

Monday, 29 November 2021

Te Hui o Te Kaunihera ā-Rohe o Heretaunga

Hastings District Council

Risk and Assurance Committee Meeting

Kaupapataka

Agenda

Te Rā Hui:
Meeting date: **Monday, 29 November 2021**

Te Wā:
Time: **9.00am**

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

Te Hoapā:
Contact: **Democracy and Governance Services
P: 06 871 5000 | E: democracy@hdc.govt.nz**

Te Āpiha Matua:
Responsible
Officer: **Group Manager: Corporate - Bruce Allan**

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HASTINGS DISTRICT COUNCIL
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TE KAUNIHERA Ā-ROHE O HERETAUNGA

Risk and Assurance Subcommittee – Terms of Reference

Fields of Activity

The Risk and Assurance Committee 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.
- Reasonable assurance as to the integrity and reliability of the financial reporting of Council.
- Monitoring of Council's requirements under the Treasury Policy.
- Monitoring of Councils Strategic Risk Framework.

Membership

- Membership (7 including 4 Councillors).
- Independent Chair appointed by Council.
- Deputy Chair appointed by Council.
- 3 external independent members appointed by Council.

Quorum – 4 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 Council.

Monday, 29 November 2021

Te Hui o Te Kaunihera ā-Rohe o Heretaunga

Hastings District Council

Risk and Assurance Committee Meeting

Kaupapataka

Agenda

Koromatua

Chair: Jon Nichols – External Independent Appointee

Nga Kai Kaunihera

Councillors: Simon Nixon (Deputy Chair), Alwyn Corban, Tania Kerr, and Geraldine Travers

Mematanga:

Membership:

Heretaunga Takoto Noa Māori Standing Committee appointee : Robin Hape

External Independent Appointee: Jaun Park

Mayor Sandra Hazlehurst

Tokamatua:

Quorum:

4 members

Kaihokoe mo te Apiha

Officer Responsible:

Group Manager: Corporate – Bruce Allan

Te Rōpū Manapori me te

Kāwanatanga

Democracy &

Governance Services:

Christine Hilton (Extn 5633)

Te Rārangi Take

Order of Business

Apologies – Ngā Whakapāhatanga

- 1.0** An apology from Robin Hape has been received.
At the close of the agenda no requests for leave of absence had been received.
-

2.0 *Conflict of Interest – He Ngākau Kōnatunatu*

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 Manager: Democracy and Governance (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.

Confirmation of Minutes – Te Whakamana i Ngā Minitī

- 3.0** Minutes of the Risk and Assurance Committee Meeting held Monday 13 September 2021.
(Previously circulated)
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- | | | |
|------------|-----------------------|----------|
| 4.0 | Housing Update | 7 |
|------------|-----------------------|----------|
-

- | | | |
|------------|----------------------|-----------|
| 5.0 | Reform Update | 11 |
|------------|----------------------|-----------|
-

- | | | |
|------------|---|-----------|
| 6.0 | Updated Enterprise Risk Management Framework and Risk Appetite | 17 |
|------------|---|-----------|
-

- | | | |
|------------|------------------------------|-----------|
| 7.0 | Strategic Risk Update | 19 |
|------------|------------------------------|-----------|
-

8.0	Risk Assurance Update	23
------------	------------------------------	-----------

9.0	COVID-19 Update	25
------------	------------------------	-----------

10.0	Treasury Activity and Funding Update	27
-------------	---	-----------

11.0	2021 Insurance Renewal Update	31
-------------	--------------------------------------	-----------

12.0	GM update: Asset Management	35
-------------	------------------------------------	-----------

13.0	GM: Corporate Update	37
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14.0	Minor Items – <i>Ngā Take Iti</i>	
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15.0	Urgent Items – <i>Ngā Take Whakahihiri</i>	
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Monday, 29 November 2021

Item 4

Te Hui o Te Kaunihera ā-Rohe o Heretaunga

Hastings District Council: Risk and Assurance Committee Meeting

Te Rārangi Take

Report to Risk and Assurance Committee

Nā:
From: Craig Cameron, Group Manager: Strategy and Development

Te Take:
Subject: Housing Update

1.0 Purpose and Summary - *Te Kaupapa Me Te Whakarāpopototanga*

- 1.1 The purpose of this report is to update the Risk and Assurance Committee on Council's compliance with the National Policy Statement on Urban Development.
- 1.2 The National Policy Statement on Urban Development Capacity (NPSUDC) 2020 requires Council to plan well for growth and ensure a well-functioning urban environment for all people, communities and future generations. This includes:
 - Ensuring urban development occurs in a way that takes into account the principles of the Treaty of Waitangi (te Tiriti o Waitangi).
 - Ensuring that plans make room for growth both 'up' and 'out', and that rules are not unnecessarily constraining growth.
 - Developing, monitoring and maintaining an evidence base about demand, supply and prices for housing and land to inform planning decisions.
 - Aligning and coordinating planning across urban areas.

2.0 Recommendations - Ngā Tūtohunga

- A) That the Risk and Assurance Committee receive the report titled Housing Update dated 29 November 2021.
- B) That the Committee notes the Strategy and Policy (S&P) Committee received and considered the Housing and Capacity Assessment Report (and the Housing and Capacity Assessment Study) on 2 November 2022. The S&P Committee made a series of resolutions to ensure Council meets its obligations under the National Policy Statement on Urban Development.
- C) That the Committee notes a Capacity Assessment is being commissioned by Officers for Commercial and Industrial Land. A draft report is expected in March/April 2022.

3.0 Operational Update

- 3.1 The NPSUD requires Tier 2 councils, which includes Hastings District, Napier City and Hawke's Bay Regional Councils (the Councils), to undertake an assessment (Housing Capacity Assessment, (HCA) of the expected demand and supply of housing in their areas over the next 30 years.
- 3.2 The purpose of the HCA is to ensure Councils' planning and infrastructure decisions enable at least sufficient development capacity to meet expected demand for housing and to assess the impact of our decisions on the affordability and competitiveness of the local housing market. This is a very complex, technical and substantial project of work.
- 3.3 This HCA was based on the Statistics New Zealand medium to high growth population projection. On this projection the headline conclusion for Hastings is that there is, on paper, likely to be sufficient capacity in total to meet the growth anticipated in the short to medium term (3-10 years), assuming that our Greenfield growth areas are delivered according to our current Long Term Plan (LTP) programme.
- 3.4 However, Officers are concerned that under these projected levels of growth, a break in the continuity of Greenfield land supply may result over the early to middle part of the programme, particularly if pent up demand is added. This may put too much reliance on the market switching to intensification more rapidly and at a greater scale than originally anticipated, posing a potentially significant risk to housing supply and affordability if the market is too slow to respond. Officers suggested work be done to enable a re-balancing of the programme to bring forward some Greenfield land supply earlier if needed. The Housing Situation is summarised in the following Table.

DEMAND <ul style="list-style-type: none"> Based on medium-high growth scenario includes 20% capacity margin includes backlog over 5 years <p>That's 30% more than the traditional medium growth scenario (excluding backlog)</p>	<p>We are planning for this demand</p> <p>we project 6,530 MORE HOMES BY 2030</p> 
CAPACITY <ul style="list-style-type: none"> Based on existing planned growth areas Includes planned rural and intensification areas Accelerates Lyndhurst, Kaiapo and Brookvale 	<p>Our programme has this capacity</p> <p>we can enable 6,870 MORE HOMES BY 2030</p> 
THE SUPPLY MIX <ul style="list-style-type: none"> HPUD's Targets for Hastings/Napier area by 2045 Our focus will be to intensify <p>Greenfield 35%</p> <p>Intensification 55%</p> <p>Rural 10%</p>	<p>The housing mix changes over time...</p> <p><u>Within 10 Years</u></p> <p>Greenfield 40%</p> <p>Intensification 35%</p> <p>Rural 25%</p> <p><u>Beyond 10 Years</u></p> <p>Greenfield 35%</p> <p>Intensification 55%</p> <p>Rural 10%</p> 
BEYOND 2030	<p>The Spatial Plan will determine future growth responses</p>

- 3.5 The HCA Report was received and considered by the Strategy and Policy Committee (S&P) on 2 November 2021. The HCA Report and HCA Study summary documentation is attached (**Attachments 1, 2 and 3**), should the Committee require more detailed background information.
- 3.6 The GM: Strategy and Development is preparing a report for the Council Meeting on 9 December 2021 requesting funding for the Chief Executive to progress planning works for residential land supply in response to existing and forecast high levels of demand as resolved by the S&P Committee.
- 3.7 The S&P Committee strengthened Recommendation 6(b) from 'Considering whether an updated intensification strategy is required, building on the Medium Density Housing Strategy already adopted by the Council, directing the Chief Executive to commission a full update of the Medium Density Strategy and report back to the S&P Committee by 30 June 2022.
- 3.8 Officers are commissioning a Capacity Assessment Study for commercial and industrial land. Subject to local Professional Services capacity, a draft report on this study is expected in March/April 2022.

Attachments:

1⇒	Napier Hastings Housing Capacity Assessment 2021	CG-16-6-00121	Under Separate Cover
2⇒	Napier and Hastings Housing Assessment Summary Report Final 2021-10-21 Barker and Associates	STR-4-2-21-993	Under Separate Cover
3⇒	Briefing Notes on Responding to New Housing Demand October 2021	STR-4-2-21-991	Under Separate Cover

Monday, 29 November 2021

Item 5

Te Hui o Te Kaunihera ā-Rohe o Heretaunga

Hastings District Council: Risk and Assurance Committee Meeting

Te Rārangi Take

Report to Risk and Assurance Committee

Nā:
From: Bronwyn Bayliss, Group Manager: People and Capability

Te Take:
Subject: Reform Update

1.0 Purpose and summary - *Te Kaupapa Me Te Whakarāpopototanga*

- 1.1 The purpose of this report is to provide the Risk and Assurance Committee with a further update on the major legislative and central government reforms currently underway. The Committee has identified the significant reform agenda to be a risk for Council that needs to be monitored and impacts managed.
- 1.2 An overview of the timeline across the various reform, as it currently stands, is attached **(Attachment 1)**.
- 1.3 **Three Waters Reform**
- 1.4 The Three Waters reform is discussed by government officials under 3 Pou:
 - The establishment of the drinking water regulator (Taumata Arowai, an independent crown entity).
 - Updated drinking water regulation, via the Water Services Act 2021.
 - The 3 waters service delivery reform – the review of how council-run 3 waters services are governed.

Taumata Arowai

- 1.5 Taumata Arowai was established as a Crown entity in March 2021 and became New Zealand's dedicated regulator of drinking water, wastewater and stormwater when the Water Services Bill was enacted in September 2021.

1.6 Now that Taumata Arowai is fully functional it:

- Oversees and administers an expanded and strengthened drinking water regulatory system to ensure all New Zealand communities have access to safe drinking water. That includes holding drinking water suppliers to account, if need be.
- Oversees, from a national perspective, the environmental performance of wastewater and stormwater networks. Regional councils remain the primary regulators of wastewater and stormwater.

Water Services Act 2021

- 1.7 Given Royal Assent on 4 October 2021, this omnibus bill will implement the Government's decision to comprehensively reform the drinking water regulatory system, with targeted reforms to improve the regulation and performance of wastewater and stormwater networks.

3 Waters Service delivery reform

- 1.8 On 27 October 2021, the Minister of Local Government, Hon Nanaia Mahuta, announced that government had made the decision to introduce legislation by December to create four publicly owned water entities to take over responsibility for three waters service delivery from local authorities, effective from July 2024.
- 1.9 This alters the prior position which Government has committed to - a process where councils could opt in or out of the reforms, and has occurred despite considerable concerns raised about the proposals by councils and communities around the country.
- 1.10 Select committee hearings are expected early next year and legislation passed in the middle of next year.
- 1.11 In her statement, the Minister of Local Government, Hon Nanaia Mahuta said "I also want to signal to those people currently working in water services across councils that this is a critical step change to improve the status quo and we need all workers to be assured that their interests are very important to maintain continuity and continue to grow these skills in our communities". A major focus of central government has been to ensure reform does not result in a loss of current staff but will also mean we can attract, develop and retain talent and enhance local expertise. Government's advice has been that staff who work primarily on water will be guaranteed a role in the new entity that retains key features of their current role.
- 1.12 The Government announced that a joint working group to resolve councils' concerns with the three waters reform model would be formed. The purpose of this group is finding solutions to the sector's concerns around governance, representation and accountability. The working group, which will be chaired by Doug Martin, includes the following mayors:
- Mayor Phil Goff, Auckland
 - Mayor Dr Jason Smith, Kaipara
 - Mayor Garry Webber, Western Bay of Plenty
 - Mayor Neil Holdom, New Plymouth
 - Mayor Campbell Barry, Lower Hutt
 - Mayor Rachel Reese, Nelson
 - Mayor Lianne Dalziel, Christchurch
 - Mayor Tim Cadogan, Central Otago
 - Mayor Lyn Patterson, Masterton
- 1.13 Ngahiwi Tomoana is a member of the Working Group.
- 1.14 The Government has established a National Transition Unit (NTU), for executing the Government's decisions on Three Waters reform through a consistent and coordinated nationwide approach to transition. From November 2021 to 1 July 2024, the transition from the current system to the new one will take place. The NTU aims to ensure the transition is efficient, effective and minimises

disruption to communities and consumers. The NTU will deliver a consistent and coordinated nationwide approach to the transition from the 67 councils who are currently responsible for water services to the new system. The NTU will work alongside councils, iwi/Māori, industry and the wider water sector to make the transition successful. Information on the National Transition Unit can be found at [https://www.dia.govt.nz/diawebsite.nsf/Files/three-waters-reform-programme-2021/\\$file/three-waters-transition-implementing-the-transition-november-2021.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/three-waters-reform-programme-2021/$file/three-waters-transition-implementing-the-transition-november-2021.pdf) and the indicative timeline at [https://www.dia.govt.nz/diawebsite.nsf/Files/three-waters-reform-programme-2021/\\$file/three-waters-transition-national-transition-unit-indicative-timeline-november-2021.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/three-waters-reform-programme-2021/$file/three-waters-transition-national-transition-unit-indicative-timeline-november-2021.pdf).

- 1.15 For our part in relation to 3 Waters staff and managing the risks of staff loss in the lead-up to reform implementation, we are focussed on 1. Continuing to deliver the service and continue improving our systems, 2. Trying to ensure staff are kept well informed with accurate and up-to-date information, and 3. Providing staff with learning and development opportunities so they are well placed along with working to provide a good environment for staff to work in, so that they are engaged and satisfied in their work. These steps will help mitigate risks in terms of potential loss of staff.
- 1.16 Officers will continue to monitor matters to ensure we are abreast of developments.
- 1.17 **Resource Management Act Reform**
- 1.18 There are no updates on the Resource Management Act reform to report.
- 1.19 As per the prior report, in February 2021, the Government announced it would repeal the Resource Management Act and enact new legislation based on the recommendations of the Resource Management Review Panel. The three proposed acts are:
 - Natural and Built Environments Act (NBA), as the main replacement for the RMA, to protect and restore the environment while better enabling development;
 - Strategic Planning Act (SPA), requiring the development of long-term regional spatial strategies to help coordinate and integrate decisions made under relevant legislation;
 and
 - Climate Adaptation Act (CAA), to address complex issues associated with managed retreat.
- 1.20 The government has published the following in terms of its intentions with the suite of new legislation, that it will:
 - protect and restore the environment and its capacity to provide for the wellbeing of present and future generations
 - better enable development within natural environmental limits
 - give proper recognition to the principles of Te Tiriti of Waitangi and provide greater recognition of te ao Māori including mātauranga Māori
 - better prepare for adapting to climate change and risks from natural hazards, and better mitigate emissions contributing to climate change
 - improve system efficiency and effectiveness, and reduce complexity while retaining appropriate local democratic input.
- 1.21 The draft Bill will be out for Public Submission in the first quarter of 2022. The Natural & Built Environments Act and Strategic Planning Act are expected to be passed into law before the end of the current parliamentary term.
- 1.22 Officers will continue to monitor matters to ensure we are abreast of developments.

1.23 **Local Government Reform**

- 1.24 In April 2021, the Minister of Local Government established a Review into the Future for Local Government. The Review is to consider, report and make recommendations on this matter to the Minister.
- 1.25 In late October 2021, the independent Ministerial review panel published its interim report into the future of local government (**Attachment 2**). It is very much a scoping report, setting the scene for the work to come. In it they pose themselves five broad, high level, questions they intend to be the focus of their work moving forward, and set up some principles and a timeline for how they will progress their work.
- 1.26 LGNZ has prepared a “draft policy analysis” of the panel’s interim report, which is also a good summary of the interim report itself (**Attachment 3**).
- 1.27 The five questions the panel pose for themselves are:
- i. How should the system of local governance be reshaped so it can adapt to future challenges and enable communities to thrive?
 - ii. What are the future functions, roles and essential features of New Zealand’s system of local government?
 - iii. How might a system of local governance embody authentic partnership under Te Tiriti o Waitangi, creating conditions for shared prosperity and wellbeing?
 - iv. What needs to change so local government and its leaders can best reflect and respond to the communities they serve?
 - v. What should change in local governance funding and financing to ensure viability and sustainability, fairness and equity, and maximum wellbeing?
- 1.28 The intended timeline from here is:
- September 2021 to April 2022 will be a time for broad exploratory kōrero about our priority questions through wānanga, workshops and online, with a range of groups and communities.
 - In early 2022 we’ll release an online tool to help people share ideas and views.
 - In March/April 2022 we will also connect with local authorities to share our thoughts and get feedback on key ideas and opportunities.
 - From April to August 2022 we will be focused on testing and refining key ideas and approaches for the future for local governance and democracy.
 - 30 April 2023: Review panel presents its final report to the Minister and Local Government New Zealand.
- 1.29 Officers will continue to monitor matters to ensure we are abreast of developments.

2.0 Recommendations - Ngā Tūtohunga

That the Risk and Assurance Committee receive the report titled Reform Update dated 29 November 2021.

Attachments:

1⇒	Visio-Statutory Change Timeline 29102021.vsd	CG-16-6-00118	Under Separate Cover
2⇒	Draft-policy-analysis-of-the-FFLG-Panels-interim-report-Arewa-ake-te-Kau...	CG-16-6-00119	Under Separate Cover
3⇒	Interim Report 2021 - Ārewa ake te Kaupapa – Raising the platform.	CG-16-6-00120	Under Separate Cover

Item 5

Monday, 29 November 2021

Item 6

Te Hui o Te Kaunihera ā-Rohe o Heretaunga

Hastings District Council: Risk and Assurance Committee Meeting

Te Rārangi Take

Report to Risk and Assurance Committee

Nā:
From: **Regan Smith, Risk and Corporate Services Manager**

Te Take:
Subject: **Updated Enterprise Risk Management Framework and Risk Appetite**

1.0 Purpose and summary - Te Kaupapa Me Te Whakarāpopototanga

- 1.1 The purpose of this report is to present the final draft of the updated Enterprise Risk Management Framework, including risk appetite statement.
- 1.2 Draft Version 5.1 of the Framework is attached (**Attachment 1**). Changes to this document are indicated by a vertical line and associated text has been highlighted in yellow.
- 1.3 The following points summarise the key changes to the Framework:
 - A cross reference has been added to the Hastings District Council Water Safety Plan.
 - Sections have been added to describe how opportunity risks should be handled.
 - A scale to assess the level of impact on the community has been added.
 - The Risk Appetite statement has been updated to reflect the Strategic Priority Areas in the 2021 – 2031 Long Term Plan.

2.0 Recommendations - Ngā Tūtohunga

- A) That the Risk and Assurance Committee receive the report titled Updated Enterprise Risk Management Framework and Risk Appetite dated 29 November 2021.
- B) That the Committee endorse the updated draft Enterprise Risk Management Framework V5.1 for adoption by Council.

Attachments:

1 ➡	DRAFT HDC Hastings District Council Risk Management Policy and Framework V5.1	PMD-9-3-21-47	Under Separate Cover
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Monday, 29 November 2021

Item 7

Te Hui o Te Kaunihera ā-Rohe o Heretaunga

Hastings District Council: Risk and Assurance Committee Meeting

Te Rārangi Take

Report to Risk and Assurance Committee

Nā: Steffi Bird, Risk Assurance Advisor
From: Regan Smith, Risk and Corporate Services Manager

Te Take:
Subject: Strategic Risk Update

1.0 Executive Summary – Te Kaupapa Me Te Whakarāpopototanga

1.1 The purpose of this report is to update the Committee on the following strategic risk activities:

- Revised strategic risk register based on feedback from the Committee's discussion at the previous meeting on 13 September.
- Horizon scanning update since the last meeting.
- Office of the Auditor General (OAG) report regarding local government risk management practices.
- Reporting provided to the Council Executive Lead Team on the Tier 2 Enterprise Risks.

1.2 This report seeks support from the Committee for the revised strategic risk register.

1.3 Revised Strategic Risk Register

1.3.1 A revised strategic risk register has been compiled reflecting the current operating context. The key changes to the risk register, **Attachment 1**, include:

- Introduction of the risks 'Cyber Security Threat' and 'Truth Decay'. Further context regarding the Truth Decay phenomenon and its implications for Council are detailed in RAND's research report, **Attachment 2**.
- Introduction of an 'Environmental, Social, Governance (ESG) & Cultural Failure' risk, which supersedes and captures the following risks previously included in the register: *Inequitable resource allocation*, *Governance failure*, and *Increasing social inequity*.
- Minor change in title and description for the risk 'Spatial & Asset Management Planning' to 'Growth Planning'.

1.4 Horizon Scanning

- 1.4.1 The Risk Assurance team continue to monitor national and international sources for the purpose of horizon scanning.
- 1.4.2 It is to be noted that the horizon scanning diagram, **Attachment 3**, remains substantially the same. But it is noted that the signals relating to 'Post COVID China' and 'Organisation Culture Degradation' may be strengthening.

1.5 OAG Report

- 1.5.1 Risk Assurance notes the guidance shared recently by the Office of the Auditor General, within the 'General observations on local government risk management practices' report, **Attachment 4**.
- 1.5.2 In the report the Auditor General makes remark that *"To improve their risk management practices, I expect councils to:"*
- *"have someone who is responsible for enabling and driving good risk management practices throughout the council;*
 - *integrate risk management into all council activities, particularly strategy setting and decision-making. As an example, some councils that have declared climate emergencies do not identify climate-related risks as a separate key risk for the council;*
 - *improve the training and support provided to elected members, particularly in their roles and responsibilities for effective risk management; and*
 - *carry out regular reviews of risk management activity to inform progress and areas of improvement"*.
- 1.5.3 Council has been on a good path in recent years, improving its risk management practices and integrating risk management into its activities and Officers assessment of Council's Risk Management maturity is that it would be in the upper quartile of Council's in New Zealand.
- #### 1.6 Management of Tier 2 Enterprise Risks
- 1.6.1 In order to support the Lead Team with managing their enterprise risks, the Risk Assurance team have introduced a Key Risk Indicator (KRI) report. The report is presented on a quarterly basis to the Lead Team in order to provide oversight of the Tier 2 risks.
- 1.6.2 The KRI report provides the Lead Team, as risk owners, with a simple snapshot of three internal and/or external metrics for each risk. The metrics endeavour to provide an indication as to how the risks' controls are functioning.

2.0 Recommendations - Ngā Tūtohunga

- A) That the Risk and Assurance Committee receive the report titled Strategic Risk Update dated 29 November 2021.
- B) That the Committee endorse the revised strategic risk register for adoption by Council.

Attachments:

1⇒	HDC Strategic Risk Register	PMD-9-3-21-44	Under Separate Cover
2⇒	Truth Decay - An Initial Exploration of the Diminishing Role of Facts and Analysis in American Public Life	PMD-9-3-21-46	Under Separate Cover
3⇒	HDC Tier 1 Strategic Risk Horizon Scan Diagram August 2021	PMD-9-3-21-38	Under Separate Cover
4⇒	Office of the Auditor General - Observations on local government risk management practices	PMD-9-3-21-45	Under Separate Cover

Monday, 29 November 2021

Item 8

Te Hui o Te Kaunihera ā-Rohe o Heretaunga

Hastings District Council: Risk and Assurance Committee Meeting

Te Rārangi Take

Report to Risk and Assurance Committee

Nā: Steffi Bird, Risk Assurance Advisor
From: Regan Smith, Risk and Corporate Services Manager

Te Take:
Subject: Risk Assurance Update

1.0 Executive Summary – *Te Kaupapa Me Te Whakarāpopototanga*

1.1 The purpose of this report is to provide the Committee with the final reports for the following assurance reviews:

- Ability to meet legal obligations
- Information Security Failure

1.2 Assurance Review: Ability to meet legal obligations (**Attachment 1**)

- Through a sample of various teams at Hastings District Council, this review analysed the effectiveness of processes to enable the Council to achieve compliant outcomes.
- The review used a best practice regulatory compliance system as the basis for effectiveness of the activities, it did not assess whether the end result was in fact compliant with legislative requirements or not.
- Risk Assurance assessed the Hastings District Council's ability to meet legal obligations as **substantially effective** overall.
- The review resulted in four findings and one recommendation rated as medium risk.

1.3 Assurance Review: Information Security Failure (**Attachment 2**)

- Based on critical controls within the Information Security BowTie risk analysis, the review focussed on assessing the effectiveness of practices within the Information Management & Business Transformation (IMBT) team and other supporting teams.
- The review focused on the following key areas:
 - Staff training and education

- Change control, including software updates and patching
 - Business continuity planning and disaster recovery (backups)
 - Due diligence process for any third party suppliers
 - Access control, including restricted access, multifactor authentication, security management and benchmarking
- The review resulted in six findings ranging from partially effective to fully effective, with six recommendations rated as medium risk and one high-risk recommendation. The high-risk area related to the need for stronger processes to ensure the IMBT team is consulted in the procurement of any software used by Council. This is to be addressed in implementation of the new procurement and contract management system.

2.0 Recommendations - *Ngā Tūtohunga*

That the Risk and Assurance Committee receive the report titled Risk Assurance Update dated 29 November 2021.

Attachments:

1⇒	Assurance Review Report - Ability to meet legal requirements	PMD-9-1-21-42	Under Separate Cover
2⇒	Assurance Review report - Information Security Failure	PMD-9-1-21-43	Under Separate Cover

Monday, 29 November 2021

Item 9

Te Hui o Te Kaunihera ā-Rohe o Heretaunga

Hastings District Council: Risk and Assurance Committee Meeting

Te Rārangi Take

Report to Risk and Assurance Committee

Nā:
From: **Bronwyn Bayliss, Group Manager: People and Capability**

Te Take:
Subject: **COVID-19 Update**

1.0 Purpose and summary - *Te Kaupapa Me Te Whakarāpopototanga*

- 1.1 The purpose of this report is to enable officers to provide the Risk and Assurance Committee with an update on risk mitigations and measures as it responds to the COVID-19 Delta outbreak.
- 1.2 Council has a wide and diverse offering of services and the risks that individual activities face vary considerably.
- 1.3 A Compass Project team has been established to support the organisation through its business continuity response and planning. This approach is working well and is providing a joined up organisation-wide approach to managing the constantly changing environment.
- 1.4 Given the fast moving and constantly changing environment that we are operating in, a verbal update will be provided to the committee based on the most up-to-date information at that time. For example the announcement on November 22nd that the country is moving to the new traffic light system at 11.59pm on December 2nd comes in a current vacuum of information that we are hoping will be filled over the next few days.

2.0 Recommendations - *Ngā Tūtohunga*

That the Risk and Assurance Committee receive the report titled COVID-19 Update dated 29 November 2021.

Attachments:

There are no attachments for this report.

Monday, 29 November 2021

Te Hui o Te Kaunihera ā-Rohe o Heretaunga
**Hastings District Council: Risk and Assurance
Committee Meeting**

Item 10

Te Rārangi Take

Report to Risk and Assurance Committee

Nā:
From: Aaron Wilson, Financial Controller

Te Take:
Subject: Treasury Activity and Funding Update

1.0 Executive Summary – *Te Kaupapa Me Te Whakarāpopototanga*

- 1.1 The purpose of this report is to update the Risk and Assurance Committee on treasury activity and funding issues.
- 1.2 Since the last update in June, Council has not borrowed any additional funds in the first four months of the new financial year.
- 1.3 The Council's current total external debt is \$205m as at 31 October 2021. Offsetting this is \$22.8m of bank deposits, giving a net external debt position of \$182.9m.
- 1.4 Council is currently compliant with its Treasury Management Policy.
- 1.5 The Reserve Bank of New Zealand (RBNZ) raised its Official Cash Rate (OCR) to 0.50% at its last review on 6 October 2021.

2.0 Recommendations – *Ngā Tūtohunga*

That the Risk and Assurance Committee receive the report titled Treasury Activity and Funding Update dated 29 November 2021.

3.0 Background – *Te Horopaki*

- 3.1 The Hastings District Council has a Treasury Policy which is a summarised version of the Treasury Management Policy and forms part of the 2021-2031 Long Term Plan. Under these policy documents, responsibility for monitoring treasury activity is delegated to the Risk and Assurance Committee.
- 3.2 Council is provided with independent treasury advice by Miles O'Connor of Bancorp Treasury Services and receives daily and monthly updates on market conditions.
- 3.3 Under the Treasury Policy, formal reporting to Council occurs quarterly and regular more in depth treasury reporting is provided for the Risk and Assurance Committee.

4.0 Discussion – *Te Matapakitang*

- 4.1 Council's debt portfolio is managed within macro limits set out in the Treasury Policy. It is recognised that from time to time Council may fall out of policy due to timing issues. The treasury policy allows for officers to take the necessary steps to move Council's funding profile back within policy in the event that a timing issue causes a policy breach.
- 4.2 **Attachment 1** sets out Council's overall compliance with Treasury Management Policy as at 31 October 2021.
- 4.3 Council's current total external debt is \$205.7m as at 31 October 2021. Offsetting this are \$22.8m of bank deposits, giving a net external debt position of \$182.9m. This is supported by the Treasury Position 31 October 2021 Report in Attachment 1.
- 4.4 Council has bank deposits totalling \$22.8m with a portion to be invested in term deposits whilst the remaining amount is funding a significant amount of capital spend.
- 4.5 In light of Council's current cash flows being able to meet its funding requirements, it is not expected that Council engage in any further borrowing for the remainder of the first half of this current financial year.
- 4.6 Council having borrowed \$40m with a floating and fixed debt mix in the last quarter of the prior financial year, at very competitive rates, has enabled a strong cash flow position, but with the lowest possible cost of funds outcome, when compared to where the OCR rates are forecasted to go to.
- 4.7 The mix of floating and fixed debt borrowed was in order to achieve two outcomes, firstly in terms of the fixed debt, to ensure that Council was compliant with Treasury policy parameters in terms of cover, secondly, the floating portion was to enable Council to continue to suppress and lower the cost of funds wherever possible in light of policy and market considerations.
- 4.8 In addition to this, Officers engaged in a forward start contract for \$23m that will become "live" the day before maturing debt for the same amount comes due in May 2022. This is a fixed interest rate bond and when it comes into effect in May 2022 will increase the percentage of fixed interest rate cover that Council has, keeping Council within the mid-point range of policy.
- 4.9 It should also be noted on the Treasury position dashboard, Council's cost of funds remains at 2.73% low, due to the dropping off of high historical swaps, along with competitive fixed rates.
- 4.10 This has been due to a strategy of borrowing at floating rates over the last 2 -3 years and "banking" savings that would not be achieved if Council and the treasury advice it received had taken swaps positions based on reserve bank forecasts of the Official Cash Rate (OCR).
- 4.11 Officers are comfortable with the level of cover currently in place in relation to the level of debt held. There are a number of reasons for being cautious around committing Council to additional swap cover at this time.
- 4.12 Firstly due to the economic conditions both at a global and domestic level current swap pricing has already factored in the expected rise in the OCR rates over the 12 months or so, and treasury advisors Bancorp have advised against further contracts at this stage (see Bancorp's comment below).

- 4.13 In addition to this, with a significant portion of debt related to 3waters (in excess of 50%), it is yet to be understood how swap commitments are to be treated when the debt novates to the new water entity. Treasury in Wellington have yet to release how this will work in practice, remembering that swap contracts cannot be cancelled but either run their course or are “blended “ with an extended time period.

Bancorp’s statement advice:

- 4.14 *“New Zealand data continues to surprise to the upside with an annual inflation rate of 4.9% in the third quarter of 2021, the highest since the second quarter of 2011 and well above forecasts of 4.1%. Main upward pressure came from housing and local authority rates, and from transport with private transport supplies and services up 15%. Compared to the previous quarter, inflation was up 2.2%, the highest increase since the December 2010 quarter. Globally there has been ongoing nervousness from the market around the ‘stickiness’ of the current surge in inflation amid another surge in COVID-19 cases.*
- 4.15 *Employment data has also been strong with the unemployment rate falling to a record-equalling low of 3.4%. Market consensus was for a 3.8%. Private sector wage growth has also picked up, though at +0.70% it was not up as much as the 1.0% expected. These recent economic releases support the Reserve Bank of New Zealand’s (“RBNZ”) decision to hike the Official Cash Rate (“OCR”) by 0.25% to 0.50% in early October, although the ongoing Auckland lockdown due to the COVID-19 Delta outbreak will only start to show up in fourth quarter numbers that won’t be released until early 2022.*
- 4.16 *Local interest rates have surged higher with the 3-year swap rate now trading near 2.70% for the first time since January 2017. Interest rate markets are now pricing in a series of aggressive hikes with the OCR peaking near 2.75% by the mid-2023, a level last seen in the final quarter of 2015. The mid/long end of the curve has completely flattened with swap rates from 3 to 10 years now in a narrow 2.70% to 2.85% range.*
- 4.17 *Financial markets are now looking to the next update from the RBNZ of its OCR projections on 24 November, but ahead of this, market pricing is implying a higher peak and an accelerated timing of hikes compared to the August update. The OCR is projected to peak around 2.75% in 2023 with a 2.45% 2-year swap rate implying an aggressive tightening cycle over the next 12-months, well ahead of other major economies.*
- 4.18 *Nevertheless, recent domestic data, namely inflation and the unemployment rate, are supportive of higher interest rates in New Zealand despite a slowing global economy with COVID-19 related disruptions likely well into 2022. However, higher fuel, food, mortgage rates, utility costs etc are eating into consumer confidence and household incomes meaning the risks aren’t all one-way for the interest rate market. **Current swap pricing implies a heavily front-loaded OCR hiking cycle, with a 2.25% OCR priced in within the next 12 months and above the RBNZ’s implied neutral rate of 2.00%. It is still our view that OCR pricing is now expensive and at a ‘worse case’ scenario for borrowers with the economic risks clearly to the downside.”***

5.0 Next steps – Te Anga Whakamua

- 5.1 Council Officers will continue to work with Bancorp Treasury Services to keep Council’s financing costs to a minimum, maintaining adequate liquidity, while maintaining compliance with Council’s Treasury policy.

Attachments:

1⇒ Treasury Dashboard 31st October 2021

FIN-15-01-21-25

Under Separate
Cover

Summary of Considerations - *He Whakarāpopoto Whakaarohanga*

Fit with purpose of Local Government - *E noho hāngai pū ai ki te Rangatōpū-ā-Rohe*

The Council is required to give effect to the purpose of local government as set out in section 10 of the Local Government Act 2002. That purpose is to enable democratic local decision-making and action by (and on behalf of) communities, and to promote the social, economic, environmental, and cultural wellbeing of communities in the present and for the future.

This report contributes to the purpose of local government by primarily promoting economic wellbeing and more specifically through the Council's strategic objective of sustainable use of resources and providing resilience to hazards and shocks.

Link to the Council's Community Outcomes – *Ngā Hononga ki Ngā Putanga ā-Hapori*

This report promotes the economic wellbeing of communities in the present and for the future.

Māori Impact Statement - *Te Tauākī Kaupapa Māori*

There are no known impacts for Tangata Whenua.

Sustainability - *Te Toitūtanga*

This report promotes sustainable financing costs ensuring the economic wellbeing of communities in the present and for the future.

Financial considerations - *Ngā Whakaarohanga Ahumoni*

This report will ensure that financing costs are kept within Council's existing budgets.

Significance and Engagement - *Te Hiranga me te Tūhonotanga*

This report has been assessed under the Council's Significance and Engagement Policy as being of minor significance.

Consultation – internal and/or external - *Whakawhiti Whakaaro-ā-roto / ā-waho*

There has been no external engagement.

Risks

The purpose of this report and the Treasury Policies it refers to, assist officers to manage Council's treasury risk.

Rural Community Board – *Te Poari Tuawhenua-ā-Hapori*

There are no implications for the Rural Community Board.

Monday, 29 November 2021

Item 11

Te Hui o Te Kaunihera ā-Rohe o Heretaunga

Hastings District Council: Risk and Assurance Committee Meeting

Te Rārangi Take

Report to Risk and Assurance Committee

Nā: Bruce Allan, Group Manager: Corporate
From: Jeff Tieman, Management Accountant

Te Take:
Subject: 2021 Insurance Renewal Update

1.0 Purpose and summary - *Te Kaupapa Me Te Whakarāpopototanga*

- 1.1 The purpose of this report is to advise the Risk and Assurance Committee of the insurance arrangements for 2021/22.

2.0 Recommendations - *Ngā Tūtohunga*

That the Risk and Assurance Committee receive the report titled 2021 Insurance Renewal Update dated 29 November 2021.

3.0 Background – *Te Horopaki*

- 3.1 AON are the lead insurance brokers for Hastings District Council and cover material damage, business interruption, motor vehicles, travel (international only) and all liability policies, except public liability and professional indemnity, which are still covered by Marsh.
- 3.2 Sitting outside of the contract mentioned in 3.1 are the infrastructure policies and they are with AON and LAPP.

4.0 Discussion – *Te Matapakitanga*

- 4.1 Historically, the insurance market cycle was referred to as either being “hard” or “soft”. A hard market was when insurers increased premiums to recover losses from a major event from the

previous year or years. A soft market was when the insurers had recovered these losses and competition was driving premiums back down.

- 4.2 The markets are now changing and are moving to a risk-based premium for the region. In our situation, this means we are exposed to risks such as earthquakes, tsunami, liquefaction and some weather events.

MATERIAL DAMAGE

- 4.3 The lead insurer for material damage is QBE and for this renewal they have conducted their own loss modelling report for the Hawke's Bay region. The initial outcome from this saw a premium increase of around 40%. Through the discussion process, AON managed to get this reduced to 13%.
- 4.4 2021 was also the year for council to have their assets revalued for material damage; this is conducted every three years. This process was conducted by Added Valuation who were awarded the contract in 2018. The outcome of this saw the insurance valuation of council assets move from an inflationary adjusted value for 2020 of \$419.8m to \$545.3m.
- 4.5 With the premium increases that councils have experienced in the market over the years, there is some interest from other insurers coming back to the table for the renewal process and there is hope that this will slow the annual increases we have been seeing over the last few years.

CATASTROPHE INSURANCE

- 4.6 LAPP are our insurers for the underground infrastructure. This year there has been a substantial increase due to a 33% increase in asset value (\$873m to \$1.163b). Also this year there has been an increase in the three event levels which we are able to claim under. They have increased to \$65m, \$105m and \$150m, up from \$60m, \$100m and \$140m.
- 4.7 AON are our brokers for the policy covering the bridges. We are yet to receive our premiums for this policy, but the value has only marginally increased this year to \$118.5m (\$117.0m last year).

LIABILITY POLICIES

- 4.8 Employers, statutory and crime policies have held their ground in this renewal period, with only the public liability and professional indemnity incurring higher premium increases (35%). This has been driven by claims exceeding premiums, pressures on the building industry, insurers withdrawing from the market for this particular cover, pressures on council's consenting process and to free up marginal land for development.

CYBER POLICY

- 4.9 This is a policy council does not take out, but is reviewed annually with the IMBT (Information Management and Business Transformation) team. The 2021/22 renewal has seen in the vicinity of 100% increases in premiums for those councils that were able to have their policies renewed. Insurers have introduced a traffic light system where red has meant no cover is provided until improvements are implemented to their systems, orange has grouped various councils together and put a loss limit in place of \$5m with no single claim exceeding \$2.5m and green meaning full cover is in place with appropriate premium increases applied. It is expected that this insurance cover is going to get increasingly more difficult to get.

OVERVIEW

- 4.10 Insurance arrangements have now been put in place as at 1 November 2021 with policies consistent with last year.
- 4.11 The assessed cost of the overall insurance programme for 2021/22 is approximately \$1,970,841 (excluding bridges) with an annual budget of \$1,908,358. This is a shortfall of \$62,483.
- 4.12 Officers consider that the outcome of 2021/22 insurance renewal programme to be satisfactory given the current market conditions.

- 4.13 Council's insurance premiums have increased significantly in recent years with total premiums in 2016/17 amounting to \$873,000 compared to the \$1.97m for 2021/22. The most significant driver for this increase has been through the material damage class. These increases are being felt across the local government sector and many are now starting to revisit how insurance is managed. Officers will be undertaking a thorough and comprehensive review of how we structure our insurance policies over the next nine months with a view to having something for the committee to assess prior to the 2022/23 renewal placements being made.

Attachments:



Insurance Renewal Summary 2021/22

IRB-3-26-21-76

Summary of 2021/22 Insurance Proposals

Policy Type		2020/21 Actual	2021/22 Budget	2021/22 AON Proposal	2021/22 Cover	2021/22 Deductibles
Material Damage &	Provides cover for all Council buildings, contents and other property. Does not provide cover for underground services, roads or bridges.	1,185,000	1,250,958	1,490,824	545,278,016	10,000
Business Interruption	Loss resulting from interruption to the business as a result of damage to property insured by the Material Damage Policy. Sum Insured includes revenue as well as increased costs of working.	39,117	48,000	31,273	4,510,000	
Less: Premium On Charged Estimate only		-112,011		-135,247		
Net Premium Material Damage & Business Interruption		\$1,112,106	\$1,298,958	\$1,386,850		
Motor Vehicle	All vehicles, mobile plant or similar whether owned, borrowed, leased or hired when under care, custody or control of the insured.	43,946	60,000	51,954	4,232,313	1,000
Sub Total		\$1,156,051	\$1,358,958	\$1,438,804		
Crime Manager	Indemnity for loss through any fraudulent or dishonest act (including theft or criminal damage) committed by an employee or any other person acting alone or in collusion with others.	22,714	27,500	22,714	1,000,000	25,000
Personal Accident	Provides cover for death by accident plus scheduled benefits for Mayor, Councillors and Executive Management Team. Payment to Council to cover costs of by-election.	2,227	2,500	2,353	Mayor & Councillors \$100,000 Exec 350000 CE 600000	nil
Statutory Liability	The defence costs and fines arising out of an allegation of or breach of any Act of Parliament other than an 'excluded' Act.	20,060	24,000	21,060	4,000,000	10,000
Employers Liability	Provides cover for damages & defence costs as a result of any employee sustaining personal injury in the course of their employment.	4,560	5,500	4,785	1,000,000	5,000
Museum Fine Arts/Exhibition	Loss or damage to Fine Arts being property of the insured or entrusted to the insured for exhibition.	2,920	3,000	3,060	1,000,000	nil except earthquake 25000
Overseas Travel Policy	Cover while undertaking overseas travel in connection with business of the insured, including associated private, personal and family travel.	88	500	88	various	various
Fees	(Estimated allocation of fees)	21,400	21,400	21,400		
Total Commercial Insurance		\$1,230,020	\$1,443,358	\$1,514,264		
Professional and Public Liability	This policy is the only policy that we still hold with Marsh	86,075	174,000	116,301	300,000,000	10,000 & 5,000
LAPP	Disaster relief scheme to enable participating Local Authority's to meet their 40% share (60% met by Central Govt) of costs following major disaster. This relates primarily to underground services.	231,634	291,000	340,276	65M, 105M & 150M	600,000
AON	Bridge cover	56,431	75,000	???		
TOTAL		\$1,604,160	\$1,983,358	\$1,970,841		

Monday, 29 November 2021

Item 12

Te Hui o Te Kaunihera ā-Rohe o Heretaunga

Hastings District Council: Risk and Assurance Committee Meeting

Te Rārangi Take

Report to Risk and Assurance Committee

Nā:
From: **Craig Thew, Group Manager: Asset Management**

Te Take:
Subject: **GM update: Asset Management**

1.0 Executive Summary – *Te Kaupapa Me Te Whakarāpopototanga*

- 1.1 This report is a brief update on current and looming service and delivery risks to the Asset Management team service delivery.

Programme Delivery risks

- 1.2 The contracting market remains very busy. To date, Council has continued to receive competitive tenders from suitably qualified tenderers. However, the number of tenders received is not large and in the short to medium term contractor and supplier capacity remains risky from a delivery and pricing risk perspective. To this end, Council is utilising a range of mitigations to help manage and minimise the potential risks to Council and suppliers.
- Management and communication of programme and tender release and closing.
 - This detailed multi-year programme is materially complete for the capital and related studies across the Asset Team (and Strategic projects development projects). Work is progressing on a summary dashboard to highlight progress and any key issues requiring escalation.
 - To date, the different work types have different pricing pressures, with a range of projects coming in around or below initial estimates. Projects with specialist features or in the vertical build space currently are the ones where pricing escalation pressures have been higher than typical.
 - Council has modified terms of engagements to enabling payment of materials upfront to mitigate price escalation risks to both the Council and the contractor for items in the contract. In some instances, Council is pre purchasing materials to try and mitigate long supply lead times and price escalation and risk this has to delivery. Council providing

materials to contractors does add new risks in that if the principal supplied materials are not delivered on time then contractual costs can be incurred.

- We have been using a range of contractor sourcing approaches, including a higher than past practice use of the maintenance contracts to delivery capital works (enabled in scope), and direct negotiations /engagement for smaller work packages across a range of works.
- Increasing focus in progressing design and concept works in year(s) prior to construction phase. The new professional service panel (three suppliers) provides additional capacity to leverage this, as long as we demonstrate the pipeline of work to 'hold' resources on Hastings work.
- Council in its programming has a reasonable ability to reprioritise the physical works it delivers, in that if the market becomes even tighter then we would focus on key priority works where delays would affect critical outcomes (i.e. delivery of water programme, development for housing) and provide longer delivery windows for ongoing renewal type work (if it does not materially affect service outcomes).

Three Waters national reform agenda (wider aspects noted in specific reform agenda item).

- 1.3 This reform agenda creates a number of delivery risks. The risks are largely from distraction of resources from core Council work. There is also a resourcing risk as currently the national transition planning has Council holding the obligation to deliver 3 water services till midnight on 30 June 2024.

Deepening scope/scale of work required

- 1.4 The current and near term scale of work and advice required from the assets team is stretching the current resources. We are currently working on approaches to enhance the ability to meet the additional demands and stay on top of everyday business as usual.

COVID and business continuity

- 1.5 Re-reviewing the delivery risks to facility teams where their small scale creates potential for delivery issues should a team or parts of the team get stood down whilst test results are cleared, or if team members or their family get sick and they absent for an extended period (2-3 weeks). The risk is deemed higher in the essential services facilities as different from office-based personnel whom have more ability to work from home.

2.0 Recommendations - Ngā Tūtohunga

That the Risk and Assurance Committee receive the report titled GM update: Asset Management dated 29 November 2021.

Attachments:

There are no attachments for this report.

Monday, 29 November 2021

Item 13

Te Hui o Te Kaunihera ā-Rohe o Heretaunga

Hastings District Council: Risk and Assurance Committee Meeting

Te Rārangi Take

Report to Risk and Assurance Committee

Nā:
From: **Bruce Allan, Group Manager: Corporate**

Te Take:
Subject: **GM: Corporate Update**

1.0 Purpose and summary - Te Kaupapa Me Te Whakarāpopototanga

Overview

- 1.1 Council continues to operate in a state of busyness with the delivery of an ambitious Long Term Plan, significant growth and the impacts of COVID in our community and on our organisation a constant threat.
- 1.2 This level of busyness is putting constant stress on the organisation that needs to be managed to ensure delivery risks are mitigated with our staff wellbeing front of mind. In the coming months we will attempt to quantify the level of risk Council faces due to these work pressures and mitigations required to manage those risks.
- 1.3 Attached as **Attachment 1** are the outstanding actions from previous Risk and Assurance meetings.

Annual Report 2021 Update

- 1.4 At the time of writing, whilst the Annual Report has been adopted Council and signed off by Audit NZ, Council have not yet received a management letter from Audit NZ. Audit NZ intend to finalise the management letter by the end of November 2021. Audit NZ have a significant workload across NZ along with an unprecedented, profession-wide auditor shortage due to ongoing border restrictions.
- 1.5 This has led to the delay of a large number of audits in the public sector. Council were fortunate to have had the team resources this year to deliver by the deadline first agreed, and be able to provide

audit with timely and accurate information. This enabled signoff of the Annual Report as per the original timelines and well before the extended December statutory deadline.

- 1.6 Audit NZ signalled in the draft opinion that they would express a qualified opinion on the groups of activities and an unmodified opinion on the other audited information in the annual report. The basis of the opinion in terms of the groups of activities qualifications was around the inability of Audit to be able to obtain assurance over the reported results for the following performance measures.
- Maintenance of the reticulation network – Water supply – this was in relation to Council not being able to report a reliable water loss percentage due to the limited number of water meters across the District Council’s reticulation network. Officers have been aware of this issue and are working on installing an increased number of water meters to improve this metric.
 - Total number of complaints received – Water supply, Wastewater, and Stormwater - The District Council was unable to accurately report the number of complaints for each of the three waters services. Complete records of all complaints were not available, and the complaints system used also did not classify complaints between water supply, wastewater, and stormwater. Work is ongoing with a number of improvements made to address this issue, and officers are also waiting on the outcome of work going on at a national level.
- 1.7 In addition to the above qualifications, there was also an *emphasis of matter* in the final opinion with regards to the Government’s 3 Waters Reform programme announcement on 27 October 2021. The Government announced it will introduce legislation to establish four publicly-owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities from 1 July 2024. The impact of these reforms, once legislated, will mean that the District Council will no longer deliver three waters services.

2.0 Recommendations - Ngā Tūtohunga

That the Risk and Assurance Committee receive the report titled GM: Corporate Update dated 29 November 2021.

Attachments:

- | | | |
|----|--|---------------|
| 1↓ | Risk & Assurance Status of Actions - November 2021 | CG-16-6-00117 |
|----|--|---------------|



**Hastings District Council
Risk and Assurance Committee
Status of Actions – November 2021**

Item No.	Meeting Date	Action	Reporting Officer	Progress	Complete
1	02/02/21	<u>IT Risk and Controls</u> <ul style="list-style-type: none"> Officers investigate a process to provide independent assurance for Council's IT systems to an appropriate level of security. 	CIO	Update report from CIO included on agenda	Ongoing and partially complete
2	12/04/21	<u>Insurance update and presentation from AON</u> <ul style="list-style-type: none"> Committees administering rural halls/buildings insured through HDC are invited to discuss whether buildings are insured at the right level. 	GM:C Jeff Tieman	Ongoing – renewal date November 2021	
3	05/07/21	<u>Risk Assurance Programme</u> <ul style="list-style-type: none"> Scoping documents of most relevant work required for the next six months to be emailed to the Committee Consider scheduling additional meetings over next financial year 	Regan Smith/ Steffi Bird GM:C	Scoping documents still in development 2022 meeting calendar currently in development. Will look to include an October meeting to capture Annual report adoption and Insurance renewals	
4	05/07/21	<u>GM: Asset Management</u> <ul style="list-style-type: none"> Dashboard – delivery risk, what is aimed at, what is realistic and consequences. To be circulated prior to September meeting 	GM:AM	Addressed in the GM Assets update report	
5	13/09/21	<u>Emerging Risks Environment Scan</u> <ul style="list-style-type: none"> Information to be circulated to Councillors once list confirmed. 	Regan Smith		

CG-16-6-00117



6	13/09/21	<u>Council's Strategic Response to Community and Economic Growth Demands</u> <ul style="list-style-type: none"> Check National Policy Statement and respond to queries from Cr Alwyn Corban regarding the review of HPUDS in regard to the Spatial Plan 	Craig C		
7	13/09/21	<u>Annual Report 2021</u> <ul style="list-style-type: none"> Confirm with Audit NZ the process of logging calls (handled by the Council's after-hours centre in Palmerston North) – where an initial call on a matter was logged and subsequent calls on the same issue had not been treated/logged as separate calls. Ask the Department of Internal Affairs how the process has been defined to ensure that this could be addressed satisfactorily to avoid it becoming an adverse ongoing issue reflected in subsequent Audit results. 	Aaron Wilson/ GM:C	Included in agenda item	
8	13/09/21	<u>Insurance</u> <ul style="list-style-type: none"> Report on possible Council self-insurance and whether deductibles could be increased, to be circulated prior to November meeting 	GM:C	Included in Insurance Update agenda item	
9	13/09/21	<u>IT Cyber Security</u> <ul style="list-style-type: none"> Present top 7-8 controls identified as being above the red level to Councillors as soon as possible. 	Warren Perry		

CG-16-6-00117