standards		
Pump station routine maintenance		
Bore casing inspection and testing system		
Flow monitoring		
BV plant shutdown		
5 Log treatment process at B3V		
Asset management plan		
Competency plan		
Power failure		
Stand-by generator facilities		
Network Storage		
Telemetry monitoring		
Unintended or malicious damage to supply assets		
Bore located away from road		
Site security		

Run On : 1/06/2018

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Hazard Threats and Consequences



- Crash barrier
- Telemetry monitoring
- Routine inspection
- Pressure change / hammer sucks in contamination**
 - Routine maintenance programme
 - Flow/pressure monitoring
 - VSD drive & soft start on pumps
 - Surge relief valve
 - Competency plan
- Treatment plant failure/construction**
 - Appropriate treatment plant design
 - DWA plant sign off
 - HSNO compliant storage
 - Water filtration
 - UV to DVGW
 - Ultraviolet irradiation
 - Chlorination disinfection
 - Auto shutdown for non-compliance
 - System sealed for minor flooding
 - Stand-by generator facilities
 - SCADA test alerting
 - Operator training
 - Routine maintenance
 - Building security alarm
 - Reservoir storage
 - System interconnected
 - Reticulation FAC & ecoli measurement
 - Asset management plan
 - Competency plan
- Treated water storage (reservoir) compromised**
 - Covered storage tanks
 - Overflow backflow prevention
 - Regular tank inspection
 - Residual FAC maintained
 - Site security
 - Staff hygiene training
 - Tank isolation during maintenance
 - Material certified from potable network
 - Contractors accredited
 - Tank water turnover managed
 - Tank roof liners
 - Operator training
 - Dosing procedure
 - Avoid rapid drain/fill
 - Regular tank / equip clean
 - Manage tank water level
 - Asset management plan
 - Competency plan
- Reticulation network integrity (incl Trunk mains)**
 - Asset management plan
 - Cndtn/Detratn inspection

Run On : 1/06/2018

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Hazard Threats and Consequences

BowTie Pro 

Inspection after extraordinary event
 Pressure management
 Chlorination & FAC maintained
 Correct air valve installed
 Work practices (permit to work)
 Hygiene procedures
 Operator training
 Use certified materials
 Dedicated equipment
 Use bypass
 Water source management
 Protocol for flushing
 Replacement programme
 Contractor protocols
 DMA zones for isolation
 Routine maintenance
 System design
 Transition pumps
 Competency plan

Contamination due to low/fluctuating network pressure

Planned replacement
 Reactive pump maintenance
 Air valve checks
 DMA zones for isolation
 Operator training
 Faulty tobie replacement
 ID low pressure areas
 Transition pumps
 Asset management plan
 Competency plan

Backflow of contaminated water in to network

Backflow prevention controls in place
 Annual inspection of backflow controls
 Installed by qualified technicians
 Change of use notification to engineers
 Consenting Building Act and Code
 2x year risk notification
 Asset management plan
 Competency plan

Inappropriate alarm response

Quick response protocols
 Operator training
 Escalation procedures
 Control system design
 Safe work procedures
 Competency plan

Lack of staff or equipment

Leave planning
 Staff requirement defined
 4WD vehicles available
 Competency plan

Hazard Threats and Consequences



Inability to deliver improvements (projects)

- Best practice management
- Staff requirement defined
- Asset management plan

Natural disaster

- Response plan
- Response exercises

Change in funding

- Communications Plan
- Asset management plan

Regulatory change

- Monitoring Government manifesto
- Asset management plan
- Good regulator relationship

Instrumentation changes (SCADA)

- Calibration by qualified engineer
- Audit/Reviews
- Change process
- Permit to work system
- Competency plan
- Asset management plan
- Competency plan

Operational decisions based on incorrect water quality data

- Operator training
- Routine main and instrument check
- Robust SCADA system
- 3rd party compliance reporting
- Used certified laboratory
- WINZ bacterial sample manager
- Competency plan

Provision of untreated water to meet fire fighting demand

- Communications Plan
- Boil water notice
- Network flush

Consequences

Loss of control over supply

- Contingency plans
- Network interconnection
- Communications Plan
- Contamination protocol
- Emergency spill protocol
- Emergency response plan

Loss of life

- Contingency plans
- Network interconnection
- Contamination protocol
- Emergency spill protocol
- Emergency response plan
- Communications Plan

Widespread public illness

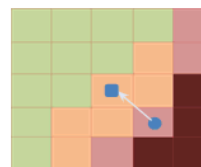
- Contamination protocol

Hazard Threats and Consequences

BowTie Pro 

- Emergency spill protocol
- Emergency response plan
- Contingency Plans
- Communications Plan
- Loss of legal compliance**
 - Rectify situation quickly
 - Legal advice
 - Indemnity insurance
 - Communications Plan
- Fines and/or restitution costs**
 - Insurance Claims
 - Legal representation
 - Rectify situation quickly
- Criminal liability**
 - Legal representation
 - Indemnity insurance
- Loss of qualified staff**
 - Competency plan
- Loss of trust & confidence in supply (reputation)**
 - Rectify situation quickly
 - Communications Plan
- Funding repair costs**
 - Asset management plan
 - Insurance Claims
- Business interruption/impact**
 - Indemnity insurance
 - Communications Plan
- Council lead prosecution (of other party)**
 - Legal advice

Risk 15: Loss of Key Staff



Owner: Group Manager: Human Resources
Stakeholders: Customers, HDC

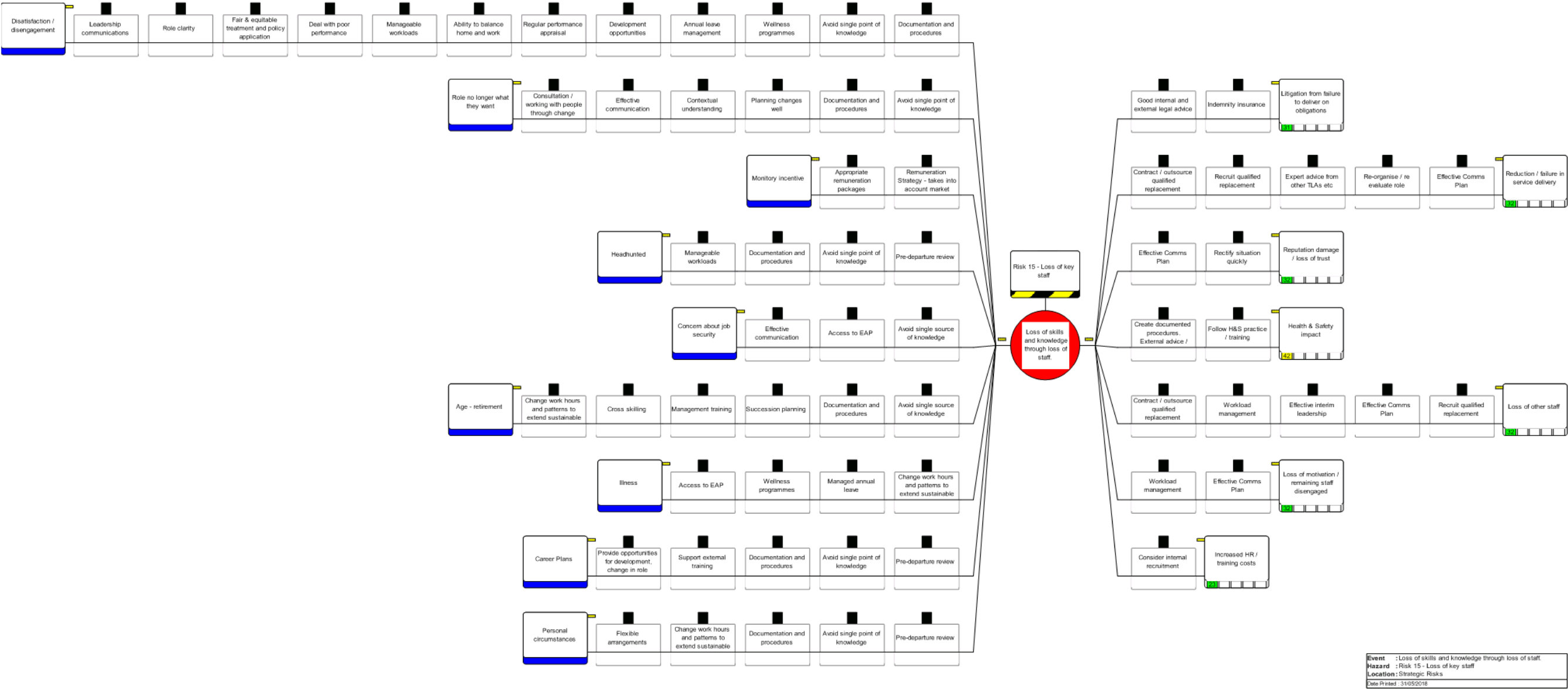
Risk Description

Loss of key staff impacting service delivery. This risk encompasses the loss of skills and experience needed to deliver efficient services and minimise Council's legal liability due to process variation when key staff leave the organisation.

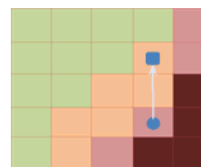
Risk Type: Hazard (can only have negative impacts) **Timescale:** Short to medium term
Consequences: Litigation from failure to deliver on obligations, Reduction / failure in service delivery, Reputation damage / loss of trust, Health & Safety impact, Loss of motivation / remaining staff disengaged, Increased HR / training costs.
Previous Event: Building Control Authority Loss of Senior Staff 2018

Inherent Risk ● **Probable** x **Major** = **High**
Failing to retain the knowledge and skills held by key staff will result in unexpected variation in Council service delivery with probable exposure to litigation or degradation in the expected levels of service, and consequential reputation impacts. Without active management it is more than likely that this would occur.
Threats: Dissatisfaction / disengagement, Role no longer what they want, Monetary incentive, Headhunted, Concern about job security, Age – retirement, Illness, Career Plans, Personal circumstances.

Residual Risk ■ **Likely** x **Moderate** = **Medium**
The impact of a loss of knowledge or skills from staff leaving Council is managed by retention strategies for key staff and/or embedding the knowledge in organisation practices through cross training and documenting business process.
Prevention: Ability to balance home and work, Access to EAP, Annual leave management, Appropriate remuneration packages, Avoid single source of knowledge, Change work hours and patterns to extend sustainable employment, Consultation / working with people through change, Contextual understanding, Cross skilling, Deal with poor performance, Development opportunities, Documentation and procedures, Effective communication, Fair & equitable treatment and policy application, Flexible arrangements, Leadership communications, Manageable workloads, Managed annual leave, Management training, Planning changes well, Pre-departure review, Provide opportunities for development, change in role, Regular performance appraisal, Remuneration Strategy (takes into account market information, job evaluation, annual review), Role clarity, Succession planning, Support external training, Wellness programmes.
Mitigation: Consider internal recruitment, Contract / outsource qualified replacement, Create documented procedures. External advice / Gap analysis, Effective Communications Plan, Effective interim leadership, Expert advice from other TLAs etc., Follow H&S practice / training, Good internal and external legal advice, Indemnity insurance, Recruit qualified replacement, Rectify situation quickly, Reorganise/re-evaluate role, Workload management.



Risk 16: Officer Error/Omission



Owner: Chief Executive
Stakeholders: Community, Customers, Councillors, HDC

Risk Description

Council Officer (staff or elected member) errors or omissions leading to poor decisions that causes harm to people, create the potential for litigation or reputation damage.

Risk Type: Hazard (can only have negative impacts) **Timescale:** Short to medium term

Consequences: Adverse community impact, Reputational damage, Loss of Trust, Litigation. H&S, Environment Court, Death or injury, Economic downturn / loss of jobs, Incurred costs, Consequence for employee / career impact, Statutory intervention

Previous Event: No previous event

Inherent Risk

Probable x Major = High

Poor judgement or decision making in Council planning, projects or operations can expose the community and or customers of Council services to unsafe conditions (either un-sanitary conditions and/or unsound structures) that could affect personal safety and expose Council to legal liability. As errors in human judgement are inevitable, without appropriate controls it is more than likely that an decision would be made that would create this exposure for Council.

Threats: Uninformed decision making, Lack of procedure, Lack of staff training, Management oversight/ controls, Poor recruitment practices, Failure to follow procedures, Misconduct/disgruntled/ disengaged employee, Poor procurement process, Failure to meet Regulatory requirements, Lack of awareness "Don't see the issue", Giving advice, Working in silos, Political interface, Loss of institutional knowledge.

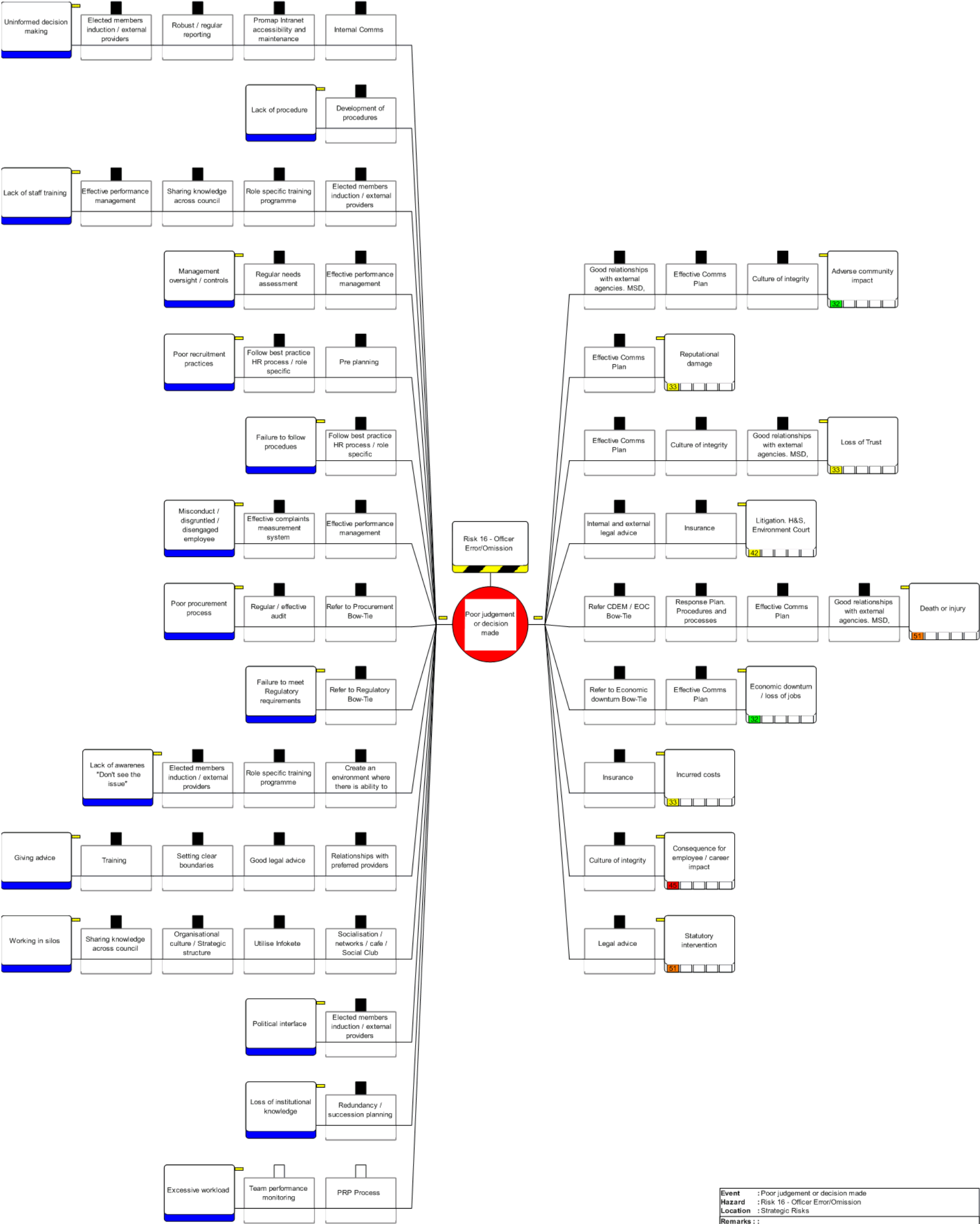
Residual Risk

Possible x Major = Medium

To avoid poor decision making a range of measures are used to ensure staff have the required knowledge to undertake allocated duties, and execution of activities are monitored to detect issues.

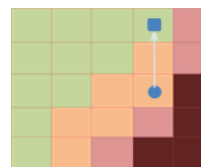
Prevention: Create an environment where there is ability to ask for help, Development of procedures, Effective complaints measurement system, Effective performance management, Elected members induction / external providers, Follow best practice HR process / role specific, Good legal advice, Internal Communications, Organisational culture / Strategic structure, Pre planning, Promapp Intranet accessibility and maintenance, Redundancy / succession planning, Refer to Procurement Bow-Tie, Refer to Regulatory Bow-Tie, Regular / effective audit, Regular needs assessment, Relationships with preferred providers, Robust / regular reporting, Role specific training programme, Setting clear boundaries, Sharing knowledge across council, Socialisation / networks / cafe / Social Club, Training, Utilise Infokete.

Mitigation: Culture of integrity, Effective Communications Plan, Good relationships with external agencies (MSD, DHB, HBRC), Insurance, Internal and external legal advice, Legal advice, Refer CDEM / EOC Bow-Tie, Refer to Economic downturn Bow-Tie, Response Plan. Procedures and processes.



Event : Poor judgement or decision made
Hazard : Risk 16 - Officer Error/Omission
Location : Strategic Risks
Remarks :
Unintended result attributed to poor decision making by staff or elected members.
Date Printed : 1/06/2018

Risk 17: Failure to Meet Regulatory Requirements



Owner: Chief Executive
Stakeholders: Regulators, HDC

Risk Description

Failure to meet legislative/regulatory requirements resulting in suspension of Council services. This risk includes the impact on existing services from losing certification for, or loss of central government trust, to deliver a role delegated to Local Government.

Risk Type: Hazard (can only have negative impacts) **Timescale:** Short to medium term

Consequences: Loss of BCA Accreditation, Commissioner appointed, Reputation damage, Service delivery delays, Loss of staff, Increased costs, Liability - being sued, Fines, Greater level of scrutiny across council.

Previous Event: No previous event

Inherent Risk

Likely x Major = Medium

The impacts could range from suspension of Council's authority to issue consents or certificates, to installation of a Commissioner to take over management of Council services, or fines/penalties.

Threats: Exceeding legal authority, Loss of knowledge (refer to loss of staff bowtie), Change of legislation, Lack of trained staff, Changing working procedures/ policies, Officer/ Governance negligence (see relevant bowtie), Misunderstanding of legislation, Contract Management (see Procurement bowtie), Lack of critical thinking when following procedures, Understanding delegations, Lack of management accountability, Organisation change, Dysfunctional culture (fear), People not following process.

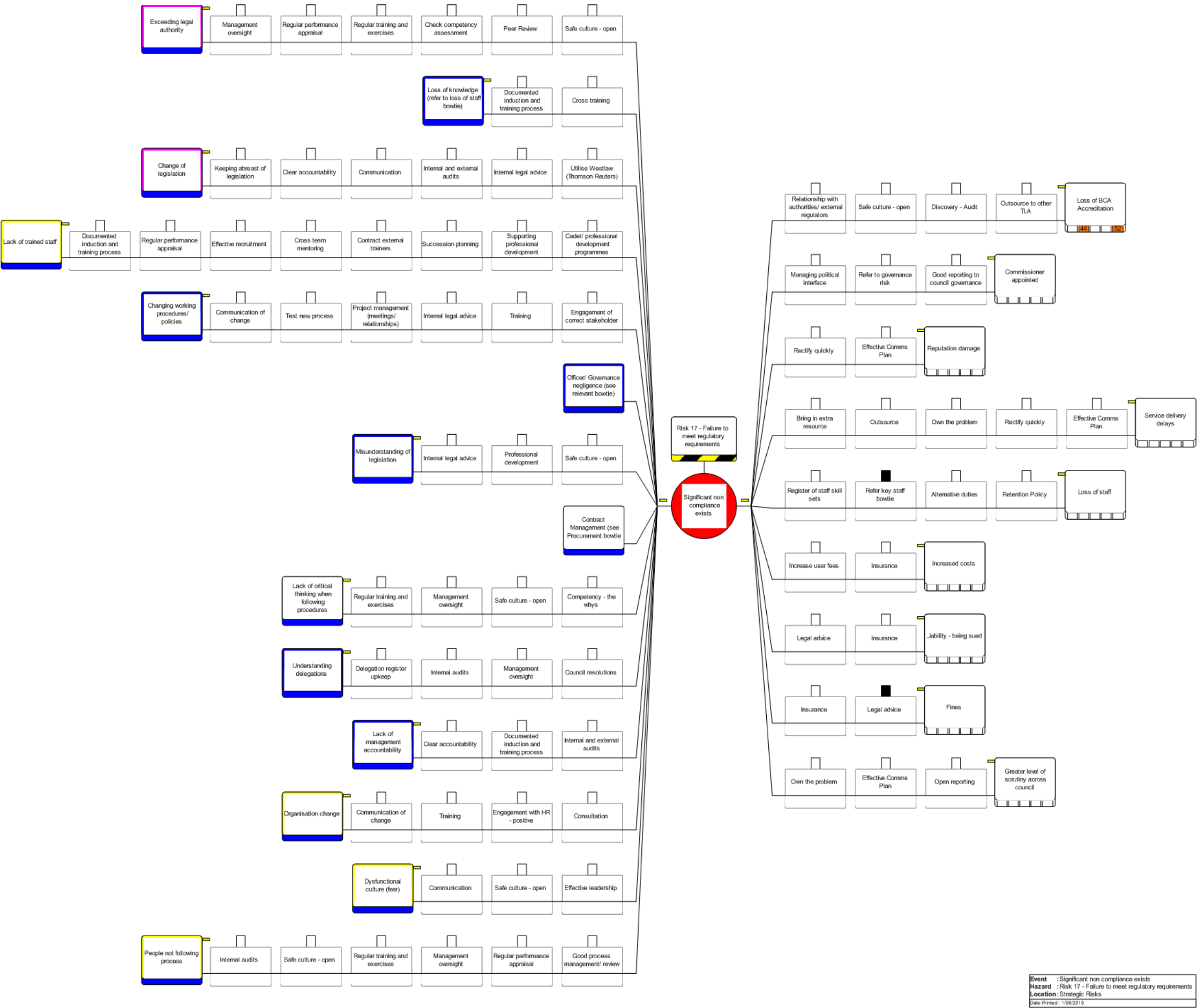
Residual Risk

Rare x Major = Low

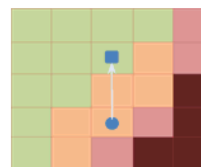
The potential for failing to meet regulatory requirements is managed through a system of defined accountabilities delegated to staff for meeting regulatory obligations, which drives oversight, monitoring of the legislative landscape and documentation of require practices. This is also support by an open reporting culture to identify and address any issues found.

Prevention: Cadet/ professional development programmes, Check competency assessment, Clear accountability, Communication, Communication of change, Competency - the whys, Consultation, Contract external trainers, Council resolutions, Cross team mentoring, Cross training, Delegation register upkeep, Documented induction and training process, Effective leadership, Effective recruitment, Engagement of correct stakeholder, Engagement with HR – positive, Good process management/ review, Internal and external audits, Internal legal advice, Keeping abreast of legislation, Management oversight, Peer Review, Professional development, Project management (meetings/ relationships), Regular performance appraisal, Regular training and exercises, Safe culture – open, Succession planning, Supporting professional development, Test new process, Training, Utilise Westlaw (Thomson Reuters).

Mitigation: Alternative duties, Bring in extra resource, Discovery – Audit, Effective Communications Plan, Good reporting to council governance, Increase user fees, Insurance, Legal advice, Managing political interface, Open reporting, Outsource, Outsource to other TLA, Own the problem, Rectify quickly, Refer key staff bowtie, Refer to governance risk, Register of staff skill sets, Relationship with authorities/ external regulators, Retention Policy, Safe culture - open.



Risk 18: Legislation Change



Owner: Chief Executive
Stakeholders: Community, Councillors, HDC

Risk Description

Legislation change that places additional demand on the community or Council resources. Legislative change risk covers the impacts of Central Government implementing new or amended legislation that increases community or Local Government responsibilities, or increases compliance obligations with which the community or Council must comply.

Note: This differs from "ability to meet regulatory requirements" in that it refers to new obligations, rather than ability to continue deliver an existing role.

Risk Type: Control (affects how well goals achieved) **Timescale:** Short to medium term

Consequences: Financial Burden, Reputation damage, Compromise decision making quality, Court penalties, Service impact/ loss of quality or time, Rate rises

Previous Event: Building Consent Authority Accreditation Regulations 2006, Health and Safety Act 2015

Inherent Risk

Probable x Moderate = Medium

As a result of the democratic process changes in Government will occur. As a result, significant changes in Government policy will occur on a regular basis. Failure to proactively identify these changes will create unexpected additional cost and potentially lead to further non-compliance risk.

Threats: Failure to engage in consultation, Quick/ Expedited change of legislation, HBRC policy changes, Limited ability to prepare prior to enactment, Interpretation of pending legislative change, Lack of clarity about specific details until after enactment, Very significant new obligation, Only providing adequate resource for current demands (running lean), Lack of council support for additional cost, Failure to engage in consultation (being prepared).

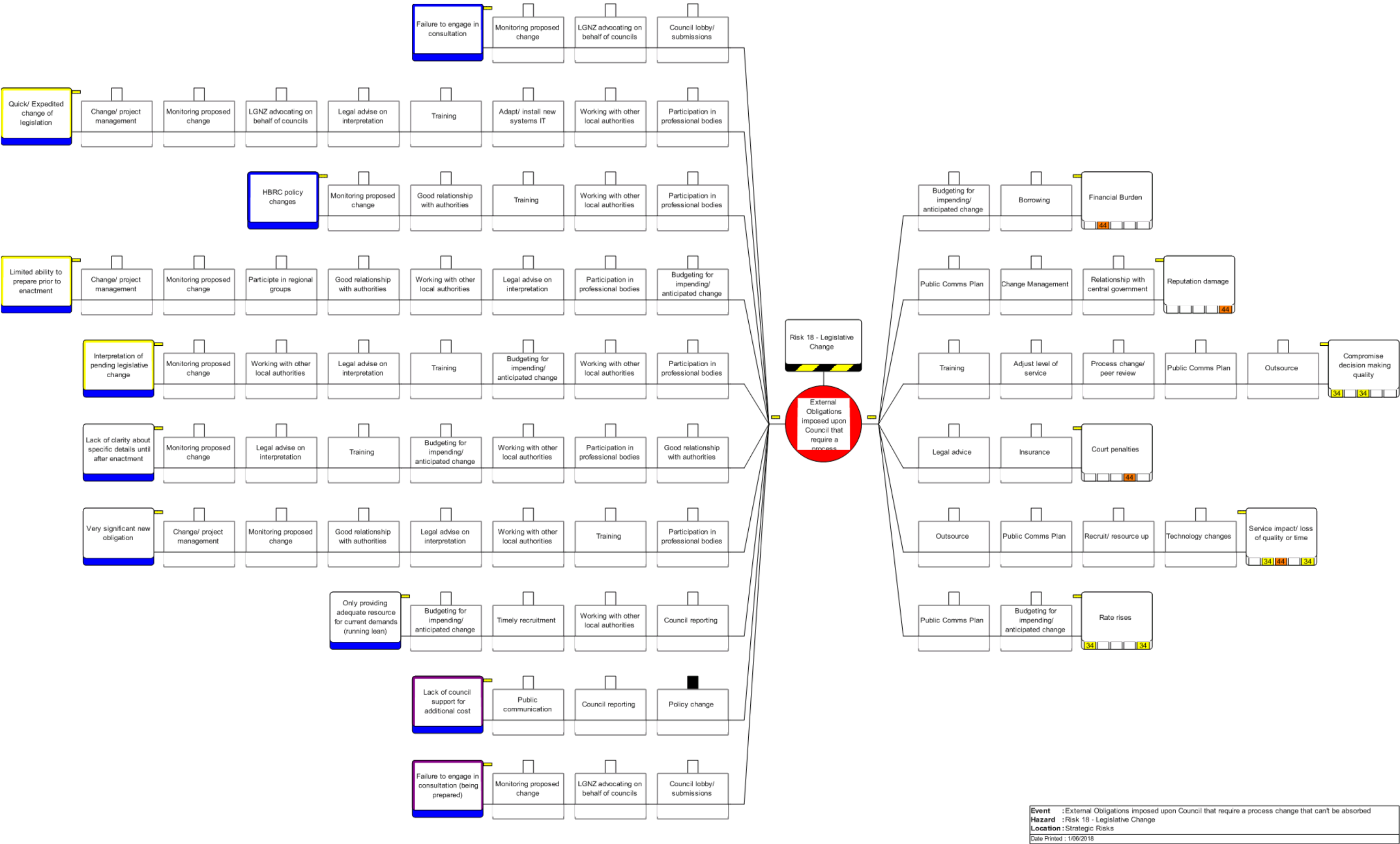
Residual Risk

Possible x Moderate = Low

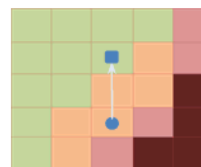
Through a combination of participation in professional bodies, working with other local authorities and various avenues for monitoring the legislative environment, Council staff obtain early warning of pending legislative change to enable forward planning to avoid shocks.

Prevention: Adapt/ install new systems IT, Budgeting for impending/ anticipated change, Change/ project management, Council lobby/ submissions, Council reporting, Good relationship with authorities, Legal advice on interpretation, LGNZ advocating on behalf of councils, Monitoring proposed change, Participation in professional bodies, Participate in regional groups, Policy change, Public communication, Timely recruitment, Training, Working with other local authorities.

Mitigation: Adjust level of service, Borrowing, Budgeting for impending/ anticipated change, Change Management, Insurance, Legal advice, Outsource, Process change/ peer review, Public Communications Plan, Recruit/ resource up, Relationship with central government, Technology changes, Training.



Risk 19: Facility Failure



Owner: Group Manager: Community Facilities and Programmes
Stakeholders: Community, Customers, Councillors, HDC

Risk Description

Facility failure resulting in loss of community service. Facility failure risk covers a loss or degradation in service to the community from failure of community facing activities such as libraries, community centres, swimming pools, sport centres and cemeteries. Failures might be caused by problems with the physical buildings or assets, information technology system or personnel.

Risk Type: Hazard (can only have negative impacts) **Timescale:** Short term

Consequences: Loss of revenue, Public health or injury, Fatality, Loss of space for cultural experience, Negative economic impact, Tourism loss, Reputation impact.

Previous Event: No previous event

Inherent Risk ● **Probable** x **Moderate** = **Medium**

Without a proactive programme to maintain facilities and manage delivery of programmes it is probable that interruptions to service provided to the public would occur, with possible tourism and reputation impacts.

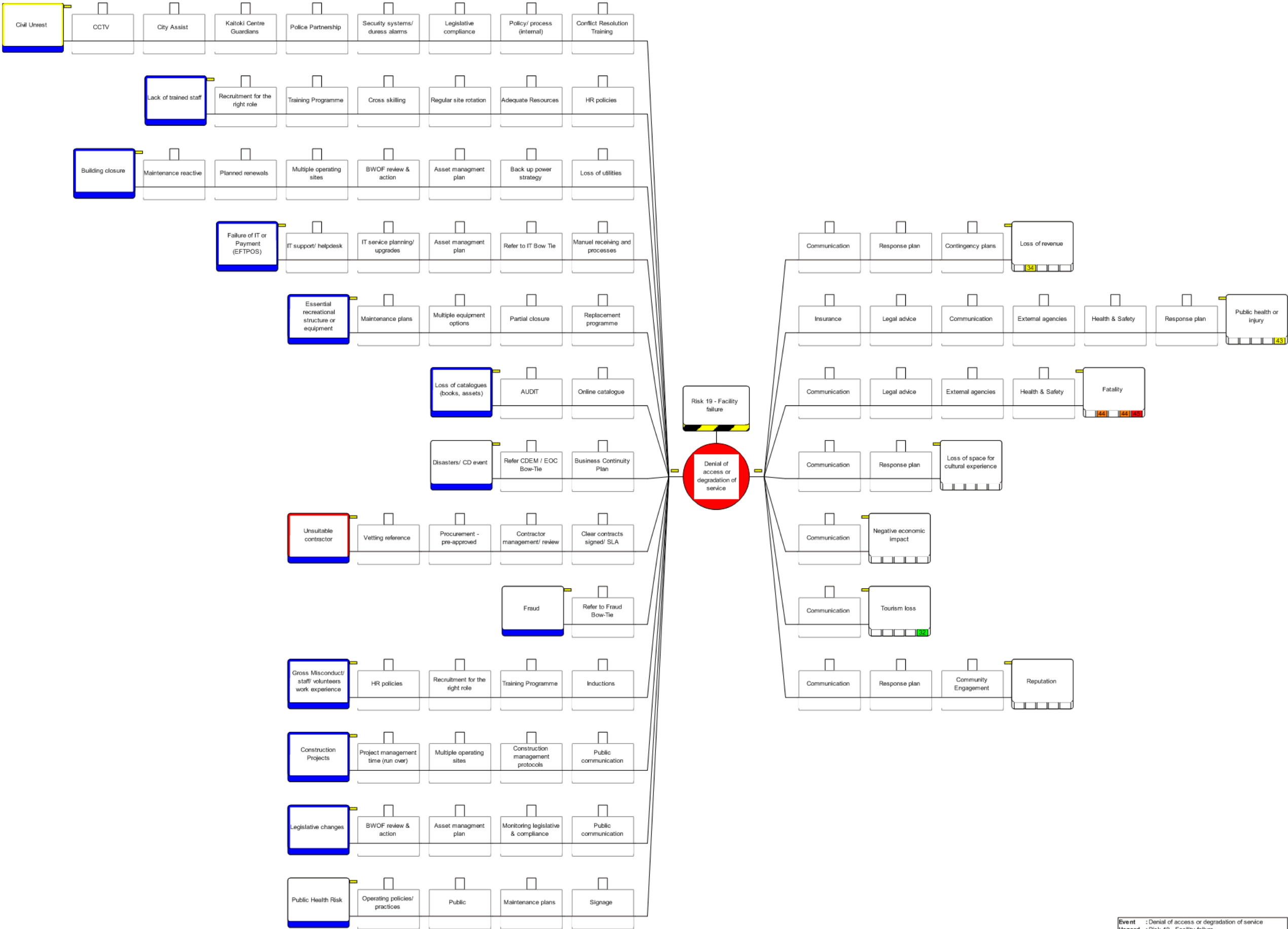
Threats: Civil Unrest, Lack of trained staff, Building closure, Failure of IT or Payment (EFTPOS), Essential recreational structure or equipment, Loss of catalogues (books, assets), Disasters/ CD event, Unsuitable contractor, Fraud, Gross Misconduct/ staff/ volunteers work experience, Construction Projects, Legislative changes, Public Health Risk.

Residual Risk ■ **Possible** x **Moderate** = **Low**

Due to the fact that facilities are duplicate across Hastings, Flaxmere and Havelock North there is an inherent level of resilience within the delivery of community services. However, redirecting communities to an alternative site does still cause impacts on the community. Council also applies Asset Management Planning practices to the management of the buildings to implement renewals and undertakes scheduled maintenance to minimise disruption. Management of the programmes are overseen by a central team to improve coordination. As a result the risk of service interruption is reduced to possible.

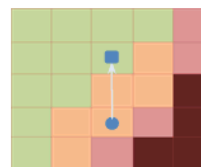
Prevention: Adequate Resources, Asset management plan, AUDIT, Back up power strategy, Business Continuity Plan, BWOFF review & action, CCTV, City Assist, Clear contracts signed/ SLA, Conflict Resolution Training, Construction management protocols, Contractor management/ review, Cross skilling, HR policies, Inductions, IT service planning/ upgrades, IT support/ helpdesk, Kaitaki Centre Guardians, Legislative compliance, Loss of utilities, Maintenance plans, Maintenance reactive, Manual receiving and processes, Monitoring legislative & compliance, Multiple equipment options, Multiple operating sites, Online catalogue, Operating policies/ practices, Partial closure, Planned renewals, Police Partnership, Policy/ process (internal), Procurement - pre-approved, Project management time (run over), Public, Public communication, Recruitment for the right role, Refer CDEM / EOC Bow-Tie, Refer to Fraud Bow-Tie, Refer to IT Bow Tie, Regular site rotation, Replacement programme, Security systems/ duress alarms, Signage, Training Programme, Vetting reference.

Mitigation: Communication, Community Engagement, Contingency plans, External agencies, Health & Safety, Insurance, Legal advice, Response plan.



Event : Denial of access or degradation of service
Hazard : Risk 19 - Facility failure
Location : Strategic Risks
Date Printed : 10/6/2018

Risk 20: Business as Usual Performance



Owner: Chief Executive
Stakeholders: Community, Customers, Councillors, HDC

Risk Description

Failure to deliver Council strategic objectives, projects or normal business service levels resulting in community dissatisfaction. Business as usual risk covers failure to deliver Council's strategic objectives as stated in the Long Term Plan, including project work, as well as failure to achieve the specified service levels for normal business activities (i.e. consenting, animal control, libraries etc) under normal circumstances. This is intended to cover failure to deliver Council goals in the absence of other extraordinary events.

Note: Failure to deliver under extraordinary or adverse conditions is covered by Business Interruption risk.

Risk Type: Hazard (can only have negative impacts) **Timescale:** Short term

Consequences: Reputation damage, Liability, Safety of community, Financial Loss, Re-prioritise resource allocating, Greater audit scrutiny, Statutory management, Community deprivation, Loss of amenity for community.

Previous Event: No previous event

Inherent Risk ● **Probable** x **Moderate** = **Medium**

Proper management is vital to ensure delivery of Council services and goals. Without effective management variation in service delivery that would have a major impact on customer or the community is inevitable.

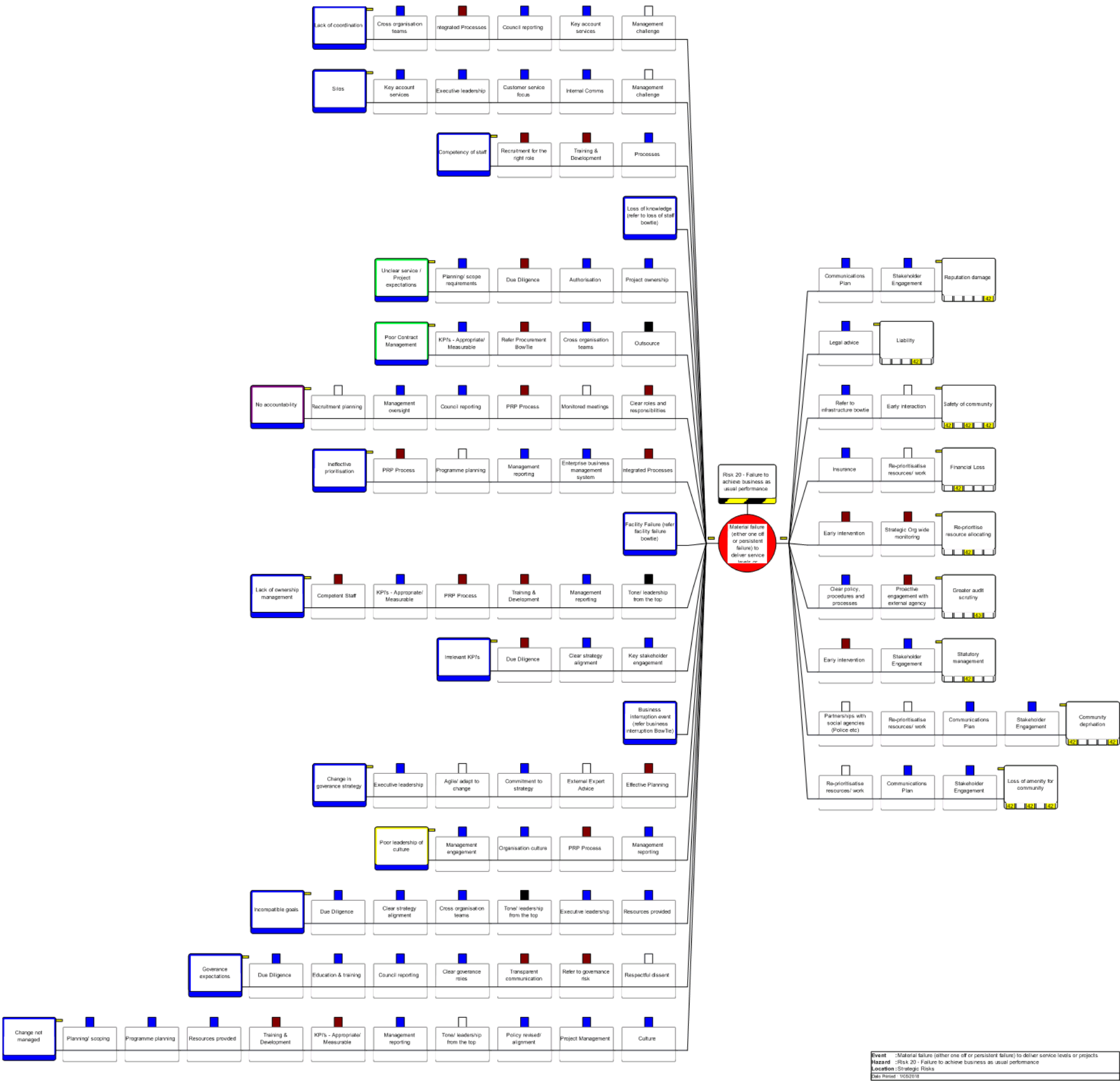
Threats: Lack of coordination, Silos, Competency of staff, Loss of knowledge (refer to loss of staff bowtie), Unclear service / Project expectations, Poor Contract Management, No accountability, Ineffective prioritisation, Facility Failure (refer facility failure bowtie), Lack of ownership management, Irrelevant KPI's, Business interruption event (refer business interruption BowTie), Change in governance strategy, Poor leadership of culture, Incompatible goals, Governance expectations, Change not managed.

Residual Risk ■ **Possible** x **Moderate** = **Low**

Reliable delivery of business services is achieved through assigning clear accountability for outcomes combined with performance planning and KPI monitoring.

Prevention: Agile/ adapt to change, Authorisation, Clear governance roles, Clear roles and responsibilities, Clear strategy alignment, Commitment to strategy, Competent Staff, Council reporting, Cross organisation teams, Culture, Customer service focus, Due Diligence, Education & training, Effective Planning, Enterprise business management system, Executive leadership, External Expert Advice, Integrated Processes, Internal Communications, Key account services, Key stakeholder engagement, KPI's - Appropriate/ Measurable, Management engagement, Management oversight, Management reporting, Monitored meetings, Organisation culture, Outsource, Planning/ scope requirements, Policy revised/ alignment, Processes, Programme planning, Project Management, Project ownership, PRP Process, Recruitment for the right role, Recruitment planning, Refer Procurement BowTie, Refer to governance risk, Resources provided, Respectful dissent, Tone/ leadership from the top, Training & Development, Transparent communication.

Mitigation: Clear policy, procedures and processes, Communications Plan, Early interaction, Early intervention, Insurance, Legal advice, Partnerships with social agencies (Police etc), Proactive engagement with external agency, Refer to infrastructure bowtie, Re-prioritisation resources/ work, Stakeholder Engagement, Strategic Org wide monitoring.



REPORT TO: RISK AND AUDIT SUBCOMMITTEE

MEETING DATE: MONDAY 2 JULY 2018

FROM: MANAGER STRATEGIC FINANCE
BRENT CHAMBERLAIN
CHIEF FINANCIAL OFFICER
BRUCE ALLAN

SUBJECT: GENERAL UPDATE REPORT AND STATUS OF ACTIONS

1.0 SUMMARY

- 1.1 The purpose of this report is to update the Subcommittee on various matters including actions raised at previous meetings.
- 1.2 The Council is required to give effect to the purpose of local government as prescribed by Section 10 of the Local Government Act 2002. That purpose is to meet the current and future needs of communities for good quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses. Good quality means infrastructure, services and performance that are efficient and effective and appropriate to present and anticipated future circumstances.
- 1.3 This report concludes by recommending that the report titled "General Update Report and Status of Actions" from the Manager Strategic Finance be received.

2.0 BACKGROUND

- 2.1 The Audit & Risk Subcommittee members requested that officer's report back at each meeting with progress that has been made on actions that have arisen from the Audit & Risk Subcommittee meetings. Attached as **Attachment 1** is the Audit & Risk Subcommittee Action Schedule as at 30 June 2018.

3.0 CURRENT SITUATION

- 3.1 Tech One Upgrade
 - 3.1.1 Significant technology upgrades to core council systems is noted as a key operational risk to the organisation and hence the following brief update to the Subcommittee.
 - 3.1.2 Stage 1 of the upgrade to the Technology One Finance Module is well under way and the different packets of work are transitioning from the test environment to live with relative smoothness.
 - 3.1.3 Stage 2 (Procure to Pay) is also progressing with a recent trip to the Hawke's Bay DHB and Wellington City Council to see their Technology One based Electronic Purchase Order systems in action and to pick up any learnings they have on this module through their own implementations. This current stage is all about mitigating implementation risks through thorough planning. Council's

Strategic Projects team will be utilised to manage these system improvement projects.

3.2 New Zealand Transport Agency Audit

- 3.2.1 Every two years the New Zealand Transport Agency (NZTA) undertake an audit of Council with the objective of providing assurance that NZTA's investment in HDC's land transport programme is being well managed and delivering value for money. The most recent audit was undertaken in April 2018 and the following comments were made in the executive summary of that report:

"Hastings District Council has a well-managed land transport programme that will be improved by accurately accounting for the cost of overheads associated with in-house professional services and completing documentation for road safety audits.

Council is mostly complying with the Transport Agency's approved procurement procedures. However for five older contracts no late tender policy was in place. This is a Transport Agency requirement and has now been addressed.

Claims for funding assistance from the Transport Agency for the two financial years to 30 June 2017 were successfully reconciled to Council's general ledger records.

Effective processes were evident for monitoring and managing the delivery of professional services and physical works contracts including regular site inspections.

Road safety audits for improvement projects are being commissioned from independent providers. However, there was incomplete documentation showing how Council is addressing the resulting recommendations from these audits.

Council needs to review the components and individual costs associated with each component that go into making up the cost multiplier and adjust it if required."

- 3.2.2 This is a good outcome from this review. The relationship we have with NZTA is extremely important and it is critical that NZTA has confidence in HDC and that our processes and systems have credibility.

3.3 Treasury Update

- 3.3.1 In lieu of a formal quarterly treasury update, given this meeting is outside of the normal quarterly cycle, the following is a high level update on Treasury activity.

- 3.3.2 The table below shows Council is compliant with its Treasury Policy as at 30th June 2018:

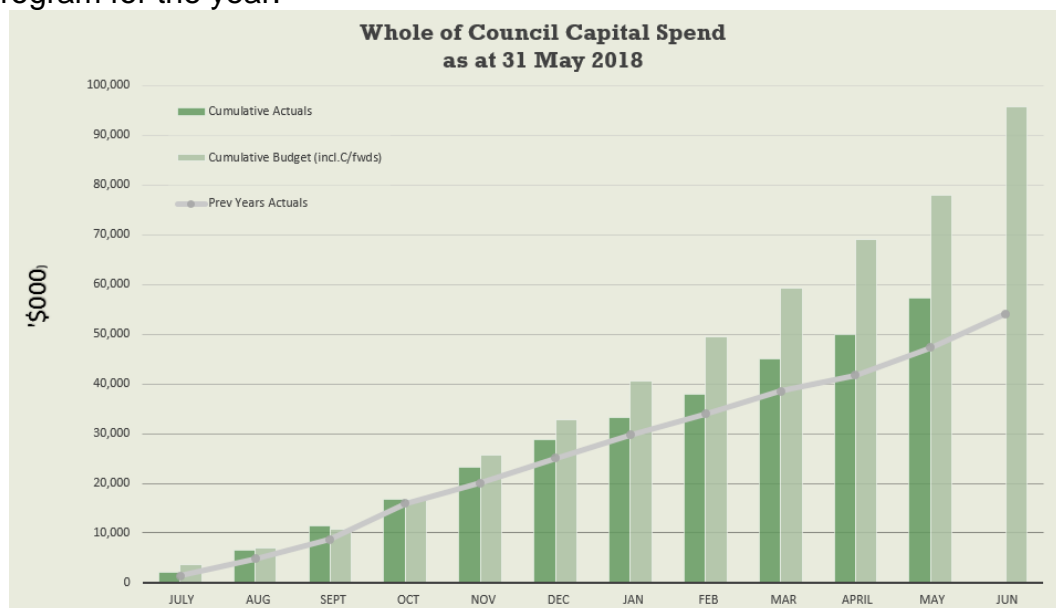
Measure	Compliance	Actual	Min	Max
Liquidity	✓	113%	110%	170%
Fixed debt	✓	73%	55%	95%
Funding profile: 0 – 3 years	✓	48%	10%	50%

3 – 5 years	✓	23%	20%	60%
5 years +	✓	29%	10%	60%
Net Debt as % Equity	✓	4%	0%	20%
Net Debt as % Income	✓	64%	0%	150%
Net Interest as % Income	✓	3%	0%	15%
Net Interest as % Rates	✓	5%	0%	20%

3.3.3 A further \$7m has been borrowed from Local Government Funding Agency (LGFA) since the 1st May 2018 meeting to fund the current capital spend program.

3.3.4 No further interest rate swap transactions have been entered into.

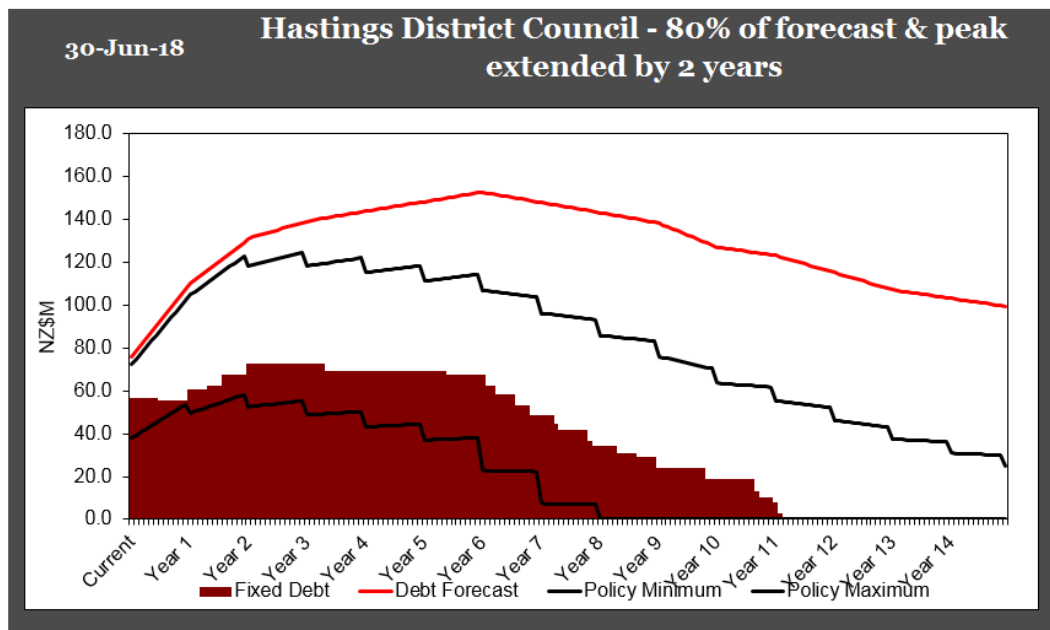
3.3.5 Below is an update of how the Council is tracking with its capital spend program for the year:



Key projects	Actual Ytd (\$'000)	Budget Ytd (\$'000)	Variance Ytd (\$'000)	Total Budget (\$'000)
Whakatu Arterial	6.0 m	4.8 m	-1.2 m	5.2 m
Heretaunga Street Water Upgrade	2.6 m	2.7 m	0.1 m	2.7 m
Te Mata Water Services Upgrade	4.1 m	3.9 m	-0.2 m	3.9 m
Opera House Earthquake Strengthening	5.5 m	9.7 m	4.2 m	10.0 m
Stage 1A Water	3.6 m	7.2 m	3.6 m	8.2 m

3.3.6 Below is a forecast of Council's debt requirements going forward, and the interest rate swap cover that Council has in place.

Note the delayed peak of \$153m year 6, and the longer tail of debt than presented for LTP purposes. This reflects the reality (as shown in 3.2.3) that capital projects typically take longer than expected which delays the expenditure and associated debt.



4.0 SIGNIFICANCE AND ENGAGEMENT

This report does not trigger Council's Significance and Engagement Policy and no consultation is required.

5.0 RECOMMENDATIONS AND REASONS

That the report of the Manager Strategic Finance titled "General Update Report and Status of Actions" dated 2/07/2018 be received.

Attachments:

1 Action Sheet 2 July 2018

CG-14-102

CG-14-25-00035



**Hastings District Council
Risk and Audit Subcommittee
Status of Actions Sheet – 30 June 2018**

Item No.	Meeting Date	Action	Reporting Officer	Progress as at 12 June 2018
1	6/9/16	<u>Local Authority Protection Programme</u> <ul style="list-style-type: none"> Officers to keep a watching brief on the matter of the Local Government/Central Government split of LAPP premiums. 	CFO	Announcement by Treasury delayed No further announcements since change of Government
2	19/6/17	<u>Water Services Review</u> <ul style="list-style-type: none"> That the Chief Executive report to the Risk and Audit Subcommittee on the change programme progress against each of the review finding implication areas until the change programme is fully completed and signed off. 	CE	Final Report presented to Council 11 June 2018
3	19/6/17	<u>Building Control Liability Issues</u> <ul style="list-style-type: none"> The Subcommittee would take a watching brief and Officers would report back regularly in order to update the Subcommittee. 	Building Control Manager	No further update available at this stage
4	28/11/17	<u>Treasury Management Advisory Service</u> <ul style="list-style-type: none"> Review the terms of the existing PWC treasury management advisory service contract 	MSF	No action taken to-date

Item 6

Attachment 1



CG-14-25-00035

5	01/05/18	<u>Asset Management Plan</u> <ul style="list-style-type: none">• Group Manager Assets Management to commission an independent review of 2018-2028 Management Plans	GMAM	To be commissioned
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HASTINGS DISTRICT COUNCIL

RISK AND AUDIT SUBCOMMITTEE MEETING

MONDAY, 2 JULY 2018

RECOMMENDATION TO EXCLUDE THE PUBLIC

SECTION 48, LOCAL GOVERNMENT OFFICIAL INFORMATION AND MEETINGS ACT 1987

THAT the public now be excluded from the following part of the meeting, namely:

- 10 2018/19 Insurance Renewal Programme**
- 11 Internal Audit**
- 12 IT Audit Plan & Control Review**

The general subject of the matter to be considered while the public is excluded, the reason for passing this Resolution in relation to the 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 is as follows:

GENERAL SUBJECT OF EACH MATTER TO BE CONSIDERED			REASON FOR PASSING THIS RESOLUTION IN RELATION TO EACH MATTER, AND PARTICULAR INTERESTS PROTECTED	GROUND(S) UNDER SECTION 48(1) FOR THE PASSING OF EACH RESOLUTION
10	2018/19 Insurance	Renewal Programme	Section 7 (2) (h) The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities. Commercial Sensitivity.	Section 48(1)(a)(i) Where the Local Authority is named or specified in the First Schedule to this Act under Section 6 or 7 (except Section 7(2)(f)(i)) of this Act.
11	Internal Audit		Section 7 (2) (h) The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities. The Internal Audit includes the review of commercial arrangements as part of the audit process.	Section 48(1)(a)(i) Where the Local Authority is named or specified in the First Schedule to this Act under Section 6 or 7 (except Section 7(2)(f)(i)) of this Act.

12 IT Audit Plan & Control Review

Section 7 (2) (h)

The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.

The internal audit includes the review of commercial arrangements as part of the audit process.

Section 48(1)(a)(i)

Where the Local Authority is named or specified in the First Schedule to this Act under Section 6 or 7 (except Section 7(2)(f)(i)) of this Act.