

Agenda for a meeting of the Audit & Risk Committee of the Waikato District Council to be held in Committee Rooms 1 & 2, District Office, 15 Galileo Street, Ngaruawahia on **WEDNESDAY 13 DECEMBER 2017** commencing at **9.00am**.

Information and recommendations are included in the reports to assist the Board in the decision making process and may not constitute Council's decision or policy until considered by the Board.

1. APOLOGIES AND LEAVE OF ABSENCE

2. CONFIRMATION OF STATUS OF AGENDA

Representatives from Audit New Zealand will be in attendance.

3. DISCLOSURES OF INTEREST

4. CONFIRMATION OF MINUTES

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7. EXCLUSION OF THE PUBLIC **92**

GJ Ion

CHIEF EXECUTIVE

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Open Meeting

To	Audit & Risk Committee
From	Gavin Ion Chief Executive
Date	10 November 2017
Prepared by	Rose Gray Council Support Manager
Chief Executive Approved	Y
Reference #	GOV1318
Report Title	Confirmation of Minutes

I. EXECUTIVE SUMMARY

To confirm the minutes of the Audit & Risk Committee held on Tuesday 31 October 2017.

2. RECOMMENDATION

THAT the minutes of the Audit & Risk Committee held on Tuesday 31 October 2017 be confirmed as a true and correct record of that meeting.

3. ATTACHMENTS

Minutes

MINUTES of a meeting of the Audit & Risk Committee of the Waikato District Council held in the Council Chambers, District Office, 15 Galileo Street, Ngaruawahia held on **TUESDAY 31 OCTOBER 2017** commencing at **1.00pm**.

Present:

Ms M Devlin (Chairperson)
 His Worship the Mayor, Mr AM Sanson [from 1.02pm until 2.04pm]
 Cr AD Bech
 Cr BL Main
 Cr JD Sedgwick

Attending:

Cr D Fulton
 Cr S Lynch
 Cr L Thomson
 Mr GJ Ion (Chief Executive)
 Mr TG Whittaker (General Manager Strategy & Support)
 Mr T Harty (General Manager Service Delivery)
 Mrs RJ Gray (Council Support Manager)
 Ms A Diaz (Finance Manager)
 Mr C Clarke (Roading Manager)
 Ms J Remihana (Programme Delivery Manager)
 Mr K Pavlovich (Acting Waters Manager)
 Ms A Hampton (Parks and Reserves Manager)
 Mr R Java (Procurement Manager)
 Mr K Abbott (Organisational Planning & Project Support Team Leader)
 Mrs K Jenkins (Project Management Advisor)
 Mr L Pieterse (Director Audit New Zealand)
 Mr M Wilson (AON)
 Ms D Macdonald (AON)
 Mr D Sutton (KPMG)
 Mr A Siew (KPMG)

APOLOGIES AND LEAVE OF ABSENCE

Resolved: (Crs Sedgwick/Main)

THAT an apology be received from Cr Gibb.

CARRIED

A&R1710/01

CONFIRMATION OF STATUS OF AGENDA ITEMS

Resolved: (Crs Sedgwick/Bech)

THAT the agenda for a meeting of the Audit & Risk Committee held on Tuesday

31 October 2017 be confirmed and all items therein be considered in open meeting with the exception of those items detailed at agenda item 6 which shall be discussed with the public excluded.

CARRIED

A&R1710/02

DISCLOSURES OF INTEREST

There were no disclosures of interest.

CONFIRMATION OF MINUTES

Resolved: (Crs Bech/Main)

THAT the minutes of a meeting of the Audit & Risk Committee held on 22 September 2017 be confirmed as a true and correct record of that meeting.

CARRIED

A&R1710/03

His Worship the Mayor entered the meeting at 1.02pm following discussion and voting on the above item.

REPORTS

Insurance Renewal Process

Agenda Item 5.1

Tabled: Power Point Presentation from AON

The report was taken as read. The Finance Manager provided a brief overview of the report and introduced Mr Wilson from AON. The General Manager Strategy & Support spoke of the LASS agreement with other councils. Mr Wilson spoke to a power point presentation that included discussion and updates on the following issues:

- Market Update – Pricing is now at the bottom of the cycle with increases expected.
- Renewal Update Local Covers – Looking at about 20% increase in premium for motor rates, potential increase in liability premiums with defect issues, looking at other options such as excess levels
- Emerging Risks – Increase in claims from councils in relation to building defects, concerns with counterfeit materials. AON is working with the Senior Leadership

Team and other Waikato councils to keep abreast of issues, currently have cover for building defect issues, increase in premium up 20% from last year.

- Any other business
 - new rates from 1 November – to ensure continuity of cover confirmation will be reported back to the General Manager Strategy & Support
 - increase in premiums are market driven
 - counterfeit materials – any discussion on these would be reported back to Council through the Audit & Risk committee from a risk perspective
 - continuity of cover ensuring no gaps
 - increase in excess – once the impact on premiums is known, further work will be carried out on the option to increase the excess levels. The impact of potential increases in excess levels on community facilities will be taken into account as part of this work.

The Chair summarised as follows:

- the insurance would be renewed on the increased premiums
- a schedule of the current and new premiums to be circulated to the Committee
- review of the excess levels as part of an overall review of cost management. The impact of any increases in the excess levels on community facilities to be taken into account as part of this review.

Resolved: (Crs Sedgwick/Main)

THAT the report from the General Manager Strategy & Support be received.

CARRIED

A&R1710/04

Risk Appetite
Agenda Item 5.2

The report was taken as read and the Project Management Advisor explained the work carried out to develop risk maturity.

Mr Sutton led the discussion on the process of the draft content of the risk appetite statement and highlighted the following:

- low appetite for risk, best practice in health and safety compliance, procurement areas
- high risk appetite taking more opportunities, being agile, moving forward, getting a balance

- risk appetite should support the strategies, judgement, professionalism, and guidance

Discussion was held on the following:

- setting of risks for areas
- clarification of risk appetites and confirming the assessed and non-assessed risks. Levels of comfort and judgement required.

Following discussion, it was agreed to workshop this item with all Councillors and staff involved to reach an agreed position on the risk areas. It was agreed there was support within the Committee for the principles and concepts in the report. It was also agreed that the risk appetite and agreement is important to move the business forward, making sure the importance is not lost through rushing discussion and to give everyone the opportunity to provide input. The Chair noted that this was an excellent piece of work to build on.

Resolved: (Crs Bech/Sedgwick)

THAT the report from the General Manager Strategy & Support be received;

AND THAT a workshop be organised on the risk appetite for Council with time allocated for this issue prior to the next meeting in December 2017 and that the Councillors agree what the risk appetite is for the Council.

CARRIED

A&R1710/05

EXCLUSION OF THE PUBLIC

Agenda Item 6

Resolved: (Crs Bech/Main)

THAT the report of the Chief Executive be received;

AND THAT the public be excluded from the meeting to enable the Audit & Risk Committee to deliberate and make decisions on the following items of business:

- Confirmation of Minutes dated 22 September 2017**

REPORTS

- KPMG Contract Spend Review**

The general subject of the matter to be considered while the public is excluded, the reason, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 are as follows:

Reason for passing this resolution to Ground(s) under section 48(1) for the withhold exists under: passing of this resolution is:

Open Meeting

To	Audit & Risk Committee
From	Gavin Ion Chief Executive
Date	04 December 2017
Prepared by	Kylie Anderson Acting Zero Harm Manager
Chief Executive Approved	Y
Reference/Doc Set #	GOV1318 / 1866302
Report Title	Waikato District Council Health and Safety Framework

I. EXECUTIVE SUMMARY

The purpose of this report is to present an overview of the Waikato District Council Health and Safety Framework to the Audit & Risk Committee.

2. RECOMMENDATION

THAT the report from the Chief Executive be received.

3. REPORT

Primary Objective

To develop a sustainable culture that is supported by sound policies, systems and procedures that enable best practice health and safety workplace behaviours by all workers, contractors, volunteers and visitors. We aim for more than just compliance by observing the principle that workers and others should be given the highest level of protection against harm to ensure their health, safety and welfare.

Policies and Processes

Policies and processes have been designed and compliant with AS/NZS 4801. They are fit for purpose, reviewed, updated and managed through Promapp.

Tertiary level achieved in the Work Safety Management Programme ("WSMP") with ACC last year.

Staff are working through the implications of Worksafe's new Safe Plus voluntary performance review toolkit.

The Zero Harm programme is underpinned by a strategy and action plan, that guides the focus of the goals and associated objectives. The strategy is a key document by which the progressive reporting of KPIs, and resulting actions are measured by both the Executive Leadership Team and elected members of Council. The strategy is assessed and revised on an annual basis, the next review is in June 2018. The action plan is reviewed periodically by the elected members in conjunction with the Chief Executive's performance review.

Recording and Reporting

Near misses, incidents and injuries are recorded and reported to the organisation weekly and discussed at the Executive Leadership Team weekly meeting. Weekly overspeed (Smartrak) reports are generated and reported to Executive and managers, for leaders to hold Safety Conversations with drivers.

Quarterly trend reporting has started for the Executive Leadership Team and Councillors, discussed at Council Meetings.

Health and Safety is a standing agenda item at the Senior Leadership Team weekly meetings.

Risks and Mitigations

A critical risk register has been established, owned and reviewed six monthly by the Executive Leadership Team.

As part of the review, the Executive Leadership Team have been testing the accuracy of our critical risk mitigations with the relevant staff. In other words, what we say we do against what we actually do.

A drug and alcohol programme is in place. The policy is functioning satisfactorily but may be extended in the future.

Critical risks have been converted to Promapp processes and aligned with the organisational risk matrix.

Councillor induction has taken place including due-diligence responsibilities and critical risk awareness.

Operational units hazard registers now contain inherent risk and residual risk scores which align with the organisational risk matrix.

Hazard registers are reviewed on an annual basis by teams with support from the Zero Harm team.

Annual Health Monitoring is undertaken specific to significant hazards eg. Inoculations for water borne pathogens, audiometry testing, and lung function etc.

Organisational Engagement

Council currently has a Safety Action Team (“SAT”) as the process for worker involvement. The SAT is a rollover of the existing Safety Committee pursuant to Section 61 and 66(5) of the Health and Safety at Work Act 2015. There are fifteen members of the Safety Action Team who are representatives from all sectors including management. The current members of the team have all been endorsed by their fellow workers.

Health and Safety representative training has been made available to interested staff.

Managers and team leaders carry out safety conversations.

A Start Safe programme is under development for the New Year when staff return from holiday to refocus back into working mode.

Zero Harm inductions for new staff are programmed for their first day.

Zero Harm presentations have been carried out to Community Boards, Community Committees and Hall Committees, outlining the changes to legislation and responsibilities of officers and duties regarding volunteer workers.

Council holds chamber chat approximately six weekly. This forum is used to introduce initiatives and to give updates on the Zero Harm programme. Such initiatives as the proposed Drug and Alcohol programme, Safe Driving of Council Vehicles programme and the introduction of the wellness programme.

Training around managing and de-escalating conflict and Mental Health 101 have been undertaken.

Effectiveness of Programme

1. ACC WSMP audit to Tertiary level achieved.
2. Health and Safety manual and supporting documentation reviewed and updated to meet Health and Safety At Work Act 2015 requirements.
3. Operational hazard registers modified to meet new risk profile of legislation.
4. Governance Critical Risk Register established and converted to Promapp requirements.
5. Safety Action Team established and meetings convened.
6. Operational units carried out Health and Safety training.
7. Zero Harm is a standing item on meeting agendas.
8. More transparent reporting across the organisation and to Councillors.
9. Zero Harm Strategic Plan reviewed and updated.
10. Due-diligence responsibilities are routinely carried out by the Chief Executive including Safety Conversation site visits.
11. General Managers carry out safety conversations, this is a measured KPI.

12. Chief Executive and General Manager role descriptions amended to incorporate officer due-diligence requirements.
13. Zero Harm injury reporting shows 3 lost time injuries, 2 medical treatment injuries, 35 first aid injuries and 11 injuries of a superficial nature.
14. Vehicle risk management education has seen a slight reduction in the number of over speed events approximately 7 events per week. Education continues and coaching and formal conversations are being undertaken by the Senior Leadership Team
15. Committed Executive Leadership Team, setting a consistent standard.
16. Evidence of an emerging Zero Harm culture (Health and Safety is being considered in operational processes and discussed more frequently).

Lynn Shirley, commenced as Zero Harm Manager on 04 December. Lynn brings extensive health and safety experience from roles with Fonterra and the New Zealand Fire Service.

One of the first priorities will be for the Zero Harm Manager to review our systems and approach as we move to best practice.

Improvements

The following improvements are intended:

1. Develop path ways to an integrated business management system (IBMS) incorporating AS/NZS 4801 Health and Safety, NZS9001 Quality and ISO14002 Environmental systems.
2. Preparation for use of the Safe Plus toolkit.
3. Improved near miss reporting and hazard awareness.
4. Continued focus on operational excellence in everything we do.
5. Continued focus on risk reduction through information education and training.
6. Elected members gaining an improved understanding of the nature of the operations and the hazards and risks associated with Council operations through engagement and involvement.
7. Following appointment of a new Zero Harm Manager, an overall review of our systems and approach.
8. More focus on critical risks.

4. ATTACHMENTS

NIL

Open Meeting

To	Audit & Risk Committee
From	Tony Whittaker General Manager Strategy & Support
Date	14 November 2017
Prepared by	Rajendra Java Procurement Manager
Chief Executive Approved	Y
Reference/Doc Set #	GOV1318 / 1854261
Report Title	Contract Spend Review

I. EXECUTIVE SUMMARY

This report details a three stage action plan to address the issues and recommendations reported in the recent procurement and contract management internal audits commissioned by Council.

Staff have met with KPMG to develop a practical approach to moving forward. The audit recommendations have been grouped into short, medium and long term horizons based on a prioritised approach to mitigating risk, providing Council with assurance and moving to good practice. A summary of the horizons, which are detailed in the Action Plan, is as follows:

Short Term – Hygiene (up to May 2018)

This phase will address what we have called ‘hygiene’ factors. It’s about reinforcing expectations, continuing training, simplifying and reinforcing certain processes (deactivating suppliers who haven’t been used for a year and challenging the establishment of new suppliers) and continuing the monitoring (for example, the KPMG spend analysis monitoring) to flag compliance. The non-compliance identified during the first Spend Analysis report will also be addressed – including putting in place interim contracts for large spends where there is currently insufficient internal information to seek proposals or go to tender.

To assist this first stage, a further set of data analytics for spend to December 2017 will be conducted to ensure any issue not captured in the earlier analysis is also addressed at this stage.

The Chief Executive has already spoken to senior leaders within the organisation to set expectations following the audits. Further training has already been offered/undertaken and will continue to be reinforced in the New Year. A fixed term contract resource has been appointed to assist the Procurement Manager with this work which has now commenced.

Medium Term – Systemise Monitoring (Post May 2018)

This phase proposes a detailed review of procurement policies, strategies and manuals to align them and enable more effective monitoring, supported by an internal audit programme and reporting of spend through a suitable data analytics tool. This stage would examine the structure of procurement and contract management teams and formalise the tools, training and support for extracting the best value for the Councils spend.

Waikato Local Authority Shared Services (“Waikato LASS”) has appointed a contract Procurement Manager too, which provides opportunities for collaboration to deliver unified policies and strategies across all councils in the region.

Long Term – Optimise Systems (2 years)

Implement a ‘fit for purpose’ Contract Management system and other recommendations to move to good practice across all purchases and contracts. We will review further opportunities for efficiencies through common practices across all Councils under the Waikato LASS umbrella.

Details of the scope under each stage is attached.

2. RECOMMENDATION

THAT the report from the General Manager Strategy & Support be received.

3. ATTACHMENTS

Action Plan – Detailed Scope of each Stage

Action Plan – Detailed Scope of each Stage

I. Short Term (up to May 2018) – Hygiene

Communication to staff

- Amnesty -ask staff to advise where contracts may not be in place.
- Reinforce the importance of policy and Council concerns – explain consequences.
- Prepare a one page ‘Procurement Must Knows’ for staff.
- Finance Team relating to data input to avoid data analytics issue.
- Mandate the importance of Procurement Manager role – ‘final word’.
- Reinforce importance of review controls over Purchase Orders.
- Requirements for Evaluation teams to inform Procurement on members.

Vendors

- Freeze / suspend vendors not used in past 12 months.
- Enforce new vendor process.
- Monitor one-off vendor usage each month (TechOne).

Contracts

- Address data cleansing issues (where this will support go forward position).
- Address contract issues identified in KPMG data analytics.
- Implement transitional contracts where necessary.
- Redo data analytics in January 2018 (up to December 2017) to identify any new exceptions for prioritisation.
- Review payments made against projects since July for adequate documentation (February 2018).

Internal Control Deficiencies

- Confirm process for ‘one up’ purchase order approval.
- Update of policies / procedures for identified issues (not structural changes).

Other

- Preparation of a quarterly Procurement Report to the Audit & Risk Committee to update on progress and to note any major procurement activity and risks.

2. Medium Term (Post May 2018) - Systemise Monitoring

- Review procurement training content / structure.
- Implement ongoing data analytics for contract monitoring. Consider operational model for running data analytics.
- Category analysis and supplier strategy.
- Complete Procurement strategy.
- Revise procurement policy – more extensive review.

- Consider long term procurement resourcing.
- Contract management improvements (without new system) – spend monitoring from DA, training, tiering, clean up of central contract repository.
- Team of internal auditors (existing staff) to perform sample checking of contracts etc.
- Consider joint Councillor / Management procurement board as a governance forum to oversee good procurement practices at Waikato District Council.

3. Long term (2 years) - Optimise systems

- Formal contract management system consideration taking into account TechOne development and also Waikato Local Authority Shared Services procurement strategy.

Open Meeting

To	Waikato District Council
From	Gavin Ion Chief Executive
Date	30 November 2017
Prepared by	Kylie Anderson Acting Zero Harm Manager
Chief Executive Approved	Y
Reference #	GOV1301
Report Title	Zero Harm Update

I. EXECUTIVE SUMMARY

The purpose of this report and its attachments is to provide an update on current health and safety performance. Council recognise that compliance is essential but they aspire to achieve best practice in health and safety performance and to develop a sustainable culture that is supported by sound policies, systems and procedures that enables best practice health and safety workplace behaviours by all workers, contractors, volunteers and visitors. Council aim for more than just compliance by observing the principle that workers and others should be given the highest level of protection against harm to ensure their health, safety and welfare.

2. RECOMMENDATION

THAT the report from the Chief Executive be received.

3. BACKGROUND

Engagement Conversations

The Chief Executive continues to carry out due-diligence duties through site visits and carrying out safety conversations with both staff and contractors.

Managers continue to carry out their Safety conversations with staff. The average number for safe behaviour conversations continues to be of concern as this is an important employee engagement process. This is not only an effective way to have two way engagement but also a legislative requirement. This will require managers and team leaders to refocus their efforts. The senior leadership team members continue to be advised of the drop off and encouraged to reinforce the strong benefits of engagement conversations with the respective teams. One explanation is that not all safety conversations are being

recorded. This will be reinforced with the Executive Leadership Team and Senior Leadership Team.

A new app has been introduced for mobile use which enables safety conversations to be recorded more easily.

Managing Motor Vehicle Risks

The number of events has increased (October 11, November 23) with the highest speed recorded for month also increasing (October 112km, November 116km). The risk of speeding is a subject of constant monitoring, coaching conversations and formal conversations.

Drug & Alcohol Testing

There were 5 post incident drug and alcohol tests undertaken in November 3 from the Alliance and 2 from WDC. All were clear.

Critical Risk Register Review

The Executive Leadership Team continue to review the critical risks across the organisation, with the assistance of the subject matter experts from respective teams.

Injury Statistics

Total injury events for November was 7 consisting of 5 first aid injuries (all minor) and 1 medical treatment injury (Alliance) and 1 member of the public reported and injury sustained at Patterson Park softball field.

Zeror Harm Reporting

Near miss reporting has seen a slight increase this month with 29 events reported in November. Total reporting has also shown an increase (October 49, November 53).

Smokefree Approach

Councillors have requested that all council sites be smokefree. It has been decided to approach this in two stages. The first stage will be to address the matter in Council offices and libraries and then in the second stage to cover other facilities such as community halls and swimming pools .

4. DISCUSSION AND ANALYSIS OF OPTIONS

4.1 DISCUSSION

This report is to assist Councillors with their due diligence requirements as Officers. The report should start the conversation and provide opportunities for Councillors to raise questions and discuss progress. Currently there is no mechanism to capture activities that Councillors are undertaking to meet their due-diligence obligations. Whilst there is no legal

consequence to Councillors not fulfilling their duties, from a leadership perspective, visibility is crucial to a well performing organisation.

Councillors should be asking questions about:

- How to acquire, and keep up to date, knowledge of work health and safety matters.
- How to gain an understanding of the nature of the operations of the business, and generally of the hazards and risks associated.
- Ensure that the PCBU (Person Conducting a Business or Undertaking) has available appropriate resources to control risks.
- Ensure the PCBU has appropriate processes for receiving and considering information regarding incidents, hazards and risks and responding in a timely way.
- Ensure that the PCBU has, and implements, processes for complying with any duty or obligation of the PCBU under the Act.
- Importantly, to verify the provisions and use of the resources and processes required to meet the duties of the legislation.

4.2 OPTIONS

Council could choose to accept the report or not. Council could ask for additional information if needed.

5. CONSIDERATION

5.1 FINANCIAL

There are no direct financial requirements identified in this report.

5.2 LEGAL

This report is prepared as part of assisting Council with compliance with Health & Safety at Work Act 2015.

Considerations

Councillors, as Officers under the Health & Safety at Work Act 2015 are required to undertake due diligence to ensure appropriate health & safety systems are in place and operating.

The following are considerations in relation to the role of the Executive Leadership Team and Councillors as Officers; these questions should be front of mind.

- Are we confident that good health and safety management is working?
- How can we improve our worker engagement and risk management to identify opportunities and improvements?
- What can we do more effectively to eliminate health risks?
- Are our health and safety reports providing sufficient insight and understanding to ensure the Executive Leadership Team and Councillors can make informed decisions?

- What further activities need to take place to ensure our practices and systems remain fit for purpose?

5.3 STRATEGY, PLANS, POLICY AND PARTNERSHIP ALIGNMENT

Council has a Zero Harm Strategy which forms the basis of our health & safety systems and philosophy. An internal Zero Harm Strategic Plan was reviewed earlier in the financial year.

5.4 ASSESSMENT OF SIGNIFICANCE AND ENGAGEMENT POLICY AND OF EXTERNAL STAKEHOLDERS

Highest levels of engagement	Inform	Consult	Involve	Collaborate	Empower
	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

State below which external stakeholders have been or will be engaged with:

Planned	In Progress	Complete	
	✓		Internal
	✓		Community Boards/Community Committees
			Waikato-Tainui/Local iwi
			Households
			Business
	✓		Other Please Specify

Council engages with our Community Boards and Community Committees to ensure they are clear on their requirements. Council also undertakes audits and safety conversations in relation to our contractors.

Hall Committees have also been engaged.

6. CONCLUSION

This report provides an update on progress with our Zero Harm systems and processes, and monthly statistics progress

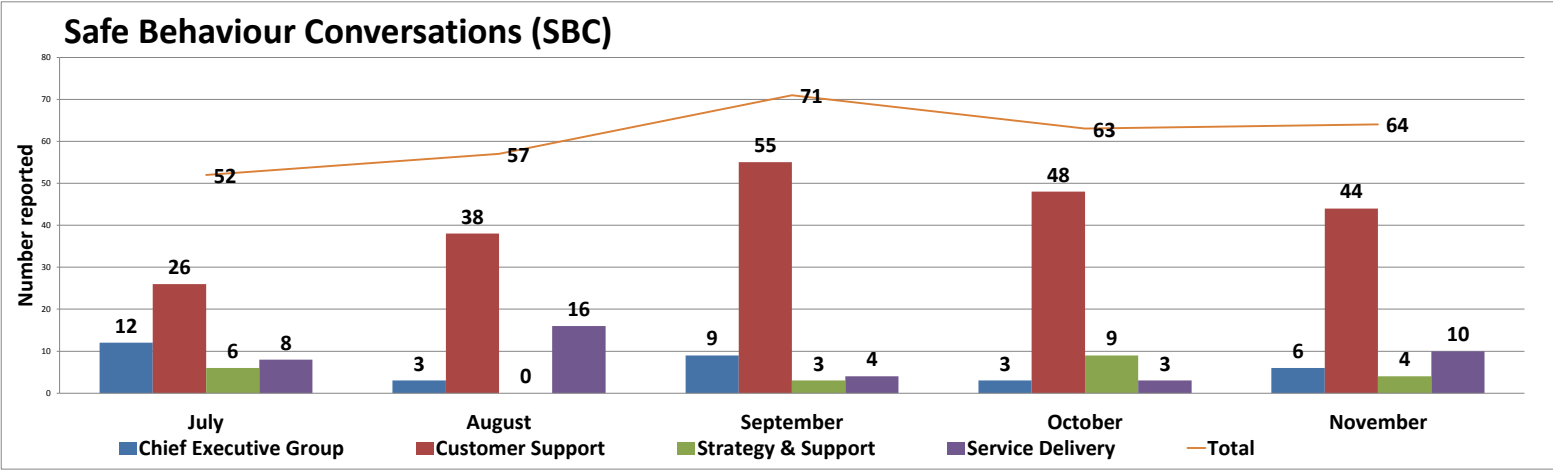
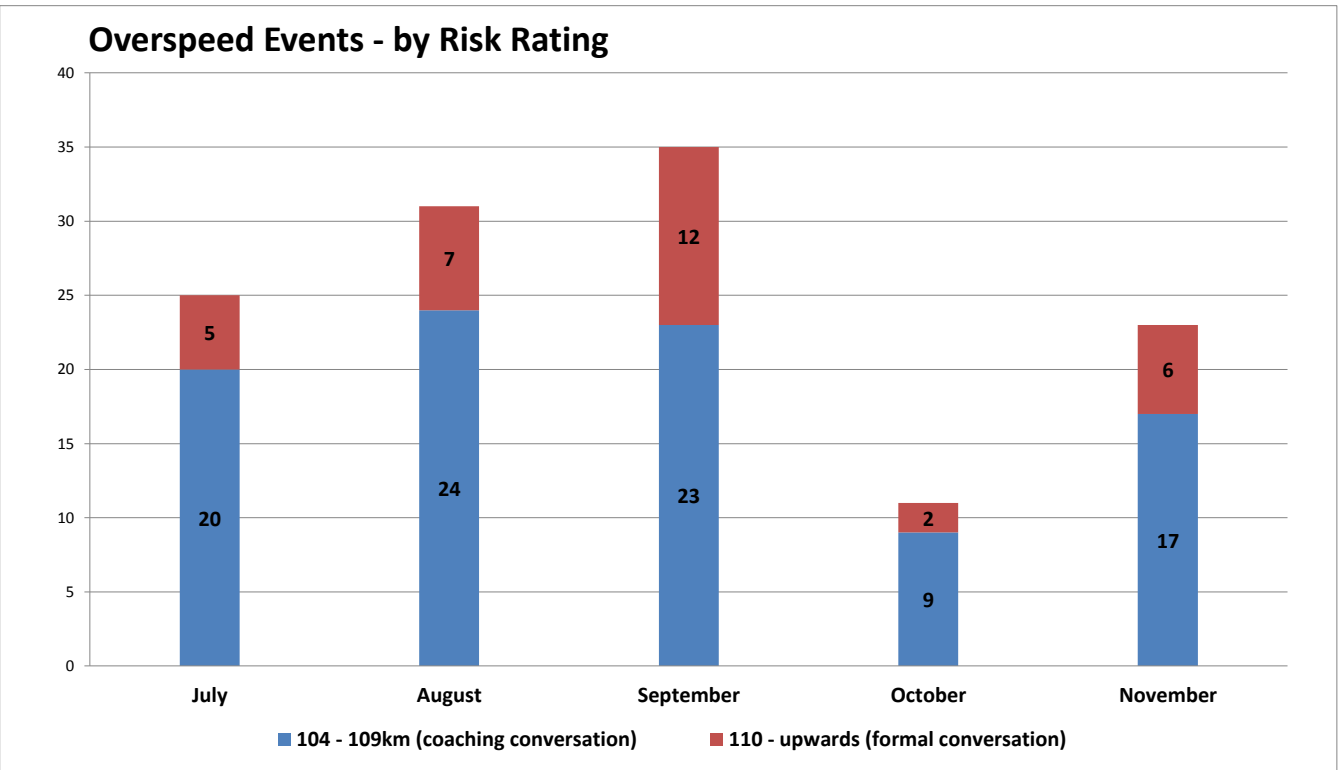
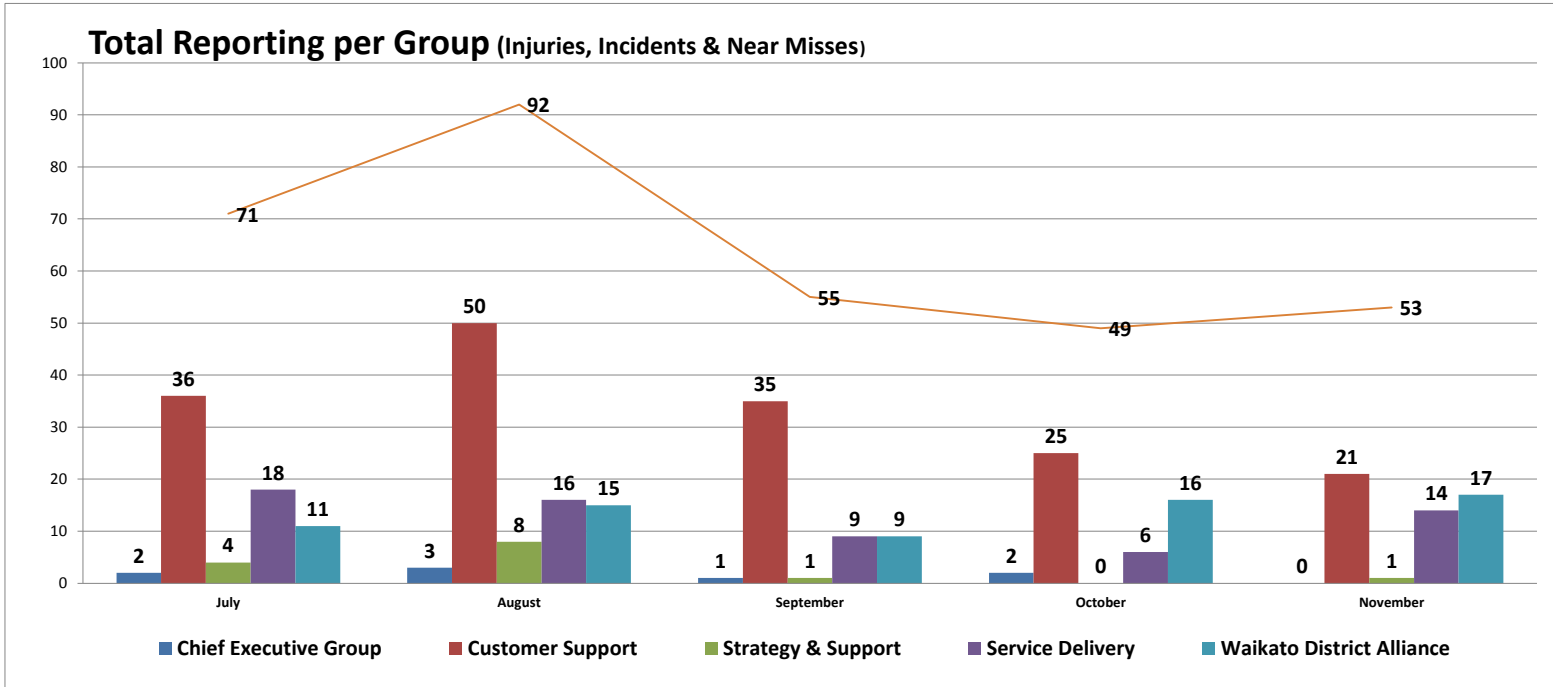
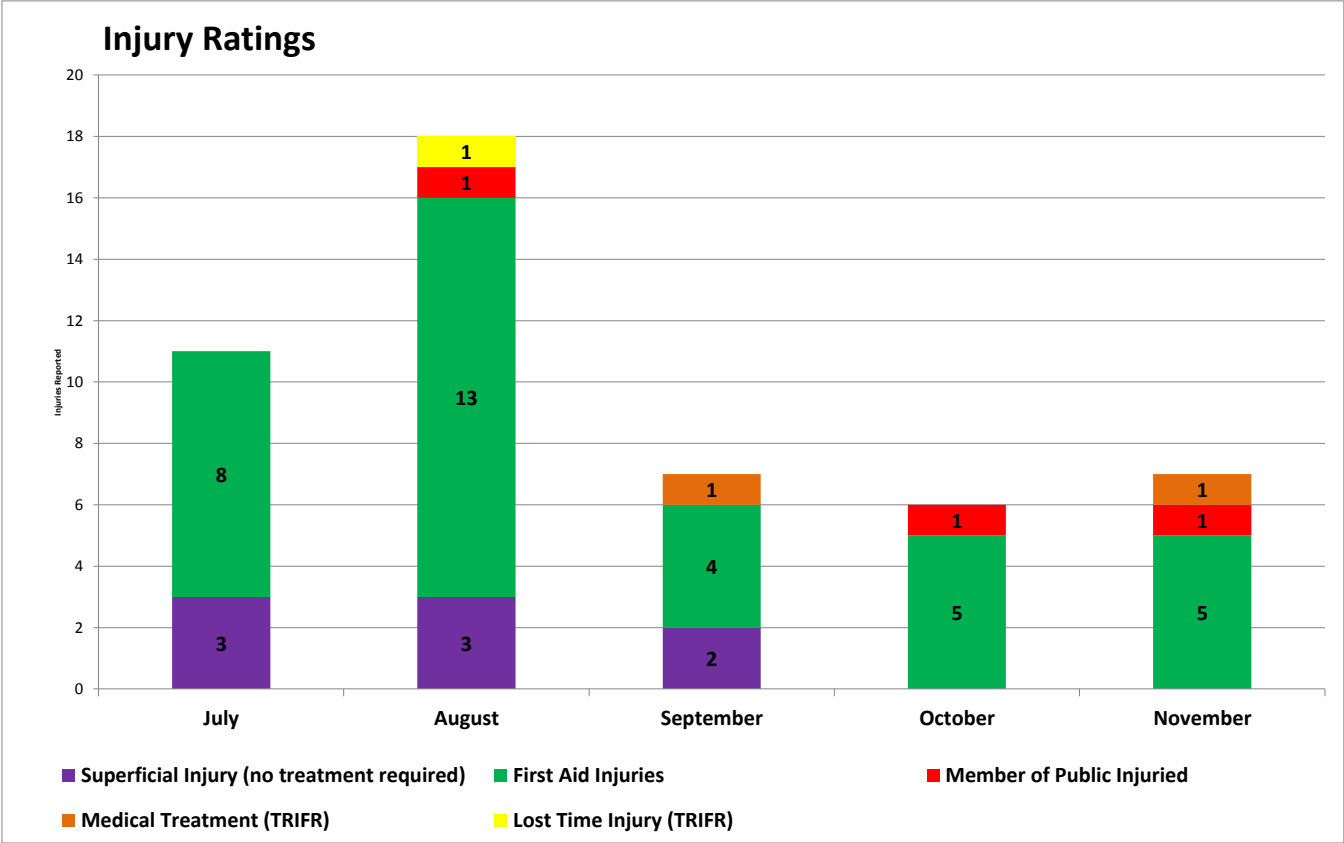
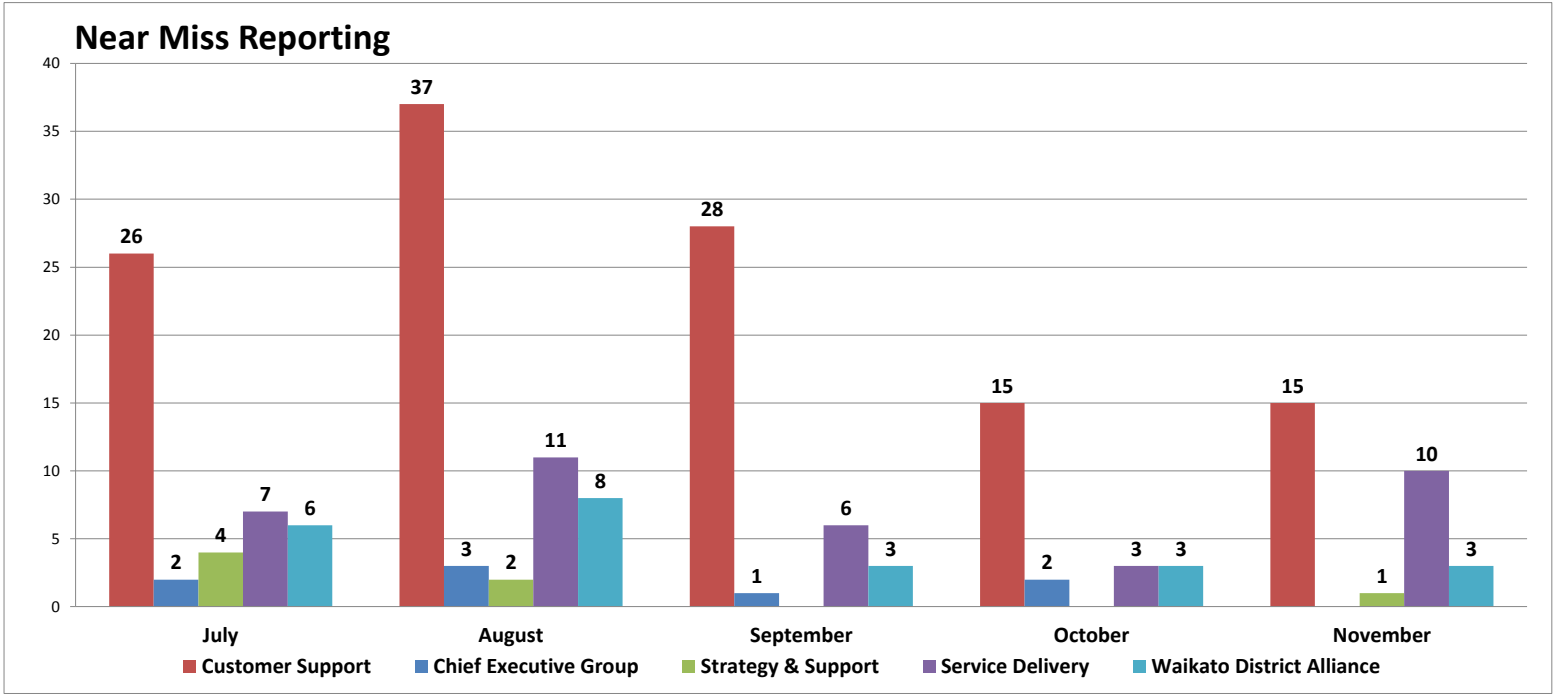
7. ATTACHMENTS

Zero Harm Dashboard – Quarter Two (October – December 2017)

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Zero Harm Dashboard - Quarter Two (October - December 2017)

Dashboard as at 30/11/2017



“Work safe, home safe”

Open Meeting

To	Audit & Risk Committee
From	Tony Whittaker General Manager Strategy and Support
Date	29 November 2017
Prepared by	Melissa Russo Corporate Planner
Chief Executive Approved	Y
Reference #	GOV1318 / 1863965
Report Title	Final Management Report for Year Ended 30 June 2017

I. EXECUTIVE SUMMARY

The purpose of this report is to highlight the issues that arose during the year end Annual Report audit. This audit was undertaken by our independent auditors, Audit New Zealand.

Following the final audit, Audit New Zealand produce an Audit Management report which highlights issues that arose during the final audit. This is in addition to the report received following the interim audit work in March and June. Management has an opportunity to provide comment on each of the issues specified, based on management's understanding of the issues and whether they require further action or have already been addressed.

The final Management Report for the Year Ended 30 June 2017 is attached to this report, including the Strada Corporation Limited's management report which has recently been received.

Two new issues were raised in the Audit Management Report. These issues have been addressed and are included in the report, *Update on progress against audit issues*, which is a standing item on the Audit & Risk Committee agenda.

2. RECOMMENDATION

THAT the report from the General Manager Strategy & Support be received.

3. ATTACHMENTS

- Final Management Report for the Year Ended 30 June 2017
- Strada Corporation Limited Management Report for the Year Ended 30 June 2017

Report to Council on the annual audit of
Waikato District Council
for the year ended 30 June 2017

Key messages

We have completed our audit for the year ended 30 June 2017. This report sets out our findings from the audit and draws attention to areas where Waikato District Council (the District Council) is doing well or where we have made recommendations for improvement.

The matters outlined in this report should be read in conjunction with our interim management report dated 24 July 2017.

We intend on issuing an unmodified audit opinion on 9 October 2017. This means that we are satisfied that the key financial statements and statement of service performance provision fairly reflected the District Council's activity for the year and its financial position at the end of the year.

We identified certain specific areas of emphasis for the audit in our Audit Arrangements Letter dated 28 April 2017. These related to:

- Property, plant and equipment

The District Council engaged independent valuers to value land and buildings, parks and reserves and infrastructure assets as at 30 June 2017. We reviewed the valuations to confirm they were soundly based and had been correctly accounted for. We are satisfied the valuation is correctly recorded in the District Council's financial statements.

- Development contributions

We are satisfied the District Council has a reasonable system in place for levying development contributions and contributions have been charged in accordance with the development contributions policy.

- Contract management

We followed up on the progress the District Council has made on our previous recommendations, particularly improvements made for processes and practices relating to contract management. Our findings were reported in our interim management report dated 24 July 2017.

We also followed up on the status of issues raised in previous audits. Management has continued to make good progress in addressing these issues. This is detailed further in Appendix 3.

Issues identified during the audit

The following table summarises our recommendations and their priority:

Recommendation	Section	Priority
Changes to the rules for retention money for construction contracts The District Council to review their current accounting processes and implements changes as necessary to ensure compliance with the amended Construction Contracts Act 2002.	3.6	Necessary
Holidays Act Management and Council to review the work done to date to ensure that it is sufficient to reduce the District Council's potential exposure.	3.7	Necessary

There is an explanation of the priority rating system in Appendix 1.

Thank you

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



Leon Pieterse
Audit Director
13 October 2017

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1 Our audit opinion

1.1 We intend issuing an unmodified audit opinion

We intend issuing an unmodified audit opinion on 9 October 2017. This means that we are satisfied the financial statements and statement of service performance fairly reflected the District Council's activity for the year end and its financial position at the end of the year.

1.2 Uncorrected misstatements

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

2 Key areas of audit emphasis

Our findings on the areas highlighted in our audit arrangements letter dated 28 April 2017 are as follows:

2.1 Property, plant and equipment

The District Council engaged independent valuers to value land and buildings, parks and reserves and infrastructure assets as at 30 June 2017.

Our review of the valuations included a review of the key assumptions and methodology applied. We also obtained confirmations from the valuers that the valuations were in accordance with accounting and valuation standards.

We are satisfied the valuations are correctly accounted for in the District Council's financial statements.

2.2 Development contributions

We reviewed the District Council's controls to ensure development contributions have been charged in accordance with the District Council's development contributions policy. We also considered whether the use and application of funds received is appropriate and the funds have been correctly accounted for.

We also tested a sample of development contributions to check that calculations were in accordance with the development contributions policy. No issues of concern were identified.

We are satisfied the District Council has an appropriate system in place for levying and calculating development contributions. We were satisfied that contributions have been charged in accordance with the development contributions policy.

2.3 Contract management

We followed up on the progress the District Council has made on our previous recommendations, particularly improvements made for processes and practices relating to contract management. Our findings were reported in our interim management report dated 24 July 2017.

3 Other matters

During the audit we identified the following matters to bring to your attention.

3.1 Statement of service performance

We reviewed the systems, processes and controls the District Council used to report against its performance measures. We identified the following:

- the District Council had appropriate systems in place to collect, record, analyse and report data to support the performance information reported;
- the District Council had a good quality, overall “story” giving the reader a good indication of the activities and performance of the District Council; and
- the reporting was reliable and accurate and complete against the performance framework as outlined in the 2015/25 Long Term Plan.

We are satisfied the service performance statements fairly reflect the District Council’s service performance achievements against the performance targets.

3.2 Vesting assets from New Zealand Transport Agency (NZTA)

As parts of the Waikato Expressway are being completed, certain sections of roads that previously formed part of the old State Highway One (SH1) are being vested to the District Council by NZTA.

We understand construction of the Rangiriri and Huntly sections of the Waikato Expressway has commenced. When these sections are completed the District Council will receive portions of roading that were previously part of SH1 from NZTA. The Huntly section is expected to be completed in 2020 and the Rangiriri section is expected to be completed during the 2018 financial year. We will continue to maintain a watching brief on this issue.

3.3 Management override

Professional auditing standards require us to consider fraud risks in all audits we perform, including the risk of management override of controls. Management is in a powerful position to perpetrate fraud due to its ability to override controls that appear to be operating effectively.

We carried out substantive audit procedures, including reviewing journal entries, accounting estimates, and significant transactions that are outside the normal course of business. We incorporated an element of unpredictability in our audit testing through random sampling. Our testing found no issues of concern.

We also considered whether relevant controls were designed to reduce the risk of management override. Overall we found that relevant controls were designed effectively to reduce the risk of override. Our testing of internal controls confirmed that internal controls operated effectively during the year.

3.4 Compliance with significant legislation

We reviewed the systems and procedures the District Council employs to identify and comply with legislative requirements. We were not advised of any breaches of legislation and we did not identify any during the course of our audit work.

3.5 Audit of Debenture Trust Deed

As the District Council's appointed auditor we are also required to issue a report to the trustees of the District Council's Debenture Trust Deed (the Deed). This requirement is included in the District Council's deed dated 12 February 2013.

We are yet to complete our audit of the deed and this will be completed over the next few weeks. We will report significant findings in a separate letter to management if necessary.

3.6 Changes to the rules for retention money for construction contracts

The amended Construction Contracts Act 2002 in respect of retentions applies to all commercial construction contracts entered into on or after 31 March 2017. As the District Council is dealing with material amounts of contractual retentions it may be subject to the framework of the amended Construction Contracts Act 2002.

The amendments are not retrospective and will therefore only apply to commercial construction contracts entered into on or after 31 March 2017. The District Council has performed a high level review of all their capital contracts from 31 March 2017 to 30 June 2017 and identified there were \$252,963 of retentions. As the balance is not material, no further disclosure has been made in the financial statements.

We recommend the District Council considers the following to ensure compliance with the amended Construction Contracts Act:

- review current accounting processes and implement changes as necessary to comply with the requirement for keeping proper records of all retention money. This may include opening separate accounts for retentions for larger construction projects in particular;
- ensure that processes are put in place to manage requests from contractors to inspect accounting records;
- review the current construction contracts to ensure the contracts do not contain prohibited provisions in respect of the retention money and make amendments as necessary; and
- consider whether to accept alternative means of security (for example, retention bonds) for remedying of defects instead of cash retentions.

Management comment

Noted. Council has changed its process to now provide for bonds rather than retentions. The \$252,963 referred to, other than \$1,729, relates to contracts entered into before the operation of the new legislation. The anomaly was due to administration error in which the contract did not support retentions being taken.

3.7 Holidays Act 2003

Given the prevalence of significant errors within the public sector we recommend that the District Council's management and board review the work done to date to ensure that it is sufficient to reduce the District Council's potential exposure arising from the incorrect calculations under the Holidays Act.

Management comment

Management has undertaken sufficient due diligence on this matter and concluded there is no significant exposure to the organisation in relation to the Holidays Act.

3.8 Control environment

Our assessment of the control environment was reported in the interim management report dated 24 July 2017 where we reported that the internal controls and processes could be relied upon for the purposes of our audit.

4 Status of previous recommendations

The status of each matter that was outstanding in last year's report to the Council is summarised in Appendix 3.

Summary of action taken against previous years' recommendations:

	Priority			
	Urgent	Necessary	Beneficial	Total
Cleared – matters that have been resolved	-	2	-	2
Partially resolved – progress is being made, but not yet fully resolved	-	4	-	4
Open – no progress made at time of final audit visit	3	5	-	8
Total	3	11	-	14

This summary needs to be read in conjunction with the status of recommendations raised in previous years' management reports as detailed at Appendix 3.

Appendix 1: Explanation of priority rating system

Our recommendations for improvement and their priority are based on our assessment of how far short the District Council is from a standard that is appropriate for the size, nature, and complexity of its business.

We have developed the following priority ratings for our recommended improvements:

Urgent Major improvements required	Needs to be addressed <i>urgently</i> These recommendations relate to a significant deficiency that exposes the District Council to significant risk. Risks could include a material error in the financial statements and the non-financial information; a breach of significant legislation; or the risk of reputational harm.
Necessary Improvements are necessary	Address at the earliest reasonable opportunity, <i>generally within 6 months</i> These recommendations relate to deficiencies that need to be addressed to meet expected standards of good practice. These include any control weakness that could undermine the system of internal control or create operational inefficiency.
Beneficial Some improvement required	Address, <i>generally within 6 to 12 months</i> These recommendations relate to deficiencies that result in the District Council falling short of best practice. These include weaknesses that do not result in internal controls being undermined or create a risk to operational effectiveness. However, in our view it is beneficial for management to address these.

Appendix 2: Uncorrected disclosure deficiencies

Uncorrected disclosure deficiencies

Detail of disclosure deficiency	Management's explanation for not correcting
Contingencies The District Council has not disclosed a contingent liability of \$384,000.	<i>This is a legal issue being dealt with in "public excluded" way given the sensitivity of the issue.</i>

Appendix 3: Status of previous recommendations

Outstanding matters to be addresses at the next interim audit

Recommendation	Current status	Priority	Management's proposed action
Approval for capitalisation of assets			
<p>Our testing of roading assets identified that approval for some assets to be capitalised was done via email or verbal discussions between finance staff and Asset Managers. Therefore we were unable to sight appropriate approval that assets were ready to be capitalised.</p> <p>We understand that Asset Managers are required to complete the Asset Addition Header Form to advise finance that assets are ready to be capitalised.</p> <p>We recommended the District Council remind staff the Asset Addition Header is to be signed by the appropriate Asset Manager when approving assets to be capitalised. This provides clear evidence of the review and approval process for capitalised assets.</p>	<p>Open</p> <p>From our review of approval for capitalisation, we noted that the authorisation cannot always be evidenced. We noted instances that had clear evidence of approval which we consider as good practice. Compared to the prior year, improvement has been made to enhance the audit trail. However, it is recommended that clear approval and instruction be documented for all instances.</p>	Necessary	<p><i>This process was addressed following it being raised by Audit last year.</i></p> <p><i>The process now provides for the Asset Information Officer to instruct Finance via a standard form to capitalise the asset once the project has been completed.</i></p> <p><i>We were not advised as part of this year's audit that any further issues were identified.</i></p>

Outstanding matters

Recommendation	Status as at July 2017	Priority	Management's proposed action
Contract management			
<p>Contract management is an important component of procurement. We recommended the following:</p> <ul style="list-style-type: none"> the District Council develop and implement a fully functional contract management system; that will manage the contracts life cycle, from identification of need through negotiation, agreement, monitoring and completion - including all associated documentation, reporting and monitoring; the District Council has an up to date policy and guidance documents covering contract management activities. This should include comprehensive procedures and standardised templates which allow for consistency in how contracts are managed throughout the District Council. The policy should also provide clarity in relation to scope management of the contract. This includes expectations around variations, approach to the use of contingencies, and requirements around budget management; 	<p>Open</p> <p>The District Council is planning to investigate options in the 2017/18 financial year.</p>	<p>Urgent</p>	<p><i>Staff agree that this is an area for improvement and a suitable contract management system is required.</i></p> <p><i>We will be working closely with Technology One to evaluate their system and configure it in the most cost effective way for our purpose.</i></p>

Recommendation	Status as at July 2017	Priority	Management's proposed action
<ul style="list-style-type: none"> have a dedicated individual or team in place with responsibility for oversight of contract management activities. This person or team should be experienced in the management of contracts. To ensure they are also up to date with changes in contract management requirements, they should also be receiving regular training/development to maintain the currency of their knowledge; and the District Council put in place a centralised contract management system which captures all contract information. Ideally, this system should also link to the FMIS/payment system. Data captured on this system should include contract performance against expectations, budget against actual financial forecasts, and payment information. 			

Recommendation	Status as at July 2017	Priority	Management's proposed action
Information systems policies			
<p>Our review of information system policies identified a number of policies that are out of date. These policies are:</p> <ul style="list-style-type: none"> • email Use Policy – approved November 2011 due for review November 2014; • email Release Policy – approved November 2011 due for review November 2014; • internet Use Policy – approved September 2009 due for review September 2012; • records Management Policy – approved April 2009 due for review April 2010; and • remote Access Policy – approved July 2009 due for review July 2012. <p>We recommended the District Council review and update these IS policies to meet current acceptable practices to safeguard the District Council's IT systems and data.</p>	<p>Open</p> <p>A review and update of these policies has started. No policies have been adopted.</p>	Urgent	<p>The Records Management Policy has been approved by ELT.</p> <p>The Email Use, Email Release and Internet Use policies have been through the Staff Engagement Group for review and has gone to ELT for approval in August 2017.</p> <p>The Remote Access Policy is in draft and will be completed.</p>
Assumptions – reliability of data			
<p>Assumptions in the Asset Management Plans (AMPs) do not include the reliability of data.</p> <p>We recommended that information on the reliability of data used for assumptions is included in AMPs.</p>	<p>Open</p> <p>The District Council is in the process of updating their AMPs. It is planning to have this data completed for the 2018/28 Long Term Plan.</p>	Urgent	<p>Staff understand that this related to the Parks and Facilities AMP specifically.</p> <p>This has now been amended.</p>

Recommendation	Status as at July 2017	Priority	Management's proposed action
Expenditure – segregation of duties			
<p>The District Council's purchasing system allows staff who have financial delegations to raise and authorise a purchase order and approve the invoice for payment, provided the expenditure is within their delegated authority threshold.</p> <p>In our view, the individual who raises and authorises a purchase order should not also be able to approve the invoice for payment. (Ideally there should also be segregation in the receipting of goods and services however, as a minimum, there should be "one up" approval of all expenditure transactions by invoices being approved by a more senior officer than the officer who authorised the order).</p>	<p>Partially resolved</p> <p>The District Council is still in the process of rolling out the Electronic Purchase Order system.</p>	Necessary	<p>EPO is now live and there is one-up approval for all second and third tier Managers (cost prohibitive in terms of licensing otherwise). Monthly reports have been developed for Manager review of all purchase orders raised during the period.</p> <p>This will help identify any one-up approval issues at the fourth tier and below. Accounts Payable will also escalate payment approvals to Managers on an ad-hoc (audit) basis where there was no segregation in the purchase/receipting process.</p>
Service performance reporting - Customer Relationship Management (CRM) system			
<p>Our review of the CRM system identified there are no controls in place to ensure the correct dates and times have been recorded in the CRM system. We also noted there is a lack of independent review or other supporting documentation.</p> <p>We recommended the District Council ensure additional supporting documentation is used by staff such as job summary sheets that record the dates and times the job started and finished. This will allow an independent review to be performed to confirm information has been entered correctly into the CRM system.</p>	<p>Open</p> <p>The District Council was planning to use iPads to record this data. However due to system compatibility issues the District Council is looking at other options to record this information.</p>	Necessary	<p>An automated works order system at this point in time remains unrealised. The District Council will fall back on its current paper/email/service request system.</p> <p>This system relies upon the completion of paper worksheets and this is where the accountability and auditability exists in this system.</p> <p>This paper system is not ideal and the District Council will continue to look forward in finding a solution to replace the current system.</p>

Recommendation	Status as at July 2017	Priority	Management's proposed action
All devices have virus definition updates and patches applied			
<p>The systems which are used for updating virus definitions and Microsoft patches are recording widely varying numbers of PCs and servers, raising the risk that not all of the District Council's infrastructure is being protected from virus and malware attack.</p> <p>We also noted there is no detailed IT asset register to confirm the number of devices owned by the District Council.</p>	<p>Partially resolved</p> <p>A review of Antivirus protection has been done by an external company and changes to Antivirus management is planned. Patching of servers is not being done on a regular basis. No formal reporting is in place.</p>	Necessary	<p><i>The District Council's Windows Server Update Services (WSUS) instance has recently been upgraded and is operational. We are also creating groups of servers to regularly patch together.</i></p> <p><i>The first group under this new process has been patched on 23 July. The intention is to ensure every server is patched on a given schedule.</i></p> <p><i>WSUS will also update the schedule for all PCs and provide the reporting on all of the above.</i></p>
Business continuity and IT Disaster Recover planning			
<p>The District Council does not have a Business Plan and IT Disaster Recovery Plan.</p> <p>We recommended the District Council develop and test organisational business continuity plans. This planning should drive the development of an IT Disaster Recovery Plan. Plans should be tested on a regular basis to ensure they are still meeting the organisations objectives for acceptable risk and levels of services to its customers.</p>	<p>Open</p> <p>Development of the Business Continuity and IT Disaster Recovery plans are in progress. The Tuakau datacentre development project is still in progress.</p>	Necessary	<p><i>The IM DR and BCP processes have been published. The DR server has been moved to Tuakau.</i></p>

Recommendation	Status as at July 2017	Priority	Management's proposed action
Monitoring and reporting on IT service performance			
<p>The District Council has systems in place for recording problems and incidents, and for monitoring systems. However there is no formal monitoring and reporting on IT service performance and Key Performance Indicators (KPIs).</p> <p>We recommended reporting on IT KPIs should be developed, including problem and incident resolutions and system performance.</p>	<p>Partially resolved</p> <p>Formal reporting on IT performance issues have been developed by the Chief Information Officer (CIO). A review and improvement of problem and incident management processes to align with ITIL industry best practice is starting.</p>	Necessary	<p><i>New processes and reporting will be developed progressively over the next six months to be completed by the end of December 2017.</i></p>
Change management			
<p>We noted that formal change management policies and processes are not in place for IT infrastructure and software changes.</p> <p>We recommended change management procedures are implemented and all changes are logged and approved before they are made to live systems.</p>	<p>Partially resolved</p> <p>Change management processes have been developed and starting to be used, however not all infrastructure changes are being logged. The CIO is planning a full review and update of the Change Management process to comply with ITIL industry practice.</p>	Necessary	<p><i>A maintenance window has been confirmed with the business. This will be progressively improved and completed before December 2017.</i></p>

Recommendation	Status as at July 2017	Priority	Management's proposed action
Review of users who have remote access			
<p>District Council staff are able to access the District Council's systems from their own devices. Formal application is required for this to be set up. However, we noted there have been no reviews of individuals who still have this level of access. This raises the risk that access may have been left open after it should have been removed.</p> <p>We recommended a review is performed over who has remote access to the District Council's systems, to ensure access is limited to approved staff and contractors only.</p>	<p>Open</p> <p>No reviews have been performed.</p>	Necessary	<p>Mobile device management does require improvement. This includes BYOD and is on the work program. This will require the implementation of updated procurement and provisioning processes and use of a mobile device management system.</p> <p>The remote access policy and process is with the Staff Engagement Group before approval by ELT.</p>
Process of approving card access to the computer room			
<p>We identified there are 18 cards with access to the computer room. This includes multiple cards under one name and cards issued to staff who have left. Access to this room should be restricted to approved individuals only and access should be removed when these individuals leave.</p> <p>We recommend a review of who has access to the computer room is performed and procedures are implemented to ensure formal approval is given by the Chief Information Officer before access is provided to the computer room. Exit procedures for staff leaving the District Council should incorporate the return of the card and cancelling access rights.</p>	<p>Open</p>	Necessary	<p>Access has been limited to a smaller group of core staff. A draft procedure has been developed. This will be finished by December 2017.</p>

Matters that have been resolved

Recommendation	Outcome
Work in progress	
<p>We identified a number of projects where there had been no activity during the year, that is, no capitalisation or additional costs. We understand this was due to projects not being monitored on a regular basis. There were also some projects that should have been capitalised as at 30 June 2016.</p> <p>We recommended the District Council improve the monitoring of work in progress balances to ensure all projects that are capitalised in a timely manner.</p>	<p>Matter resolved</p> <p>The District Council performs regular reviews of work in progress balances to ensure all projects that are ready to be capitalised are capitalised in a timely manner.</p>
Reimbursement of expense claims	
<p>We performed testing over elected member's expense claims to ensure the claims are in line with the District Council's Reimbursement of mileage expenses policy – elected members. Our review identified that the policy states that elected members are entitled to a vehicle mileage allowance for travel. We noted these claims are approved by the Council Secretary as the policy does not state who has authority to approve these expense claims. Claims should be approved by someone with appropriate delegated authority to ensure that claims are reasonable and costs incurred are consistent with the policy.</p> <p>We recommended the "Reimbursement of mileage expenses policy – elected members" is updated to reflect the individual who will be responsible for approving elected members expense claims.</p>	<p>Matter resolved</p> <p>An updated Reimbursement for Elected Members Policy was adopted in August 2017 that now states mileage claims will be approved by the Council Support Team.</p>

Appendix 4: Mandatory disclosures

Area	Key messages
Our responsibilities in conducting the audit	<p>We carried out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001.</p> <p>The audit of the financial statements does not relieve management or the Council of their responsibilities.</p> <p>Our audit engagement letter contains a detailed explanation of the respective responsibilities of the auditor and the Council.</p>
Auditing standards	<p>We carry out our audit in accordance with generally accepted audit standards. The audit cannot and should not be relied upon to detect every instance of misstatement, fraud, irregularity or inefficiency that are immaterial to your financial statements. The Council and management are responsible for implementing and maintaining your systems of controls for detecting these matters.</p>
Auditor independence	<p>We are independent of the District Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): <i>Code of Ethics for Assurance Practitioners</i>, issued by New Zealand Auditing and Assurance Standards Board.</p> <p>In addition to the audit, we have carried out engagements in the areas of an audit of the debenture trust deed and the summary annual report, which are compatible with those independence requirements. Other than the audit and these engagements, we have no relationship with, or interests in, the District Council or any of its subsidiaries.</p>
Other relationships	<p>We are not aware of any situations where a spouse or close relative of a staff member involved in the audit occupies a position with the Waikato District Council that is significant to the audit.</p> <p>We are not aware of any situations where a staff member of Audit New Zealand has accepted a position of employment with the Waikato District Council during or since the end of the financial year.</p>
Unresolved disagreements	<p>We have no unresolved disagreements with management about matters that individually or in aggregate could be significant to the financial statements. Management has not sought to influence our views on matters relevant to our audit opinion.</p>

Report to the Board on the annual audit of
Strada Corporation Limited
for the year ended 30 June 2017

Key messages

We have completed the audit for the year ended 30 June 2017. This report sets out our findings from the audit and draws attention to areas where Strada Corporation Limited (Strada) is doing well or where we have made recommendations for improvement.

We intend on issuing an unqualified audit opinion with an emphasis of matter paragraph drawing attention to the financial statements being prepared on a realisation basis; this is consistent with the prior year.

Issues identified during the audit

The following table summarises our recommendations and their priority:

Recommendation	Priority
We recommend that expenditure is considered in line with the expectations of public sector entities and recommend that expenditure which may not be moderate nor conservative be paid for personally.	Necessary

There is an explanation of the priority rating system in Appendix 1.

In view that Strada ceased to operate and no longer have employees, we have made no recommendations in relation to financial and internal control systems and only report on our findings during the audit.

Thank you

We would like to specifically thank the Andrea for her assistance during this audit, as well as the Chair for his assistance and availability.



Leon Pieterse
Audit Director
20 November 2017

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1 Our audit opinion

1.1 We issued an unqualified audit opinion with an emphasis of matter

We issued an unqualified audit opinion and included an emphasis of matter paragraph in our audit report. The emphasis of matter paragraph highlights to the readers that the financial statements are prepared on a realisation basis.

This means that we were satisfied that the financial statements and statement of service performance gave a true and fair view of Strada's activity for the year and its financial position at the end of the year.

In forming our audit opinion, we considered the following:

1.2 Uncorrected misstatements

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

2 Our areas of audit focus this year

2.1 Going concern

We note that the objectives of Strada is to wind down operations and sell its assets to enable return of capital to the shareholder. As such, the Strada will not be operating into the foreseeable future. We are satisfied that the financial statements have been prepared on a realisation basis, and that suitable note disclosure has been included in the financial statements outlining this.

2.2 Fraud

The auditing standard ISA (NZ) 240, *The auditor's responsibilities relating to fraud in an audit of financial statements*, issued by the New Zealand Institute of Chartered Accountants required that we make enquiries of those charged with governance on matters such as their assessment of the risk of fraud and the accounting and internal control systems designed to prevent and detect frauds.

We have undertaken formal discussions with the Board on matters concerning fraud risk awareness, identification of susceptible areas and the mitigating controls that the Company has put in place.

Through our audit procedures performed and discussions held, we have not noted any instances of fraud.

3 Control environment

We performed a high-level review of the control environment. We considered the overall attitude, awareness, and actions of the Board, employees during the year and contractors in establishing and maintaining effective management procedures and internal controls. Our assessment of these areas was based on discussions with finance

employees who were employed for part of the year, members of the Board, and our accumulated knowledge of Strada's business.

Due to the limited operations during the financial year, we undertook a fully substantive audit. In this respect, we did not consider the "design effectiveness"¹ or "operational effectiveness"² of internal control. The explanation of these terms is outlined below. As such we provide no assurance that our assessment will necessarily identify and detect all matters in relation to internal control.

4 Other matters

4.1 Effectiveness and efficiency, waste and a lack of probity or financial prudence

Sensitive expenditure, consistent with all of the Company's expenditure, is subject to the standards of probity and financial prudence that are to be expected of a public entity and able to withstand Parliamentary and public scrutiny.

We expect the Company to apply a number of principles to expenditure decisions, including that the expenditure has a justifiable business purpose, preserves impartiality, are made with integrity, are moderate and conservative in respect of the circumstances and are made transparently.

We carried out appropriate audit procedures to address any identified risks in accordance with the Auditor-General's Auditing Standard 3 (AG-3) on sensitive expenditure.

Our review of transactions from areas of sensitive expenditure identified a Board Dinner with five attendees which included an alcohol component of \$1,382.50. It is the view of the audit team that this does not represent moderate nor conservative spending to withstand public scrutiny.

Recommendation

We recommend that expenditure is considered in line with the expectations of public sector entities and specifically ratepayers. We also recommend that expenditure which may not be moderate nor conservative be paid for personally.

Management comment

Agreed. This was the only time we incurred expenditure on board entertainment and it was to thank the board for a job well done. Having said that, we concur that the expenditure on alcohol was not appropriate

4.2 Status of Strada Corporation Limited

The shareholder, Waikato District Council, resolved on 5 December 2016 that pursuant to section 7(3) of the Local Government Act 2002 ("LGA") to exempt Strada Corporation Limited ("Strada") from being classified as a council controlled

¹ Control is effective to either prevent or detect a material error in either the financial statements and/or non-financial information. The control is "fit for purpose".

² Control has operated effectively throughout the period tested.

organisation, for the purposes of section 6(4) of the LGA. On reaching this decision, the Council took the following in to account:

- Strada have ceased trading and is therefore no longer a council controlled trading organisation;
- Strada have realised almost all its assets and is in the process of returning its capital to Council;
- there is a cost benefit to Strada and Council not having to comply with the statement of intent and monitoring provisions set out in Part 5 of the LGA; and
- when the asset realisation process is completed Strada will have no further activities to undertake. Its only asset will be a balance of \$625,000 receivable from Waikato Quarries Limited. Strada will have no liabilities other than contingent liabilities as guarantor under the Quarry Sale Agreement between Waikato Quarries Limited and Fulton Hogan Limited.

4.3 Management override

Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities. Due to the unpredictable way in which such override could occur, it results in a risk of material misstatement due to fraud.

We found that journal entries recorded in the general ledger were appropriate, however we noted one instance of management override of control. In this instance, there was a conflict of interest for the sale of two vehicles during the asset sales process to related persons of the Chief Executive Officer. In this situation, the person approving the vehicle sales should have been on a one up basis to the Chief Executive Officer. However, this did not occur.

We did not identify any instances of bias in accounting estimates. However, due to the estimation uncertainty of the provision for rework, we draw attention to the specific representation included in the representation letter reading:

We confirm that the carrying value of the retentions receivable as at 30 June 2017 of \$33,981, after consideration of the \$6,500 provision for rework, is fully recoverable. We confirm that the \$6,500 provision for rework as at 30 June 2017 is fairly stated.

We have given specific consideration to the significant transactions during the financial period, being the shareholder transactions and the asset sales. Other than the matter noted above, we have not noted any issues.

4.4 Conflicts of interest

Conflicts of interest are an area of concern because of probity and the potential for matters to gain a high profile. The Auditor General continues to receive many queries,

and requests for inquiries, about conflicts of interest. A conflict of interest that is not well managed can create significant legal and reputational risks.

The 2007 report on Managing conflicts of interest: guidance for public entities sets out the Auditor-General's view of what constitutes good practice in the public sector.

We identified one conflict of interest in relation to the approval for the sale of two vehicles during the year to related persons of the Chief Executive Officer; please refer to section 3.3 for further details.

4.5 Breach of Statutory Deadline

The Company did not adopt its audited financial statements within three months of balance date (30 September 2017) as required by section 69 of the Local Government Act 2002.

We are satisfied that the Company has included appropriate self-disclosure of this breach in statutory deadline in the financial statements.

Appendix 1: Explanation of priority rating system

Our recommendations for improvement and their priority are based on our assessment of how far short Strada is from a standard that is appropriate for the size, nature, and complexity of its business.

We have developed the following priority ratings for our recommended improvements:

Urgent

Major improvements required

Needs to be addressed *urgently*

These recommendations relate to a significant deficiency that exposes the Company to significant risk. Risks could include a material error in the financial statements and the non-financial information; a breach of significant legislation; or the risk of reputational harm.

Necessary

Improvements are necessary

Address at the earliest reasonable opportunity, *generally within 6 months*

These recommendations relate to deficiencies that need to be addressed to meet expected standards of good practice. These include any control weakness that could undermine the system of internal control or create operational inefficiency.

Beneficial

Some improvement required

Address, *generally within 6 to 12 months*

These recommendations relate to deficiencies that result in the Company falling short of best practice. These include weaknesses that do not result in internal controls being undermined or create a risk to operational effectiveness. However, in our view it is beneficial for management to address these.

Appendix 2: Mandatory disclosures

Area	Key messages
Our responsibilities in conducting the audit	<p>We carried out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001.</p> <p>The audit of the financial statements does not relieve management or the Board of their responsibilities.</p> <p>Our audit engagement letter contains a detailed explanation of the respective responsibilities of the auditor and the Board.</p>
Auditing standards	<p>We carry out our audit in accordance with the Auditor-General's Auditing Standards. The audit cannot and should not be relied upon to detect every instance of misstatement, fraud, irregularity or inefficiency that are immaterial to your financial statements. The Board and management are responsible for implementing and maintaining your systems of controls for detecting these matters.</p>
Auditor independence	<p>We are independent of the Company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): <i>Code of Ethics for Assurance Practitioners</i>, issued by New Zealand Auditing and Assurance Standards Board.</p> <p>Other than the audit, we have no relationship with, or interests in, the Company.</p>
Other relationships	<p>We are not aware of any situations where a spouse or close relative of a staff member involved in the audit occupies a position with the Strada Corporation Limited that is significant to the audit.</p> <p>We are not aware of any situations where a staff member of Audit New Zealand has accepted a position of employment with the Strada Corporation Limited during or since the end of the financial year.</p>
Unresolved disagreements	<p>We have no unresolved disagreements with management about matters that individually or in aggregate could be significant to the financial statements. Management has not sought to influence our views on matters relevant to our audit opinion.</p>

Open Meeting

To	Audit & Risk Committee
From	Tony Whittaker General Manager Strategy & Support
Date	29 November 2017
Prepared by	Madelina Baena-Escamilla Continuous Improvement Analyst
Chief Executive Approved	Y
Reference #	GOV1318 / 1863960
Report Title	Update on Process Audit and Quality Improvement

I. EXECUTIVE SUMMARY

This report outlines work planned and undertaken to support quality improvement throughout the business. It covers the process audit programme, policy review and process improvement.

2. DISCUSSION

2.1. Process Audit Programme

Auditor training was carried out at the end of October. 10 staff completed the training and are now certified as Internal Auditors, the total number of Internal Auditors has now increased to 27. The Internal Auditor training has been scheduled to be undertaken once a year to ensure the number of Internal Auditors remains stable. As part of the training new Auditors had the opportunity to audit five processes, this allowed them to build the necessary skills while having adequate guidance. As an outcome of these audits, 7 Non-conformances have been found and 16 recommendations were proposed. Process owners and experts are addressing these non-conformances and making relevant changes to the processes. See attached Internal Audit Schedule and Status (2017-2018) Activity Report.

For the period of November to March, a total of 32 processes have been scheduled to be audited. These Audits will be finalized by the end of March.

2.2. Policy

The work programme for reviewing internal and external Council policies is progressing as planned.

Five policies have been reviewed and approved during the last quarter:

- Child Protection Policy (new)
- Internet Use Policy
- Email Use Policy
- Email Release Policy
- Protected Disclosures Policy

Policies already reviewed by the Staff Engagement Group waiting to be approved by Executive Leadership Team:

- Risk Management Policy

Other policies being created or reviewed are:

- Disability Policy (new)
- Business Continuity Policy
- Lone Worker Policy
- 'Long Long' (long sleeve/long pants) Policy
- Harassment and Bullying Policy
- Corporate Uniform Policy
- Community Engagement
- Remote Access Policy

2.3. Process Improvement Forum

As part of the Managing Threats project, a set of 13 processes have been updated and 7 new processes have been created. The changes have been made to ensure that Council is doing everything possible to keep staff safe from aggressive people, robberies, and general crime. Communications to all staff have been scheduled to be out in the first week of December.

The newly formed Service Delivery Process Improvement Team ("PIT") have been meeting every two weeks to create actions to review and improve Service delivery process. This has been reflected in the number of processes that have been finalised and published in the last three months. 10 new processes have been published and 50 have been reviewed and published.

The Improvement Forum meets on a monthly basis to drive Council's quality management system and encourage process mapping and continuous improvement. Process champions have been delivering training to new staff and helping process experts to finalise and publish their processes. The work program for next year is currently being drafted and will include improvement initiatives to refresh some processes.

3. RECOMMENDATIONS

THAT the report from the **General Manager Strategy & Support** be received.

4. ATTACHMENTS

Internal Audit Schedule and Status (2017-2018)

Audit Schedule 2017 – 2018 (To be completed at 15 March/2018)

Group/Team	Processes	owners and experts	Auditors	Proposed date of Audit/ Progress update
Procurement and Contract Management	<ul style="list-style-type: none"> 01. Initiate Procurement Project 02. Identify Procurement Needs and Analyse the Market 03. Create Specification of Requirements Document 04. Plan Approach to Market and Evaluation 	Rajendra Java Tony Whittaker	Annetta Purdy (Lead Auditor) Samantha Fredrick Evonne Miller	Mid-January
	<ul style="list-style-type: none"> 05. Approach Market and Select Supplier 06. Negotiate and award contract 07. Manage Contract and Relationships 08. Review Results 	Rajendra Java Tony Whittaker	Elijah Tamati (Lead Auditor) Rosemary Towl Jonathan Ward	Date to be confirmed
	<ul style="list-style-type: none"> Prepare Request Quotations for Goods or Services (RFQ) Add Value to Existing Maintenance Contract Procure from All of Government / Syndicated Suppliers Panel 	Rajendra Java Tony Whittaker Reuben Rink	Teressa Howe (Lead Auditor) Susan Toogood Shelley Woollett	End of January
	<ul style="list-style-type: none"> Appoint Consultant from Professional Services Panel (PSP) Appoint Consultant from Information Technology Services Panel (ITSP) 	Rajendra Java Tony Whittaker Julian Hudson	Phyllis Hefang (Lead Auditor) Robert Ball Lynette Wainwright	February 2018
	<ul style="list-style-type: none"> Manage Contract Administration (physical works) Carry Out Site Inspection 	Rajendra Java Reuben Rink	Pam Osborne (Lead Auditor) Christine Cunningham Paul Harrison	Date to be confirmed
Finance	<ul style="list-style-type: none"> Engage a New Supplier Create an Electronic Purchase Order Receipt an Electronic Purchase Order Set up a New Supplier in Finance One 	Nicky Hunter Stephen Thompson	Debbie Dalbeth (Lead Auditor) Alan Kuyper	15/01/2018
Zero Harm	<ul style="list-style-type: none"> Report and Investigate a Near Miss Work Event (Non Injury) Report and Investigate a Work Incident or Injury Manage Employee Rehabilitation for Work Related Injuries 	Kylie Anderson	Reece Turner (Lead Auditor) Kay Warren James Templeton	Date to be confirmed

Human Resources/Zero Harm	<ul style="list-style-type: none"> • Manage Worker who is considered to be not Worksafe • Arrange for employee to be tested for alcohol or drugs • Investigate Misconduct and Take Appropriate Disciplinary Action 	Vanessa Jenkins Sarfraz Hapuku	Sandra Kelly (Lead Auditor) Sharlene Jenkins	February 2018
Libraries	<ul style="list-style-type: none"> • Manage Library Memberships • Manage Customer Payments/Debt for Library Items • Manage Dogs in Libraries • Manage 'Claims Returned' process 	Denise Lamb Merren Tait	Helen Williams (Lead Auditor) Tracey Oakes	Date to be confirmed
Roading	<ul style="list-style-type: none"> • Receive and Enter Vehicle Entrance Application • Manage Requests for Change of Speed Limit 	Paul Harrison Wayne Furlong	Sarfraz Hapuku (Lead Auditor) Mark Shaw	Date to be confirmed

Audit Schedule 2017 – 2018 (Carried out at Auditor Training)

Group/Team	Processes	owners and experts	Auditors	Date of Audit / Status	Outcome			Progress update
					Major NC (high)	Minor NC (medium)	Rec (Low)	
Consents - Technical	<ul style="list-style-type: none"> • Process a Rural or Urban Road Number Request through a Service Requests 	William Gauntlett Jodi Bell-Wymer	Shelley Woollett Lynette Wainwright Alan Kuyper	1 st Nov 2017	0	3	5	Audit was carried out
Council Support	<ul style="list-style-type: none"> • Carry out Citizenship Ceremony 	Rose Gray Wanda Wright	Samantha Frederick Jonathan Ward	1 st Nov 2017	0	0	6	Audit was carried out, and owners have made changes in the process. Audit is closed
Animal Control	<ul style="list-style-type: none"> • Respond to Dog Attack Process • Firearms Policy 	Mark Te Anga Megan May	Robert Ball Paul Harrison Evonne Miller	1 st Nov 2017	0	1	4	Audit was carried out
Communications	<ul style="list-style-type: none"> • Respond to WDC Facebook Comment 	Deanna Harris Jacob Quinn	Rosemary Towl Tracey Oakes	1 st Nov 2017	1	2	1	Audit was carried out

Open Meeting

To	Audit & Risk Committee
From	Tony Whittaker General Manager Strategy & Support
Date	05 December 2017
Prepared by	Sharlene Jenkins PA General Manager Strategy & Support
Chief Executive Approved	Y
Reference #	GOV1318 / 1866358
Report Title	Post Implementation Review – Easier Consenting Project

I. EXECUTIVE SUMMARY

The purpose of this report is to present the Easier Consenting Project Closure Report to the Audit & Risk Committee for its information.

2. RECOMMENDATION

THAT the report from the General Manager Strategy & Support be received.

3. ATTACHMENTS

Easier Consenting Project – Closure Report



Easier Consenting Project

Project Closure Report

Date: November 2017
Version: 1.0
Status: FINAL

Prepared by: Helen Tonkin
Waikato District Council



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1. Document Management

1.1 Document Purpose

The Project Closure Report is a formal document used to approve the closure of the project; and pass details of any on-going risks, issues or product modifications to the Project Sponsor. In addition, it records how well the project has performed against its key indicators including budget, schedule and scope. It confirms that the project can now be formally closed through the Sponsor and Business Owners sign-off to this document.

1.2 RACI

The table below indicates RACI roles in the production and acceptance of this report.

Name	RACI*
Project Manager	R
Business Owners, Project Sponsor	A
Project Team and Steering Group	C
Document will be held in ECM under Easier Consenting Project	I

* R= Responsible; A = Accountable; C = Consulted; I = Informed

1.3 Document Information

	Information
Document id	EC Project Closure Report
Document owner	AnaMaria d'Aubert
File name/Path	ECM – Projects

1.4 Document History

Version	Date	Updated By	Update Details
0.1	20/10/17	Helen Tonkin	Draft
0.2	21/10/17	Michelle Carmine	Updated with feedback
0.3	27/11/17	Project Sponsor & Business Owners for review	Feedback updated
1.0	4/12/17	Helen Tonkin	Released the Final version for signing.

1.5 Distribution List

Version	Date	Names	Project Role
0.2	21/10/17	Michelle Carmine	Technical Lead



Version	Date	Names	Project Role
0.3	27/11/17	AnaMaria d'Aubert	Project Sponsor
0.3	27/11/17	Ella Makin, Joanne Smith, Will Gauntlett, Wayne Harden, Karleen Thomson	Project Business Owners

1.6 Related Documents

Document name	Location
Business Case	ECM – Easier Consenting Project Folder
EC Options Paper to Complete RMA Changes	ECM – Easier Consenting Project Folder

1.7 Document Approvals Sign Off

Name	Project Role	Signature	Date
AnaMaria d'Aubert	Project Sponsor		
Ella Makin	Business Owner		
Karleen Thomson	Business Owner		
Joanne Smith	Business Owner		
Will Gauntlett	Business Owner		
Wayne Harden	Business Owner		
Helen Tonkin	Project Manager		

An electronic copy of this approvals page will be stored alongside the document in the project repository ECM.



2. Project Overview

2.1 Project Background

On the 18th April 2017 the Resource Legislation Amendment Act 2017 (RLAA) came into force. It represents the Government's second phase of reform of the Resource Management Act (RMA). It contains close to 40 amendments and makes significant changes to five different Acts, consequently amending several others. This is the most comprehensive package of reforms to the RMA since its inception 26 years ago.

The changes are progressively implemented over three specific dates – 18th April 2017, 18th October 2017 and 18th April 2022. This project specifically covers the changes required by the first two dates.

From 18th April 2017, the changes mainly relate to policy settings, whereas the key amendments required by 18th October 2017 impact specifically the way consents are processed. These cover the following areas:

- Permitted activities
- Resource consents
- Fast track applications
- Notification
- Subdivisions
- Decision-making criteria
- Hearings
- Submission strike out
- Hearing by Independent Hearing Commissioners
- Appeals
- Notices

Within the above amendments there is also a requirement to audit all consenting processes to ensure they are efficient from 18th April 2017. This is a significant piece of work and deemed out of scope of this project.

Waikato District Council (WDC) is the regulatory authority responsible for processing, issuing and monitoring of all resource consent applications within its District and as such are required to adopt and implement the amendments by 18th October 2017 to meet the requirements of the RMA.

2.2 Project Description

The Easier Consenting Project objective was to implement all the changes in the RLAA 2017 that were required by 18th October 2017. This ensured WDC delivery of a service where consenting customers' consents from this date were approved and lawful under the new RLAA 2017.

Deliverables / Outputs

- All **Promapp** changes implemented.
- All new **Templates** and changes to existing Templates created or changed.
- **IT Systems** updated and tested functionally (as per specifications agreed) with manual workarounds applied if/where required. This includes changes to systems such as the Web Site, Property and Rating, National Monitoring System but is not limited to just these systems.



- **Fees and charges** for new services set up.
- **Training** for Go Live completed.
- All existing and new **Policies** completed.
- All **Communications** required to execute the change management have been completed.

2.3 Project Approach

The approach utilised existing systems and consenting processes. For existing processes that required altering to reflect the changes, new steps and documents were updated. Where a new process was required then a new solution was designed, approved by the Consenting Team and then developed and tested within the existing systems.

The project also used the approach of embedding in house consenting planners (SMEs – Subject Matter Experts) within the project team. They designed the solution, the policies, templates, documents and P&R system changes inclusive of the approval and testing of the final deliveries.

The project on-boarded technical expertise where required. An external technical expert with in-depth knowledge of WDC Consenting Processes was appointed to lead the solution and delivery. External legal expertise in RMA was also sort to assist with clarification and ensure WDC responsibilities were correctly reflected within the solution.

2.4 Project Closure Status

At closure the status of this project is:

- All changes completed except for Natural Hazards changes. Refer to items handed over to the business in relation to outstanding Natural Hazards changes.

3. Project Review

3.1 Deliverables Review

Ref	Original Objective	Assessment	Status*
3.1.1	All Promapp changes implemented.	Signed off per Go Live doc by Consenting Leadership Team. Except: Natural Hazards	Achieved except: Natural Hazards
3.1.2	All new Templates and changes to existing Templates created or changed.	Signed off per Go Live doc by Consenting Leadership Team. Except: Natural Hazards	Achieved except: Natural Hazards
3.1.3	IT Systems updated and tested functionally (as per specifications agreed) with manual workarounds applied if/where required. This includes changes to systems such as the Web Site, Property and Rating, National Monitoring System but is not limited to just these systems.	Signed off per Go Live doc by Consenting Leadership Team. Except: Natural Hazards	Achieved except: Natural Hazards
3.1.4	Fees and charges for new services set up.	Signed off per Go Live doc by Consenting Leadership Team. Except: Natural Hazards	Achieved except: Natural Hazards
3.1.5	Training for Go Live completed.	Signed off per Go Live doc by Consenting Leadership Team. Except: Natural Hazards	Achieved except: Natural Hazards
3.1.6	All existing and new Policies completed.	Signed off per Go Live doc by Consenting Leadership Team. Except: Natural Hazards	Achieved except: Natural Hazards
3.1.7	All Communications required to execute the change management have been completed.	Signed off per Go Live doc by Consenting Leadership Team. Except: Natural Hazards	Achieved except: Natural Hazards

* Achieved, Partially Achieved, Not Achieved.

3.2 Schedule Review

The table below compares the key milestones contained within the project schedule to those delivered. The Baseline date is the original date and prior to any approved change.

Milestones	Delivery dates		
	Actual Start	Baseline Finish	Actual Finish
Project Launch	24/7/17	24/7/17	24/7/17
Scope Workshops held	01/8/17	4/8/17	4/8/17
Processes, policies, & IT systems updated 1 st Phase	14/8/17	16/10/17	16/10/17
People are ready for 1 st Phase	02/10/17	16/10/17	27/10/17
Go Live 18th October 17 1st Phase	18/10/17	18/10/17	18/10/17
Processes, policies, & IT systems updated 2 nd Phase	19/10/17	16/10/17	10/11/17
People are ready for 2nd Phase	19/10/17	16/10/17	22/11/17
Go Live 24th November 17 2nd Phase	17/11/17	18/10/17	24/11/17
Project Closure	17/11/17	17/11/17	24/11/17

3.3 Benefits Achieved

Target Outcomes / Benefits			
Outcome	Measure	Due Date	Status
Consent application processed within the statutory & WDC established timeframes.	Post implementation: Reporting on consents lodged and completed after 18th October 17.	31.01.18	Transferred to BAU - Business Owners to complete on 31.01.18
The RLAA 2017 changes, per the approved scope, have been adopted & are embedded into WDC by 18th October 2017.	All consents lodged on or after 18th October 2017 processed under the current RMA legislation.	18.10.17	Achieved

Target Outcomes / Benefits			
Outcome	Measure	Due Date	Status
All WDC staff are able to perform their roles and responsibilities under the new consenting processes.	1. Staff completes a survey confirming that their training was effective.	30.10.17	Achieved - Training Evaluation Completed.
	2. Post implementation survey confirms that staff can effectively deal with the consents lodged under the new legislation.	31.01.18	Transferred to BAU - Business Owners to complete on 31.01.18.
Future improvements recommendations identified and handed over to Business Owner.	List of improvements included in the Project Closure Document.	17.11.17	Achieved - Referred section 3.6
Duty planner is able to answer competently customer queries relating to the latest RMA changes.	Survey the planners & review the "no complaints" register from customers that indicates they understand the new process.	30.10.17	Achieved; Survey completed 10 November 2017.
All stakeholders consider they understand the changes.	Confirmed the project has held briefings with all stakeholders.	17.11.17	Achieved: Ref to the Stakeholder Analysis Register confirming stakeholders and action undertaken.

* Achieved, Partially Achieved, Not Achieved.

3.4 Outstanding Items

Ref.	Items Description	Incomplete Reason	Severity*	BAU Owner
3.4.1	<p>An assessment in the future of a benefit:</p> <p>Benefit - Consent application processed within the statutory & WDC established timeframes.</p> <p>Measure - Post implementation: Reporting on consents lodged</p>	The benefit was scheduled to be assessed on 31.01.18	Low	AnaMaria d'Aubert

Ref.	Items Description	Incomplete Reason	Severity*	BAU Owner
	and completed after 18th October 17.			
3.4.2	Benefit - All WDC staff are able to perform their roles and responsibilities under the new consenting processes. Measure - Post implementation survey confirms that staff can effectively deal with the consents lodged under the new legislation.	The benefit was scheduled to be assessed on 31.01.18	Low	AnaMaria d'Aubert
3.4.3	Growing Places January Edition to included a survey question as to whether the customers would see a Meet & Greet a valuable forum to discuss RMA	Project decided not to hold a Meet & Greet for the RMA changes and push it out to a survey in January 2018.	Low	Will Gauntlett
3.4.4	Post Go Live – BAU – move RMA changes from special web page into the main web pages for Resource Consenting.	As part of the project, RMA changes were set up on a special page for easy find for Customers. In 6 months times the information can be moved into the standard RMA information pages.	Low	Will Gauntlett
3.4.5	Post Go Live All Letters to be updated re automated email addresses coming through.	As letters are utilised the automated email addresses will be updated.	Low	Beryl McCauley
3.4.6	National Monitoring Reports to be updated with the new RMA changes.	As part of the reporting cycle reports to be reviewed to ensure they include all the changes.	Low	Beryl McCauley
3.4.7	Building Monitoring Reports to incorporate RMA changes to assist them in their BAU.	As part of BAU with the Building Monitoring Team review will ensure all changes are included in the reports.	Low	Beryl McCauley
3.4.8	Knowledge Tree special page absorbed into main RMA knowledge tree section in 6 months.	As part of the project, RMA changes were set up on a special page for easy find for Customers. In 6 months times the information can be moved into the	Low	Mychelle Tomsett

Ref.	Items Description	Incomplete Reason	Severity*	BAU Owner
		standard RMA information pages.		
3.4.9	Complete the implementation January 2018 of Natural Hazards RMA changes as per the attached Project Brief document.	These changes were complex requiring considerable research to determine a solution. Simultaneously the LDE leadership took a considerable time to be available and committed to actively start the implementation of the changes.	High	Wayne Harden

* High, Medium, Low.

3.5 Outstanding Risks

The following risks are outstanding in relation to the Natural Hazards incomplete implementation.

#.	Date Raised	Description	Inherent Risk Prob.	Impact on project	Owner	Management Action	Residual Risk Probability	Action Date	Status
25	09/08/17	The Natural Hazards RMA changes are a major change for WDC. These may not be able to be fully implemented by 18 October 2017. Impact - WDC exposed to a judicial review in the High Court.	H	H	AnaMaria d'Aubert	1. Determine what the change is. 2. Detail what, how and when it can be implemented & recommend strategies for partial implementation by 18th October 17 and full implementation.	H	25/11/17	open
27	08/08/17	Natural Hazards current assessments prepared by Engineers may not meet the standard that reflects the change to National Importance. ie moving from	H	H	AnaMaria d'Aubert	1. Investigate with legal what the changes actually mean, review against current practice and identify the gap. 2. Explore with Waipa and Hamilton their approach and see if WDC will / can /	H	25/11/17	open

#.	Date Raised	Description	Inherent Risk Prob.	Impact on project	Owner	Management Action	Residual Risk Probability	Action Date	Status
		assessment the hazards to a risk based approach.				or not align. 3. Make recommendation to AnaMaria d. way forward.			
29	08/08/17	Consenting staff skill/understanding in reviewing and assessing the Natural Hazard risk assessment may not be sufficient to reflect the National Importance emphasis or intention.	H	H	AnaMaria d'Aubert	1. Once solution is agreed then assess the skills required to deliver the service. 2. Assess skill gap. 3. Make recommendations as to how to address this.	H	25/11/17	open
42	08/08/17	Engineer's staff impacted by the RMA changes may be uncertain and seeking clarity particularly re Natural Hazards. Impact is the changes are not adopted by 18th Oct 17	H	H	AnaMaria d'Aubert	Include Engineers in the development of the solution and implementation strategy re Natural Hazards.	H	25/11/17	open
44	08/08/17	Impact of the relationship & dynamics between Planners, PEO and other teams such as Engineers due to the impact of the changes in each of the teams.	H	H	AnaMaria d'Aubert	1. Design the new processes collectively including all stakeholders impacted by the changes. 2. Ensure appropriate management is involved in approving the new processes. 3. Use the training platform to work together in preparing and delivering the training.	H	25/11/17	open

3.6 Future Enhancements

Ref.	Item Description
3.6.1	Design and implement full end to end digital resource consenting; lodgement, processing, tracking, approval, post approvals.
3.6.2	Improve the Website friendliness of the use of forms by improving the connectedness between related topics.
3.6.3	In P&R there is a "Conditions List" function which allows you to select a number of "conditions" (standard text on various different topics) and then transfer these into a Word document. I understand that this has been used by planners in the past to create the conditions of consent but there were some issues regarding the formatting of the "conditions" when they were transferred from P&R into the Word document. Can there be a potentially more efficient way of accessing our standard wording for conditions of consent rather than copying them from a document saved in ECM which has to be opened independently.
3.6.4	Integrating the approvals for different types of applications into one letter. E.g. when issuing a building consent send out PBA and or MTA at the same time.
3.6.5	Standardise within the consenting team the Promapp approach and utilisation.
3.6.6	Overhauling the event structure in the Property and Rates.
3.6.7	Update written approval forms to include sale and purchase info for both forms.

3.7 Financial Summary

	Current Approved Business Case (\$)	Approved Variations (\$)	Final Approved Budget	Actual Spend	Variance Underspent
Project Budget	\$129,570	\$53,780	\$183,350	\$177,367	\$5,983 underspent
Internal Project Cost				\$90,396	Total 729 hours, 19 people, 24 th July 2017 to 24 th November 2017

4. Post Implementation Review

4.1 Project Governance

Name	Project Role
AnaMaria d'Aubert	Project Sponsor
AnaMaria d'Aubert, Jacob Quinn, Alison Diaz, Angel Parquist, Mark Willcock, Noel Robinson, Ella Makin	Steering Group
Ella Makin, Will Gauntlett, Wayne Harden, Joanne Smith, Karleen Thomson	Business Owners
Helen Tonkin	Project Manager
Michelle Carmine	Project Technical Lead
Joanne Smith, Beryl McCauley, Sheryl Flay, Audrey Bujang, Lance Young, Emma Ensor, Cameron Aplin, Mychelle Tomsett, Kelly Cattermole, Sujatha Ratnayake, Elizabeth Saunders, Jo Barton, Phyllis Hefang	Project Team

4.2 Post Implementation Review (PIR) Workshop Participation

Name	Project/ PIR Capacity
Helen Tonkin	Project Manager
Michelle Carmine	Project Technical Lead
Ella Makin	Project Business Owner
Karleen Thomson	Project Business Owner
Will Gauntlett	Project Business Owner
Joanne Smith	Project Business Owner
Beryl McCauley	Project Team Member – Consent Admin
Sheryl Flay	Project Team Member - Communications
Audrey Bujang	Project Team Member – Consent Technical Team
Emma Ensor	Project Team Member – Consent Planner
Cameron Aplin	Project Team Member – Consent Planner
Kelly Cattermole	Project Team Member – Consent Planner
Sujatha Ratnayake	Project Team Member – Consent Land Development Engineers
Jo Barton	Project Team Member – Contact Centre
Phyllis Hefang	Project Team Member – Business Analyst



4.3 Detailed Summary what went well & opportunities for improvement

Refer to the detailed scheduled Appendix A

4.4 Key Recommendations

The following table lists the top 5 prioritised findings from the Improvement Opportunities and Recommendations. These will be used by future projects where appropriate.

Ref	Description	Recommendation
3.9.1	The project started early in July 17 with a Business Case / Project Plan to implement 17 significant RMA legislative changes for go live date 18 th October 2017. This was too late for quality scoping and project planning. The initial project phase was a scramble to get clear about the scoping, resources required, the adequacy of project finance and the setting up of the project.	These types of changes are well signalled before the effective implementation date. This provides the opportunity to complete a detailed scoping of the solution and implementation approach. This ensures quality project resourcing, approach and finances to be determined early to ensure a well organised project delivery.
3.9.2	The Consenting Team were not familiar with the project framework causing confusion and sometimes disengagement in the project. Some team members adapted to the approach quickly where as others struggled to understand the framework.	To introduce all project stakeholders at the start of the project to the philosophy of the project framework and its benefits.
3.9.3	Stakeholder engagement and management was not as efficient as it could have been. Due to the late project start the approach was not as focused as it could have been.	Start the project early so that quality stakeholder analysis and management could be planned to ensure a more focused and effective approach.
3.9.4	Training overall was good however feedback identified further improvements.	The main theme of the feedback was to train closer to go live date, communicate early in post go live period remainders of key training points, and schedule a follow up refresher training post go live.
3.9.5	The Approval process with the business owners did not achieve the ownership / involvement anticipated. The process of how this was to be achieved was determined too late in the project causing an inefficient process.	Establish clarity at the beginning of the project with the business owners of their roles and responsibilities. Ensure what is expected of their involvement is clearly articulated and how the approval of the project was to be achieved.

5. Appendix: Summary of Post Implementation Review

Project Area	a. What Went Well	b. Would have done differently
Governance– Overall management of the Project from Senior management to Team Leaders.	<ol style="list-style-type: none"> Steering Group provided strong sense of engagement and gave the impression that the project could get action from all teams we needed with their support. Very active supportive Project Sponsor who was always available and actioned immediately solutions to the project challenges. Good governance between Project Manager, Technical Lead, Consents Manager and Consents Team Leaders. Clear Governance structure established that was followed throughout. 	<p>A feature of project was to appoint a Project Manager and Technical lead outside the Consenting Team leadership due to the high workload of Team Leaders.</p> <p>However, the downside of this was Team Leaders becoming remote to what was happening, inaccessible in timely decision-making and demonstration of a low engagement level of ownership.</p> <p>Recommendation:</p> <p>To work with the Team Leaders early in the project to establish the understanding of the solution ownership. To articulate the process of ownership acceptance and set clear expectation of what their involvement in the project would be.</p>
Stakeholders that were impacted by the project Represented and included in the project.	<ol style="list-style-type: none"> There was good representation of stakeholders at the weekly project meeting. There was good early identification of all stakeholders impacted by the project and a proactive plan to inform and involve. 	<p>Stakeholder identification and management was approached using one size for all, such as large group meetings. This resulted in lengthy meetings where an individual's time was not used efficiently, lower quality of information was obtained and the impact on the monitoring team being missed.</p> <p>Recommendations:</p> <ol style="list-style-type: none"> In the early stages, identify and scope stakeholders into like groups so a more targeted, focused and efficient approach is applied. Use various channels tailored to the needs of each stakeholder group to inform and determine project impact. E.g. Chamber Chat to achieve organisation wide notification, small group meetings to determine what level of involvement in the solution was required, individual meetings, linking to Growing Places or via email informing what the changes were. Prepare a project induction package for those stakeholders who joined the project team. Hold induction sessions to ensure the setting of clear expectations and understandings. The package to outline the project and expectation of roles & responsibilities within the project. To complete a FOH customer journey analysis to determine how the FOH customers were impacted. To tailor FOH representatives roll on the project, the solution design and the training of FOH staff.
Project Planning. The setting of the tasks and dates and allocation of resources & Budgeting.	<ol style="list-style-type: none"> The use of the tasks schedule template provided many benefits: <ol style="list-style-type: none"> Tasks were comprehensively identified once scoped. Clear timings were allocated to tasks. Allocation of tasks was purposely to a wide group of people making it manageable within BAU workload. Allocation of tasks meant people were clear of what expected of them. Provided transparency & ease of monitoring by all project members of what had been done, if things were on track and what was remaining. Provided confidence to the team that all tasks had been captured and were being actioned by the correct people. Task schedule provided confidence that most tasks were captured and were actioned by the correct people. Good overall management of tasks and appropriate timing attached. Went extremely well. A well thought out scope of all the work was carried out right up front and discussed at project meetings. Any issues were bought up as soon as identified and dealt with. 	<p>The project started later than it should have resulting in the scoping being simultaneously developed at the same time of starting the project and solution development.</p> <p>This resulted in a scrambled approach. Resourcing was on boarded into the project as it was identified, poor induction occurred for some project members and there was a lack of clear expectations causing confusion at times.</p> <p>Recommendation:</p> <p>Start scoping the solution before moving into full project implementation phase. This would provide the ability to on board the right level of resources with quality induction and clarity of expectations. This would have provided:</p> <ul style="list-style-type: none"> Earlier certainty as to what resourcing was required and the assignment of goals to suit people's strengths The opportunity to workshop the purpose, use and benefits of the task schedule. Allow for earlier appointment of backfill positions of roles for those full times allocated to the project. Be clearer on expectations of what's involved, and the delivery timeframe.

Project Area	a. What Went Well	b. Would have done differently
	<p>4. The project was planned and monitored really well, with weekly update meetings of tasks, risks, stakeholder communications etc.</p> <p>5. Regular weekly project meetings and updates through minutes and project status reports.</p> <p>6. The project was resourced from a wide group of planners within the team (fitting the work around their BAU work) instead of a few dedicated full time members on the project. This resulted in early transfer of knowledge of the solution to a wider group of users. It also was easier to identify business champions to support the rest of the team in the post go live period.</p>	
Project Financial Management including the financial capture of internal resources involvement.	The project team members liked the business code in Time discipline providing the ability to charge project time. It provided transparency of what work they were involved in. Good visibility to their managers.	<p>In the early stages of the project it became apparent the financials originally approved per the Business Case was insufficient to complete the project. This was due to the late start of the project resulting in a lack of detailed scoping to inform the business case and cost.</p> <p>Recommendation:</p> <p>With this type of RMA changes project, kick start it much earlier ensuring sufficient period to fully scope the solution to a point that a quality project cost can be determined.</p>
The capture and active management of project Issues & Risks.	<p>1. Excellent – As project Sponsor I felt well informed of risks, and had appreciation of treatments.</p> <p>2. Found it extremely useful to review these together – great to have everyone involved in formulating this document. i.e. we discussed the risks and issues together and Helen regularly checked to see if there were any other risks on the horizon.</p> <p>3. This was brilliant. Combined with the weekly meeting update meant that these were actively managed and new ones added on where necessary.</p>	
Keeping clear about the scope of work involved and ensuring that the work stayed within the agreed scope. Changes to scope were well managed.	<p>1. This was well managed by the technical lead with the project team being involved in robust discussions on in and out of scope.</p> <p>2. Having clear boundaries of the scope of works worked well for the project team to stay focused and on track.</p> <p>3. As things changed this was communicated well and all spreadsheets updated to reflect the change. Also discussed at regular meetings.</p> <p>4. Regular meetings meant we were able to discuss changes in a timely fashion.</p>	<p>Although there was clarity around the scope of the solution it was difficult at times to stay within scope when looking at P & R events.</p> <p>Recommendation:</p> <p>In future, projects of this nature, acknowledge that scoping boundaries within P&R are challenging and allow time to resolve these.</p>
Communications that ensured that all stakeholders impacted by the project and RMA changes were kept well informed.	<p>1. Communications to stakeholders went well and most stakeholders attended the regular meetings.</p> <p>2. Growing Places was great, it reached out to our external customers. It was a useful tool for targeting the specific audience. It was very effective. I haven't had any enquiries from external stakeholders since it went out.</p> <p>3. Meetings and emails kept internal stakeholders informed.</p> <p>4. All stakeholders were identified and consulted with effectively.</p> <p>5. Feedback received reflected on good communications.</p>	<p>1. At the beginning of the project each consenting teams' had a representative on the project team. Their role was to keep their team updated. The reality is that this did not always happen.</p> <p>Recommendation:</p> <p>Better induction of project members onto the project ensuring this role is well understood and is an item on the weekly agenda to update the project team.</p> <p>2. Not all stakeholders attended all meetings they were invited to. Many on the project team thought that meetings sometimes didn't touch on things that they or other stakeholders needed to know but considered it important that at every meeting, stakeholders attend or send a representative.</p> <p>Recommendation:</p> <p>Better induction of project members to ensure they understood their role & responsibilities.</p> <p>The following is feedback re the project management framework.</p> <p>The project management framework was new to many involved in the project.</p> <p>3. The weekly Project Status updates was quite a long document and not much seemed to change. I started ignoring these after a while.</p> <p>4. I feel that everyone was confident in the Technical</p>

Project Area	a. What Went Well	b. Would have done differently
		<p>Leads' ability to understand what was needed and in my opinion the weekly meetings were not required. I am happy to do what is tasked of me, but do not need to know in detail what everyone else is doing, I would have been happy to see a brief email or even a blog updating what each person is doing. I was keen to help at the beginning, but too many meetings made me much less engaged in the process.</p> <p>5. There was an assumption that staff in Council was familiar with Project Management method which was not the reality.</p> <p>6. Reduce involvement of Tech lead and SME's in higher level PM meetings, split into two teams, PM leading risk and stakeholders with small group of people. With Tech Lead leading development of tasks and getting into work with a different small group of people.</p> <p>Recommendation: At the start of the project deliver an introduction of the project framework, its benefits and the reasons for the approach. Consider reconfiguring the weekly project meetings into fortnightly with Technical Lead meetings on alternative weeks.</p>
The design & building of the solutions was well worked through and reviewed and approved.	<ol style="list-style-type: none"> 1. This went really well due to having dedicated staff to discuss & design solutions. Everyone was up for being challenged in this space and worked well together. Various options were explored to provide the best solution. 2. Really excelled here. This was a reflection of the governance structure that was put in place – created a clear line of reporting. 3. Extensive consultation was carried out with immediate and wider teams. Improvements were made following testing and suggestions. 4. It was good that the existing system could be amended than having to purchase a new system. 5. P&R lead, Phyllis Hefang did a brilliant job in delivering the project requests, keeping everyone informed as to any limitations. Was always available to listen, advise and make the changes/updates on a real-time basis 6. There were clearly defined roles for tasks around these solutions. 7. The pro map tool was very good 	<ol style="list-style-type: none"> 1. Need to ensure continued motivation from all involved in carrying out the solutions etc. – Most of the time this went well, occasionally not. <p>Recommendation: Set clear expectations around the various steps/phases.</p> <ol style="list-style-type: none"> 2. The process of the official sign off documentation was completed at the end of the testing of the solution. This was considered to be very late in the project and it was an inefficient approach. <p>Recommendation: Establish early in the project as to how all aspects of the project are to be approved and by whom.</p> <ol style="list-style-type: none"> 3. P & R changes/updates could have been better streamlined. This would have reduced the changes and time involved. <p>Recommendation: Get clear before starting the P&R changes as to how the fixes and changes are to be processed efficiently.</p> <ol style="list-style-type: none"> 4. More time for MTA's to get the best solution. The final solution is not very customer friendly. The solution was developed without everyone present at all discussions. <p>Recommendation: Challenging / complex changes to have all relevant stakeholders attend at the same time the solution design development and final approval.</p> <ol style="list-style-type: none"> 5. There needs to be an overall re-haul as to how we use promap as a team. It is different between PEOs and Planners, and where documents are stored (promap v ECM v website) probably needs to be reviewed. <p>Recommendation: List on the improvement project list.</p>
System and User testing of the final solution prior to going live.	<ol style="list-style-type: none"> 1. The testing was carried out professionally and timely and any issues were forward to the Business Analyst. These were sorted quickly and were able to be delivered in a timely manner 2. Was great to have input from multiple users for testing, particularly end users prior to going live. 3. Testers were patient and provided good feedback. 	<ol style="list-style-type: none"> 1. That staff were not informed of the importance of testing timeframes so that testers could efficiently manage it within their day to day duties. 2. Consider more time for testing and/or more testers. <p>Recommendation: Prior to testing starting induct all testers on the process and timeframe and be clear how to resource this.</p>
Training of staff	<ol style="list-style-type: none"> 1. The training was quality. 2. Good resources were provided. 3. Follow up email after go live re assessment changes really helped. 4. Training was enhanced with the assistance of experienced users assisting the trainer. 5. Staff were willing to ask questions 6. Staff became familiar with the changes through 	<p>Recommendation: Although the evaluation of the training achieved a 93% good or better training rating there were aspects that could have been done better. The following comments below are good suggestions when planning training around these types of regulatory changes.</p> <ol style="list-style-type: none"> 1. Do a reminder email just day before go live, with important information for people to remember.

Project Area	a. What Went Well	b. Would have done differently
	<p>training.</p> <p>7. Undertaking appropriate training for all external stakeholders ensured on one was left out.</p> <p>8. Calendar events were set up well in advance to enable as many as possible to attend training</p>	<p>2. Re-iterate in email what documents they have access to and should be referring to.</p> <p>3. Make sure planners know who their champions are – i.e. who to turn to with questions.</p> <p>4. Need to not assume peoples existing level of understanding. Need to make sure everyone is on the same base level of understanding before you try to build on that understanding with the new changes.</p> <p>5. Plan post go live training with new users (planners) to seek feedback and make sure people know and are comfortable with the new process.</p> <p>6. Maybe hands on training rather than presentation to a group.</p> <p>7. More interactive training more examples and scenarios. Needed more time to prepare this after completing design.</p> <p>8. Do training closer to go live date. Split into an early session - what the customer will need to know which could be done the week or two weeks before.</p> <p>9. Then on the same day as go live or one day before go live do training on how to actually use the system.</p> <p>10. Refresher training scheduled post go live.</p> <p>11. We could have also communicated earlier to the planners that they would have training regarding the changes prior to the changes being implemented.</p>
Live Implementation preparation and approving the final live solution	<p>1. The Implementation was very well managed with the luxury of being able to use all the P & R environments – Test, Training, and Live</p> <p>3. Live implementation preparation was great. Considered this to be necessary and helpful.</p>	
Post Implementation support	<p>1. Good support was provided.</p> <p>2. Each team benefited by having members on the project team who had in-depth knowledge to the solution and processing steps.</p> <p>3. A register was set up to record issues and visibility of resolutions.</p> <p>4. Champions were set up and available to assist.</p> <p>5. Post go live meetings were deemed critical & an essential component in identifying and resolving issues immediately. Including identifying additional training requirements.</p>	<p>1. Not all people understood there were champions they could go to for assistance.</p> <p>2. Not all people knew how the post go live was progressing and what the key learnings from training were.</p> <p>3 Applications that related to the changes come in sporadically. Post go live period support was set for one month from go live which some considered to be too short.</p> <p>Recommendation:</p> <p>Pre go live have a clear communications strategy around:</p> <ul style="list-style-type: none"> • Support • Key learnings • Update on post go live experiences. <p>Extend the champions role to become the go to person for their speciality areas on an on-going basis.</p>
Other	<p>1. I have never been involved in a project that has been run like this one and I was impressed how well it went. And whilst we did come through a few issues along the way everyone worked as a team to resolve the issues.</p> <p>2. Overall happy with the project and the outcome.</p> <p>3. Leave schedule was good.</p>	<p>The following are various comments made by the Sponsor, Business Owners and project team members.</p> <p>1. The project seemed to take up quite a lot of internal consents staff time. It was just lucky we could fit this into our workload. There were lots of meetings. Meetings could have been held every 2nd week for 30 minutes only.</p> <p>2. Consider the spread of project over more internal planning staff, or consider a number of internal planners working on it full time as opposed to spreading it over the planners with BAU.</p> <p>3. Ensure all teams have two staff members involved. (e.g Natural Hazards did not).</p> <p>4. PM framework was intense for the level of changes and it made it more complex than the nature of the changes were. Consider using a paired back PM framework particularly around stakeholder management.</p> <p>5. Start the project 2-4 weeks earlier. Earlier focus on Natural Hazards would have been ideal but it was acknowledged the complexities around this.</p> <p>6. This survey could be done through survey monkey to save time anonymising and collating answers.</p> <p>Recommendation:</p>

Project Area	a. What Went Well	b. Would have done differently
		<ol style="list-style-type: none"> 1. The project management framework was new for the Consenting team. Some project members adapted quickly to it and very much liked it where as others did not understand the importance/ purpose of the meetings and monitoring focus. An introduction of the project management framework and its benefits at the beginning would have been mitigated many of the concerns raised. 2. How the staffing of the project team is configured is very much a decision made at the time of setting up the project. The general consensus was that having part time members (at least two per team) involved in the project had many benefits. 3. Start the project earlier. This would have caused less scrambling to get the project scoped, set up and the solution building started all at the same time. 4. Yes the use of survey monkey for the gathering of lessons learnt from such a large group is an efficient approach.

Open Meeting

To	Audit & Risk Committee
From	Tony Whittaker General Manager Strategy & Support
Date	29 November 2017
Prepared by	Melissa Russo Corporate Planner
Chief Executive Approved	Y
Reference #	GOV1318 / 1862758
Report Title	December update on progress against Audit issues

I. EXECUTIVE SUMMARY

The purpose of this report is to provide an update on progress against issues raised through the audits. The audits included are:

- Annual Report
- Cyber security systems
- Risk management
- Project management
- Procurement and contract management
- Council's Internal audits

Any procurement and contract management issues have been reported on in a separate report to this agenda.

2. RECOMMENDATION

THAT the report from the General Manager Strategy and Support be received.

3. SUMMARY OF PROGRESS

The tables below outline the areas and status of issues - either completed, in progress or pending since the last report in September.

Areas of audit issues – September

	Pending	Work in progress	Complete	Total
Audit New Zealand	4	5	17	26
Cyber security	21	5	8	*34
Internal audit	0	2	3	5
Procurement and contract management	0	8	7	*15
Risk management	9	6	22	37
Project management	2	8	23	33
Total	36	34	80	150

Areas of audit issues – December

	Pending	Work in progress	Complete	Total
Audit New Zealand	5	4	20	29
Cyber security	21	5	8	34
Internal audit	0	0	5	5
Procurement and contract management	0	7	8	15
Risk management	8	7	22	37
Project management	2	7	24	33
Total	36	30	87	153

* Two additional issues were raised in the Audit Management Report for the year ended 30 June 2017. These issues have been addressed and hence completed.

Pending issues are those classified as ‘yet to be determined if the recommendation will be actioned’ as the issue may be addressed through other controls. The pending actions are not a priority at this stage, however will be reviewed periodically.

Of the ‘work in progress’ issues, many of these are scheduled to be completed by the end of 2017 or early 2018.

Risk Management

Significant work has been undertaken on assessing the risk appetite of Council. Several workshops have been held with the Executive Leadership Team from which their recommendations were put to the Audit & Risk Committee in October. The Committee will have additional time with Council in December to complete this work and confirm the Appetite statements. Internal process training has been development for roll-out of the Appetite statements to staff in the New Year.

Project Management

The Project Management Forum (“PMF”) has put to tender the implementation of the recently generated Project Management Roadmap. This tender is due to close the week

ending 15th December 2017. It is envisaged that the tender will be evaluated and a preferred contractor identified prior to Christmas to allow the work to commence early in the New Year.

Information Management – Audit New Zealand

Automated PC patching has moved to include all recommended patches, not just security related patches. A new anti-virus platform is being rolled out. The IM team have started an “IM calendar” which contains the processes and ongoing actions for maintaining good practice against previous audit items. This is reviewed monthly for compliance. The network link between Ngaruawahia and Tuakau has been upgraded to improve replication for the DR set up and connectivity for staff. Work continues on IT service performance monitoring and reporting, and change management.

4. CONCLUSION

There is a total of 153 issues that have been raised by various audits across the organisation, 87 of which are complete, an improvement of 7 in the quarter. Staff are continuing to make progress on the remaining issues, many of which are to be completed by early 2018.

5. ATTACHMENTS

Combined audit recommendations

Audit Area	Domain	Recommendation/Action Required	Proposed Action/Plan - December A&R Committee comment	Who	By When	Status	Comments
AuditNZ	BC and DR Planning	Test	This is not complete and requires a lot of planning as a full test could create risk for the organisation. We have not progressed this due to other priorities and workload.	Julian	Jan 10 2018	Pending	251017 - Test will be turning off non critical server in NGA and turn on in TUA and test. Complete documentation of process. Planned for January due to current workloads.
AuditNZ	Contract management	Develop and implement a contract management system	Review TechOne solution, arrange demo and evaluate proposal to put up a business case. Detailed requirements to be incorporated in business case with options provided by TechOne.	Raj Java	Dec-17	Work in progress	Contract management software would be critical to help support the simplified processes established. Once requirements are finalised and communicated to TechOne, a proposal for configuration of their solution would need to be incorporated in a business case.
AuditNZ	IT Service performance	Monitoring and reporting	We have not progressed this due to other priorities and workload.	Susan	Jan 30 2018	Pending	251017 - SLA reporting to be introduced with ME upgrade in November 2017. And finalised in January 2018.
AuditNZ	IT Service performance	Change Management	We have not progressed Change Management due to other work.	Julian	TBC	Pending	251017 - still to be planned
AuditNZ	Segregation of duties	Establish controls for a 'one up' approach to the approval purchase orders	The current EPO setups allow for 92 staff to raise purchase orders on behalf of council. 6 of these do not have delegations so have 'write-only' access (i.e. someone will always have to approve), 16 are managers who can only approve (this forces the higher delegation levels to always have someone else in the transaction) and the remainder can raise, receipt and approve within their delegation - anything higher requires a one-up approval. It is the set up of these 70 staff that the team will review.	Alison	Dec-17	Work in progress	The revised procurement programme will re-schedule investigation of one-up approvals over the next two years. The intention is to avoid any roadblocks in procurement that may arise from the requirement to be readily accessible to emails.
AuditNZ	Service performance reporting	Job summary sheets that record the date and times the job started and finished	A mobile solution is currently being implemented and will provide us with the relevant information and an audit trail. We are in discussions with Downer and City Care about how their systems work and whether we can implement a similar system.	Karl	TBC	Pending	
AuditNZ	Systems Updates	Create IT asset register		Phil	Jan 30 2018	Work in progress	251017 - looking to refresh PC register with ME upgrade Nov 2017. Tablets being reviewed before Dec 2017.
AuditNZ	Systems Updates	All devices have virus definition updates and patches applied	WSUS server has been refreshed and updated. All Windows PCs now have key security updates applied automatically. Further work on Antivirius is in progress.	Wade	Jan 30 2018	Work in progress	251017 - Sophos chosen, implementation started. PC patching for all Windows patching is in test. Server schedule confirmed, key security patches applied to most.

AuditNZ	User Access	Review of users who have remote access	The policy has been reviewed. A full review of staff with remote access has not been completed due to priorities and workload.	Niall	TBC	Pending	251017 - Active Directory is terminated when staff leave, this removes remote access immediately for ex-staff. A full review of staff with remote access has not been completed due to priorities and workload.
Cyber Security	Bus Own and Direction for IT	Rec01: Formalise business owners for major information assets and information systems	The IM team are now working on the implementation of the Service Catalogue within our Helpdesk system and starting business relationship meetings with key business units to identify the system owners.	Mark	TBC	Work in progress	251017 - Completing this is not the exclusive responsibility of IM and requires commitment from across the council. IM has documented the roles and these are being picked up by some departments.
Cyber Security	Bus Own and Direction for IT	Rec02: Business owners (from Rec01) formalise information security requirements for the assets owned		ELT	Pending outcome of above recommendation	Pending	
Cyber Security	Bus Own and Direction for IT	Rec03: Integrate ICT governance in to council governance processes		ELT		Pending	
Cyber Security	Bus Own and Direction for IT	Rec05: Review and report on internet sites visited to gauge use of shadow IT and cloud	Recommendation still being considered	IM	TBC	Pending	251017 - Completing this is not the exclusive responsibility of IM and requires commitment from across the council. We have asked for greater control of budget to reduce ability to buy licences and subscriptions.
Cyber Security	Bus Own and Direction for IT	Rec06: Raise awareness on ICT strategy and use of shadow IT and cloud	We have not progressed this due to other priorities and workload.	Mark	TBC	Pending	251017 - Completing this is not the exclusive responsibility of IM and requires commitment from across the council. We have asked for greater control of budget to reduce ability to buy licences and subscriptions.
Cyber Security	Bus Own and Direction for IT	Rec07: Utilise ICT strategy and resource management to identify resource gaps	See item on line 38	Mark	TBC	Pending	251017 - IM team working in iterations and with kanban boards for greater visibility.
Cyber Security	Bus Own and Direction for IT	Rec08: Improve employee engagement	Connections leadership training almost complete, Ilume team coaching programme 50% complete. ELT to consider next steps in terms of People leader development. HR Manager is currently developing a future work programme.	ELT & HR	Ilume due to finish prior to Christmas	Work in progress	Connections leadership training almost complete, Ilume team coaching programme 50% complete
Cyber Security	Bus Own and Direction for IT	Rec09: Identify and address cases of skills dependency in IM team	A request for additional positions and a small structure change to IM was submitted to ELT in June. Further options were requested. This work has not been completed.	Mark	Submitted	Work in progress	251017 - Updated business case submitted with other LTP cases. Mark to follow up.
Cyber Security	Bus Own and Direction for IT	Rec10: Review, improve and periodically test Business Continuity Plans		IM	Jan 30 2018	Work in progress	251017 - IM have a BCP. Also updating back up hardware. Periodically test back up process. Will do test of DR set as per line 8.

Cyber Security	Employee and contractor practices	Rec01: Review and improve employee agreements and induction in terms of information security requirements, record keeping and outlining disciplinary processes	Snaphire the new recruitment system allows for secure document management which is being utilised.	HR & IM	TBC	Pending	251017 - Mark to discuss with Vanessa.
Cyber Security	Employee and contractor practices	Rec02: Improve management of disgruntled employees		HR & leaders		Pending	
Cyber Security	Employee and contractor practices	Rec03: Undertake targeted training for employees who handle sensitive information and/or for instances of poor practices.	Recommendation still being considered	HR, IM & Comms	TBC	Pending	251017 - Mark to discuss with Vanessa.
Cyber Security	Employee and contractor practices	Rec04: Outline information security requirements in employees job descriptions	Recommendation still being considered	HR & IM	TBC	Pending	251017 - Mark to discuss with Vanessa.
Cyber Security	Employee and contractor practices	Rec05: Improve clarity and transparency around security roles and responsibilities		IM / HR & ELT	TBC	Pending	251017 - requires stronger business ownership. IM looking at persona definition.
Cyber Security	IM practices	Rec01: Undertake periodic testing of Disaster Recovery Plans	We have not progressed this due to other priorities and workload.	IM	TBC	Pending	251017 - See earlier DR / BCP actions under Audit NZ
Cyber Security	IM practices	Rec06: Review and improve asset management, monitoring and capacity planning (including for environment support systems)	Device Registers are under development, especially for PCs with the current roll out of new PCs	IM	Jan 30 2018	Work in progress	See IT Asset Register under Audit NZ
Cyber Security	IM practices	Rec07: Undertake periodic penetrations tests for critical systems, internal applications interfaces and internet-facing systems	We have not progressed this due to other priorities and workload.	IM	TBC	Pending	251017 - Have added as a regular task on calendar.
Cyber Security	IM practices	Rec08: Review and improve communications plan for incident response	We have not progressed this due to other priorities and workload.	IM & Comms	TBC	Pending	See earlier DR / BCP actions under Audit NZ
Cyber Security	IM practices	Rec09: Review and improve monitoring for security incidents, incident response plan, patch management, change control and release management processes	Aspects of this are underway, for example, we now have a regular server patching program in place. The full range of the items in the recommenndation have not been completed.	IM	TBC	Pending	251017 - ME upgrade in November will improve reporting.
Cyber Security	IM practices	Rec11: Include link to scam advice on public website and in emails to members of the public	We have not progressed this due to other priorities and workload.	IM	TBC	Pending	251017 - Recommendation still being considered
Cyber Security	Mngt of external suppliers	Rec01: Review and improve contracts with service providers for coverage of information security requirements, service transition and termination and right to audit		Legal & Procurement		Pending	
Cyber Security	Mngt of external suppliers	Rec02: Review Service Level Agreements with service providers and include penalties where relevant		Procurement & IM		Pending	
Cyber Security	Mngt of external suppliers	Rec03: Undertake service provider management including performance monitoring		Procurement & IM		Pending	
Cyber Security	Mngt of external suppliers	Rec04: Perform pre-planning for cases of change to service provider and review contracts for changes required		Procurement & IM		Pending	
Cyber Security	Mngt of external suppliers	Rec05: Review contractor agreements in terms of information security requirements, record keeping and non-disclosure agreements		Legal & Procurement		Pending	
Cyber Security	Mngt of external suppliers	Rec06: Require vendors to use secure development practices and vulnerability testing for applications		Legal & Procurement		Pending	

KPMG review of Procurement and Contract Management	Contract management	3) Perform a sample-based check of all newly created contracts on a six-monthly basis to identify and reinforce compliance. 4) Ensure that adequate documentation and evidence of due processes followed by WDC staff is maintained to support WDC's decision relating to supplier contracts.	Audit on contracts process during the first quarter of the year will be conducted to check compliance to new processes.	Raj Java	Oct-17	work in progress	Audits commenced on sample basis.
KPMG review of Procurement and Contract Management	Contract management	Specify whether a finance team member and/or the Procurement Manager should be part of the tender evaluation team where the procurement reaches a certain value or risk threshold.	Lack of certified evaluators has been addressed. Four staff are enrolled in the Infrastructure Purchasing qualification which will support internal capabilities and add credibility to evaluations done.	Raj Java	Mar-18	Work in progress	The qualification process could take between 9 to 12 months.
KPMG review of Procurement and Contract Management	Contract management	Implement a supplier performance measurement framework and strengthen supplier performance monitoring. 1) Develop and implement a performance management framework for measuring and monitoring contractor performance against agreed KPIs. This should form part of the Contract Management Policy.	Performance measurement guidelines have been provided in the new procedures that needs to be supported by supporting a contract management system to capture and report performance. Manual monitoring will be adopted in the interim to monitor supplier performance by measuring against NZTA's PACE scoring templates.	Raj Java	Jul-18	Work in progress	Option to use Technology One solution for contract management will be need to reviewed against our requirements. Demo evaluation planned in September/October to support business case.
KPMG review of Procurement and Contract Management	Contract management	Strengthen tracking of supplier spend. 1) Implement a regular spend analysis which should include: • Review of expenditure incurred by supplier. Where spend with a supplier is over the anticipated value, consideration should be made whether additional due diligence/checks needs to be performed in line with the policy. • Review of expenditure by category/nature of spend. Identify opportunities to consolidate spend with suppliers. • Review of expenditure by contracted and non-contracted suppliers. Where spend with non-contracted expenditure exceeds a predetermined threshold (e.g. \$50K), consider entering into negotiations with the respective supplier to formalise a contract and agree better trading terms.	This is being done manually but a better approach is to use Data Analytics tools. ArcBlue and KPMG have demonstrated what can be achieved through this capability and based on this review, suitable process will be defined and resources arranged.	Raj Java	Dec-17	Work in progress	This will be an annual activity once the process has been established. It is expected that improvements will be visible by increasing % spend through preferred suppliers.

KPMG review of Procurement and Contract Management	Procurement	Develop a procurement strategy and ensure consistency and clarity of procurement guidelines. 1) WDC should consider developing a procurement strategy. The strategy should set out: <ul style="list-style-type: none"> • procurement aims and objectives for the next 3 to 5 years • procurement vision • demonstrates the support by senior management • maps out the major initiatives to be addressed in the forthcoming 3 to 5 years • WDC's public commitment to maintain and improve the day-to-day procurement work within WDC and emphasises a determination to make continual improvements in that work • framework upon which WDC's procurement policy and procedures are based • objectives against which progress can be measured and reported 2) Review procurement guidelines to ensure there is consistency between procurement policy, the manual and ProMapp process descriptions.	With the completion of the process simplification exercise, the balance work of integrating our strategy, policy and manual to the new defined processes needs to be completed.	Raj Java	Dec-17	Work in progress	2) No longer applicable – per above
KPMG review of Procurement and Contract Management	Procurement	Strengthen supplier vetting and improve monitoring over duplicate supplier accounts. 1) Update the new supplier form to include checks for conflict of interest declaration by staff involved in the procurement and approval by the Zero Harm team where applicable. 2) Instruct staff to complete new supplier form before committing WDC to procure goods/services from a new supplier.	A manual process to create new supplier request has been put in place which include Conflict of Interest Declaration. However requires some work to automate this through CIAnywhere which will be possible only after the upgrades are completed by TechOne later this year.	Raj Java	Dec-17	Work in progress	The new process to be based on ECM workflow will record Conflict of Interest declaration by requestors of new supplier additions and will be reviewed by procurement manager before approval is granted.
KPMG review of Procurement and Contract Management	Procurement	Perform supplier rationalisation and spend monitoring. 1) Perform supplier spend monitoring on a regular basis to identify opportunities for formalising arrangements with suppliers (including invoice consolidation) for potential cost savings and ensure appropriate levels of due diligence checks are performed. 2) Consider developing a preferred supplier listing over high volume procurement areas and communicate across the organisation to consolidate supplier spend for potential cost savings.	Currently a manual process is being used to monitor spend across all suppliers. ArcBlue and KPMG have presented options for procurement data analytics which can facilitate easy to monitor trends and outliers. Need to review and finalise best option to consider.	Raj Java	Dec-17	Work in progress	Using Data Analytics and procurement dashboards improves visibility and would provide signals of abnormal or process deviations in a timely manner to introduce controls to mitigate risks.
Project Management	Adoption of Framework	Enrol project personnel to help pilot the tool to establish buy in.	To be workshopped with PMF	PMF & PMA	Jan-18	Work in progress	To be conducted with PMF as part of on-going programme of works. Work on this will commence after the upgrade 31/08/2017)

Project Management	Adoption of Framework	Ensure the tool has demonstrable benefits for the user to encourage voluntary adoption. This means targeting the pain points of project teams today. For example, the tool may integrate with finance system to track costs incurred, to avoid dual entry against budget. Another example is where the user can intelligently import an existing project plan that was externally developed.	To be workshopped with PMF	PMF & PMA	30/12/2017	Pending	
Project Management	Adoption of Framework	Win positive feedback from smaller user communities before rolling out too widely (given the diverse nature of projects at council).	To be workshopped with PMF	PMF & PMA	Jan-18	Work in progress	PMF and broader org project group established. Rocket Projects engaged to assist with project based on change management.
Project Management	Methodology	Project Reporting - Specify information which must be included in project reports, frequency of reporting, and how reporting should differ based on the nature of the project, audience reported to etc. Link this aspect to approved templates to facilitate consistency across the organisation.	Recommendation to be developed by PMF .	PMF	Jan-18	Work in progress	Reports have been created with specific information defined in fields. These reports need to be reviewed and approved by PMF to ensure cross organisational agreement. This work will take place starting October 2017
Project Management	Methodology	Resource Management - While resource allocation will differ considerably across enterprise, explain the key methods and how capacity is managed in total. Also, provide useful checklists for resource requirements and costing methods.	Scheduled as part of the Project Management Forum Programme of Work: PM Enterprise Portfolio Framework. Detailed timeline expected Nov 2017 (BC required)	ELT & PMF		Work in progress	This body of work commenced May 2017 as part of the Project Management Forum Programme of Work: PM Enterprise Portfolio Framework
Project Management	Methodology	Link to Contract Management expectations - Clarify Councils project governance and project management roles where some or all parts of a project are contracted out. For example, even though a project may be contracted out from a delivery perspective Council still requires visibility of risks which it continues to own.	Scheduled as part of the Project Management Forum Programme of Work: PM Standards. Detailed timeline expected Nov 2017 (BC required)	ELT & PMF		Work in progress	This body of work is scheduled to take place Sept 2017 as part of the PMF programme of Works : PM Standards Project
Project Management	Practices	Encourage project managers to attend project management networking events where they can share their good and bad personal experiences for others to learn from.	Scheduled as part of the Project Management Forum Programme of Work: PM Continuous Improvement. Detailed timeline expected Nov 2017 (BC required)	PMF & PMA	Jan-18	Work in progress	PMF have developed project to create and develop work streams to deliver against this recommendation. Work-streams to be completed by April 2017.
Project Management	Practices	Have project managers peer review projects to reinforce the project management steps and personally experience the effects of poor quality documentation. Training can be made engaging through combining peer review reports, post audit insights and networking events.	Scheduled as part of the Project Management Forum Programme of Work: PM Continuous Improvement. Detailed timeline expected Nov 2017 (BC required)	PMF & PMA	Jan-18	Work in progress	PMF have developed project to create and develop work streams to deliver against this recommendation. Work-streams to be completed by April 2017.

Project Management	Practices	Specific training may be required where projects are contracted out. This is to ensure sufficient Council visibility of project management areas. The reporting should meet the informational needs of Council. For example, reporting on risks should align with Councils risk matrix so that projects can be measured consistently.	Scheduled as part of the Project Management Forum Programme of Work: PM tools. Detailed timeline expected Nov 2017 (BC required)	PMF & PMA	30/12/2017	Pending	
Risk Management	Risk Culture	Risk Management should be formalised as part of the team meeting agendas. Responsibility to lead the risk discussion should be rotated among the team to shift the mind-set that risk management is primarily led by senior management.	On track - to be completed post ELT Risk Management Training (31/08/2017) and RAS workshop (07/09/2017).	ELT		Work in progress	Discussions with ET 2/2/2017. Monthly reporting to begin with ORA progress. Post ORA reporting schedule to be implemented. BA has created first draft of reporting format.
Risk Management	Risk Culture	Consider introducing risk management into employee performance plans to encourage the desired risk management culture and behaviours.	On track - to be completed post ELT Risk Management Training (31/08/2017) and RAS workshop (07/09/2017).	ELT		Pending	
Risk Management	Risk Culture	Consider enhancing the dissemination of risk management information down through business line personnel. For instance, at each ARC meeting, 4 top key risks are selected for detailed discussion and action monitoring. Management should consider sharing the information and actions arising from these discussions with the business line personnel.	On track - to be completed post ELT Risk Management Training (31/08/2017) and RAS workshop (07/09/2017).	A&R		Pending	
Risk Management	Risk Culture	Risk management awareness sessions and trainings should be considered to enhance risk management capability in the organisation.	This item is on track. RAS workshop scheduled for 07/09/2017.	Risk Coordinator	Jan-18	Work in progress	Training package to be created post RMF review completed and RAS captured. Currently, knowledge gaps being identified through meetings with Business Unit Managers and Team Leaders as operational registers are being reviewed. All initial Risk Tool Training has been completed.
Risk Management	Risk Governance	The existing Risk Management Framework and Policy are dated February 2013 and March 2014 respectively. These need to be updated. This presents an opportunity for WDC to align the framework with the strategic objectives of the organisation and the key elements of a risk management process.	Policy pending approval from ELT scheduled 28/07/2017. This item is on track. To be completed post RAS workshop (scheduled for 07/09/2017).	Risk Coordinator	Feb-17	Work in progress	In progress as part of ORA. Reviewed policy has been drafted and approved by Continuous improvement. To CE and CWP next.

Risk Management	Risk Governance	Council level thresholds for escalation and reporting are not defined. Currently there is quarterly reporting on the organisational risk register (ORR).	On track - to be completed post ELT Risk Management Training (31/08/2017) and RAS workshop (07/09/2017).	Risk Coordinator & ET	Jan-18	Work in progress	Framework clearly captures thresholds for reporting. Meeting ET on 2/2/2017 to explore reporting requirements. Meeting with BA 23/02/2017 to explore reporting formats. Draft formats ready for review. Final reporting medium to be decided post ELT training with KPMG. Likely implementation date post October ARC.
Risk Management	Risk Governance	Risk management understanding and capability is limited in the business to use risk management in business as usual activities. There is a need for more guidance and coaching for the business to enable risk information to be used in day to day business and decision making.	On track - to be completed post ELT Risk Management Training (31/08/2017) and RAS workshop (07/09/2017).	Risk Coordinator	Jan-18	Work in progress	Complete training package to be created post RMF review completed and RAS captured. Currently, knowledge gaps being identified through meetings with Business Unit Managers and Team Leaders as operational registers are being reviewed. All Risk Tool training completed.
Risk Management	Risk Management & Monitoring	A process to test or validate the effectiveness of management's current activities to mitigate or reduce risk to acceptable levels should be considered (i.e. Internal Audit). These processes are relied upon by Council, ET, and external parties to gain confidence in the appropriateness and effectiveness of risk mitigation, responses, and action plans.	Recommendation still being considered	ELT		Pending	
Risk Management	Risk Reporting & Insight	Review the current risk reporting to ARC and ensure there is a consistent criteria based on which key risks are selected for quarterly reporting. The criteria should be discussed and approved by the ARC.	On track. To be completed post RAS workshop (07/09/2017). Updated framework will clearly capture report requirements and expectations.	A&R, ELT and Risk Coordinator		Pending	
Risk Management	Risk Reporting & Insight	Council and ET reporting processes need to be defined so that there is alignment with Council expectations and risk appetites. Council and ET's risk reporting requirements are vital to the effective discharge of their risk oversight responsibilities. It is also focused on supporting decision making.	On track. To be completed post RAS workshop (07/09/2017). Updated framework will clearly capture report requirements and expectations.	ELT & Risk Coordinator		Pending	
Risk Management	Risk Reporting & Insight	The number of key controls reported to the ARC should be reviewed. Management may want to report key risks identified as a result of the top down risk identification and assessment once implemented.	On track. To be completed post RAS workshop (07/09/2017). Updated framework will clearly capture report requirements and expectations.	ELT		Pending	

Risk Management	Risk Reporting & Insight	A process has not yet been identified for monitoring or reporting incidents. An incident monitoring process for all risk areas of the organisation, including reporting processes needs to be implemented.	On track. To be completed post RAS workshop (07/09/2017). Updated framework will referene process.	Risk Coordinator	Jan-18	Work in progress	Formal incident reporting processes have recently been implemented within the organisation. ORA to include a process review to identify if incidents relate identified risks and how to engage the evaluation process with risk/incident management in the context of CI. This will also require a process for evaluating if the possibility of incident recurrence requires escalation onto the risk register.
Risk Management	Risk Strategy & Appetite	Create a clear linkage to WDC's strategic objectives and/or community outcomes to ensure that all risks associated with strategic objectives have been completely considered and are being mitigated appropriately. We recommend that risks are considered as key aspects of the annual planning and discussed by the Executive Team (ET) and the Council when setting up strategic objectives and/or community outcomes. Other opportunities include framing key planning activities such as asset management and district plan development such that risk discussions become more live and visible.	On track - scheduled for October 2017 (to allow KPMG training and RAS workshop to be conducted, September)	ELT & Risk Coordinator		Pending	Delayed to accommodated ELT training with KPMG
Risk Management	Risk Strategy & Appetite	Ensure alignment between the documented risk appetite levels and relevant Council policies.	On track. To be completed post RAS workshop (07/09/2017). Updated framework will clearly capture report requirements and expectations.	Risk Coordinator	Feb-18	Work in progress	RAS still to be finanlised and completed at december A&R committee meeting.
Risk Management	Risk Strategy & Appetite	Communicate the RAS to the wider organisation, or at least mid tier management levels.	To be provided as an organisational communication through the project engagement plan post workshop 07/09/2017 and ARC 22/09/2017.	ELT	Sep-17	Pending	This piece of work cannot commence until WDC RAS has been agreed (Aug 2017).

Open Meeting

To	Audit & Risk Committee
From	Tony Whittaker General Manager Strategy & Support
Date	04 December 2017
Prepared by	Sharlene Jenkins PA General Manager Strategy & Support
Chief Executive Approved	Y
Reference #	GOV1318 / 1866651
Report Title	Updated Future Workplan

I. EXECUTIVE SUMMARY

The purpose of this report is to present an updated Future Work Plan for the Committee's information.

2. RECOMMENDATION

THAT the report from the General Manager Strategy & Support be received.

3. ATTACHMENTS

Updated Future Work Plan

AUDIT & RISK COMMITTEE

Updated Future Work Plan

Date	Key meeting topic	Standing items for all meetings
22 March 2018	<ul style="list-style-type: none"> Review of CCO Statements of Intent Annual Report Programme 	<ul style="list-style-type: none"> H&S update on H&S performance against agreed targets, systemic issues identified which can be fed into the risk control framework Rolling review of bylaw & policies – schedule to be agreed Post project appraisals on key investments. Update on progress against Audit management report Update on risk management actions, progress on mitigations and direction of travel of risk
July 2018 Date to be confirmed	<ul style="list-style-type: none"> Risk Management framework Internal Audit Programme (deferred) Annual Report Programme Compliance External contracts 	
27 September 2017	<ul style="list-style-type: none"> Review of Audit & Risk Committee performance against Terms of Reference Annual Report Insurance review 	
December 2018 Date to be confirmed	<ul style="list-style-type: none"> H&S Management framework Audit Management Report Review Risk Appetite 	

Open Meeting

To	Audit & Risk Committee
From	Gavin Ion Chief Executive
Date	30 November 2017
Prepared by	Rose Gray Council Support Manager
Chief Executive Approved	Y
Reference #	GOV1301
Report Title	Exclusion of the Public

I. EXECUTIVE SUMMARY

To exclude the public from the whole or part of the proceedings of the meeting to enable the Audit & Risk Committee to deliberate and make decisions in private on public excluded items.

2. RECOMMENDATION

THAT the report of the Chief Executive be received;

AND THAT the public be excluded from the meeting to enable the Audit & Risk Committee to deliberate and make decisions on the following items of business:

Confirmation of Minutes dated 31 October 2017

REPORTS

a. Fraud Declaration

The general subject of the matter to be considered while the public is excluded, the reason, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 are as follows:

Reason for passing this resolution to withhold exists under: **Ground(s) under section 48(1) for the passing of this resolution is:**

Section 7(2)(a)

Section 48(1)(a)(d)

b. Register of Members' Interest – Elected Members and Senior Staff

The general subject of the matter to be considered while the public is excluded, the reason, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 are as follows:

Reason for passing this resolution to withhold exists under: Ground(s) under section 48(1) for the passing of this resolution is:

Section 7(2)(f),(h),(i),(j)

Section 48(1)(3)(a)(d)

c. Committee Time with Audit New Zealand

The general subject of the matter to be considered while the public is excluded, the reason, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 are as follows:

Reason for passing this resolution to withhold exists under: Ground(s) under section 48(1) for the passing of this resolution is:

Section 7(2)(f)(g)(h)(i)(j)

Section 48(1)(a)(d)

AND FURTHER THAT Ms Devlin (Chair), Mr Pieterse and Ms Procter (Audit New Zealand) remain in the meeting after the public has been excluded to chair/facilitate the discussion on items in PEX 7 [Public excluded items] in the public excluded section of the meeting.

3. ATTACHMENTS

Nil