AUDIT AND RISK COMMITTEE
Open Agenda

Meeting Date:	Thursday 11 October 2018
Time:	1.00pm
Venue:	Council Chamber Hawke's Bay Regional Council 159 Dalton Street Napier

Committee Members	John Palairet (In the Chair), Mayor Bill Dalton, Geoff Foster, Councillor Claire Hague, Councillor Graeme Taylor and Councillor Kirsten Wise
Officer Responsible	Director Corporate Services
Administration	Governance Team

Next Audit and Risk Committee Meeting
Thursday 6 December 2018

Napier Civic Building
231 Hastings Street
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ORDER OF BUSINESS

Apologies

Nil

Conflicts of interest

Public forum

Nil

Announcements by the Mayor

Announcements by the Chairperson

Announcements by the management

Confirmation of minutes

Agenda items

Public excluded

AGENDA ITEMS

1. HEALTH AND SAFETY REPORT

Type of Report:	Operational
Legal Reference:	Health and Safety at Work Act 2015
Document ID:	433376
Reporting Officer/s & Unit:	Sue Matkin, Manager People & Capability

1.1 Purpose of Report

The purpose of this report is to provide Audit and Risk with an overview of the health and safety performance as at 31st August 2018.

Officer's Recommendation

That the Audit & Risk Committee:
a) Receive the Health & Safety report as at 31 August 2018.

Committee's Recommendation

That the Committee resolve that the officer's recommendation be adopted.

1.2 Background Summary

N/A

1.3 Issues

N/A

1.4 Significance and Consultation

N/A

1.5 Implications

Financial

N/A

Social & Policy

N/A

Risk

N/A

1.6 Options

The options available to Council are as follows:

a. N/A
b. N/A

1.7 Development of Preferred Option

N/A

1.8 Attachments

A   Health and Safety Report as at 31st August 2018 ⇩

INFORMATION PAPER

TO:	NCC Council and Risk & Audit
REPORT DATE:	3 September 2018
PREPARED BY:	Sue Matkin
SUBJECT:	HEALTH & SAFETY STATISTICS
AGENDA ITEM	AUGUST 2018 H&S REPORTING

PURPOSE
The purpose of this report is to provide all NCC Staff with an overview of the health and safety performance as at **31 August 2018.**

SUMMARY – KEY PERFORMANCE INDICATORS
August LTIs - 1

Reported Incidents (Total Company)	June 2017	June 2018	July 2017	July 2018	August 2017	August 2018	YTD 2018	YTD 2019	Targets FY18
Lost time injuries (LTIs):	1	1	0	0	0	1	0	1	<=10
Medically treated injuries (MTIs):	2	0	1	1	4	2	5	3	<=40
Total recordable injuries (MTIs + LTIs):	3	1	1	1	4	3	5	4	<=50
Near miss/hit & property damage reporting	28	8	11	14	23	15	34	29	>=180
Incidents Involving Public using our facilities	5	9	13	14	11	4	24	18	<=200
Significant Incidents or Accidents involving Contractors	2	0	0	1	2	0	2	1	<=10

LTIs and MTIs YTD as at 31 July 2018 (Comparison between FY18 and FY19)
- 1 LTI for FY18/19 compared to previous FY. (July / Aug) **3 days since last LTI**
- 40% decrease in MTIs
- 20% decrease in TRIs

	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
FY13	0	2	1	1	1	1	0	1	0	1	1	1	10
FY14	2	0	1	1	1	0	0	0	1	1	0	1	8
FY15	0	1	1	2	0	0	3	2	0	0	0	0	9
FY16	1	2	0	1	1	2	1	2	3	0	4	3	20
FY17	1	1	2	0	2	2	1	2	0	0	0	1	12
FY18	0	0	2	1	2	3	0	0	1	0	0	1	10
FY19	0	1											1

LTI's Monthly FY13-FY19
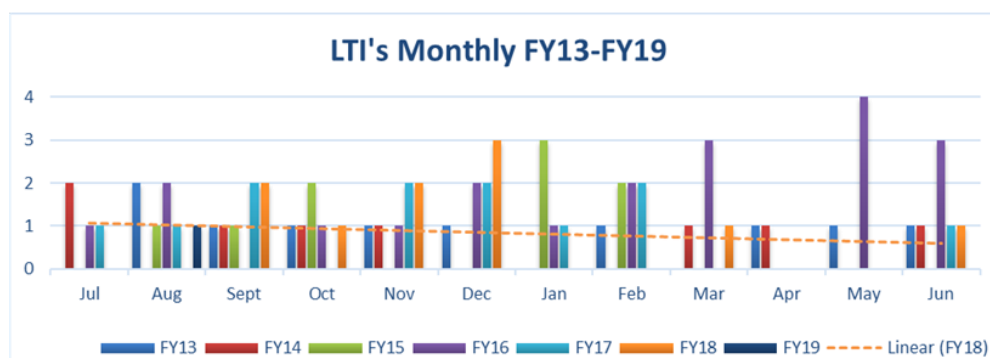
HEALTH AND SAFETY PERFORMANCE LEAD INDICATORS AS AT AUGUST 2018

Lead Indicators	Detail	June 18	July 18	Aug 18	YTD 19	Full Year Target FY19
Body discomfort reporting (1 in 5 people)	An early intervention programme to resolve the cause of the discomfort in the workplace and/or medical treatment before developing into chronic pain and an injury. Online e-learning videos are part of the programme. Resolutions:	6	4	3	7	=<50
Work Station Assessments (10 / 10)	New employees receive workstation assessments and e-learning videos. Re assessments completed as required or where new areas or equipment set up. • New Employees • Existing Employees in different BU/Area/New desks or chairs	8	13	8	21	100%
Near miss incident reporting	Incidents without an injury reported. 510/12 months = 42pm	8	14	15	29	180
Incident investigations	All LTIs and MTIs investigations commenced within seven days of the event. • KP	1	0	0	0	100%
Health and Safety Meetings	Health and safety meetings at each workplace. • Civic Committee • Community Services • City Services • Lead Committee	4	4	4	8	30
Internal Health and Safety Audits (1 per week)	Health and safety audit of health and safety management system at nominated workplaces. • Drainage, x2 • Mechanics Workshop • Cleaning Team • Sportsgrounds x2 • Mobile Gardens	4	5	7	12	52
Contractor Health & Safety Audits and/or Safety Observations	**Contractor Audits / Safety Observations** • Landscape Solutions HB • Higgins, Hastings Street	5	8	2	10	26
Planned visible leadership - workplace health & safety observation &conversation	Workplace health and safety observations, including a conversation with staff during a workplace visit by a core management team member. Walk around chats HS safety observation 1 per quarter Attend HS mtgs e.g. toolbox 3 per year	32	20	25	45	240
Planned visible leadership – participating in a health and safety meeting	SLT team member participating in a workplace or work group health and safety meeting at the workplace or joining a conference call.	45	24	26	50	250
Inductions	New Staff inducted to Napier City Council or staff who have moved business unit and re-inducted	12	10	8	18	100%
Safety Alerts	Safety alerts published to educate and prevent the same or similar injury occurring again. • Speed of Vehicles by Civic Bldg	0	1	0	1	10

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HEALTH AND SAFETY PERFORMANCE LAG INDICATORS AS AT AUGUST 2018

Lag Indicators	Detail	June 18	July 18	Aug 18	YTD 18	Full Year Target FY19
Number of Total Recordable Injuries	Injuries requiring treatment by a professional health provider e.g. Doctor Injuries includes MTIs and LTIs	0	1	3	4	<=50
Lost Time Injuries	Total incapacity – unable to work any hours. • KP – Shoulder injury while taking washing out of drier	1	0	1	1	<=10
Medically Treated Injuries	Capacity to work normal duties or restricted duties.	0	1	3	4	<=40
Days Since Last LTI	Total number of days since the last lost time injury for employees.	22	53	3	3	>=200
ACC Work Injury Entitlement Claims	Entitlement claims are where the injured worker **is off work for more than 7 calendar** days on weekly compensation. • KP	1	0	1	1	90%

HEALTH AND SAFETY OTHER REPORTING

Other	Detail	June 18	July 18	Aug 18	Result YTD 18/19
Significant incident	An event in a different circumstance may result in serious harm. • N/A	0	0	0	0
Significant Issues or Incidents Involving Contractors	An event involving a Contractors causing significant concern	0	0	0	0
HSWA, Regulations, WorkSafe Updates and/or notifications	Any updates communicated to management.	0	0	0	0
Return To Work in Progress	Employees who are on a return to work programme. • N/A	1	0	1	0

Training	No Staff
First Aid	4
Working at Heights	2
Fall Arrest	2
Site Traffic Mngmnt Supervisors (STMS)	4
Traffic Controller (TC)	3
Permit to Work	1

2.   RISK MANAGEMENT REPORT

Type of Report:	Information
Legal Reference:	N/A
Document ID:	433390
Reporting Officer/s & Unit:	Ross Franklin, Consultant
	Rachael Horton, Manager Business Excellence & Transformation

2.1 Purpose of Report

To provide the Audit and Risk Committee (Committee) with an update on progress with risk management work and to report on the highest rated risks.

Officer's Recommendation

That the Audit & Risk Committee:
a.   Note the risk management work being undertaken by the Napier City Council Risk Committee.
b.   Receive the report titled: Highest rated risks report 24 September 2018.

Committee's Recommendation

That the Committee resolve that the officer's recommendation be adopted.

2.2 Background Summary

Napier City Council (NCC) has a programme of work to develop and mature its enterprise risk capability. A risk maturity roadmap has been developed to guide this work.

The Committee supports this work by acting in a monitoring and advisory role. This report provides an update to the Committee on progress against the roadmap and reports the highest rated risks to ensure they are being actively managed.

2.3 Issues

Since our last report to the Committee progress has been made in the following areas:

- Further development of the Sycle Projects module
- Commencement of a Business Continuity Management programme of work
- Review of the risk register

Sycle Projects Module

As reported to the last meeting NCC's risk register is maintained within the Risk module of Sycle. There are three categories of risk that make up the risk register: strategic risks, operational risks, and project risks. Currently the register holds strategic and operational risks. Project risks come from the Projects module in Sycle which is yet to be fully implemented.

Once implemented, all small and large projects undertaken by NCC will be maintained in the Projects module and the risks for each project will be entered against the project. These risks roll up into the Risk module to make up the project risk component of the risk register.

Full implementation of the Projects module is now expected to be achieved by the end of 2018. Part of the implementation will be reviewing the way project risks roll up into the main register as while a small project may have a high risk of not achieving its delivery timeframes this would not be a high organisational risk, in terms of what is monitored and reported in the main register.

Business Continuity Management

We have commenced our Business Continuity Management work in early 2018. The aim of BCM is to achieve a framework for resilience and response capability in order to safeguard people and operations as well as to uphold confidence in NCC. An initial draft of a BCM policy has been prepared as the first part of the framework and work has commenced on the next stage which is a business impact analysis.

The BCM framework responds to the strategic risk SR5 – 'Event causing disruption or destruction of critical business functions and/or production and delivery of council services'.

Review of the Risk Register

As set out in the risk roadmap, regular review of risk, risk controls and risk treatments are critical to effective risk management. Sycle allows us to set review dates for each of these risk components.

All overdue reviews are reported to the Senior Leadership Team and risk owners are undertaking overdue reviews. Overdue reports will be provided to the Senior Leadership Team on a quarterly basis to ensure risks are being actively managed.

Once this practice, of regular reviews of all risks, is embedded into the normal business practices it will move NCC along the risk maturity scale in the roadmap.

Review of the Corporate Risk Management Framework and NCC Risk Management Strategy

Work is underway to review these key risk documents. The Framework was first adopted in 2015 and an updated Framework document was adopted in April 2017. In April 2017 the Risk Management Strategy was approved as the underlying document for the Sycle risk management module. The framework is a higher-level policy document while the Strategy is a more detailed "how to" strategy document to guide staff when they are recording and managing risks in the Sycle module.

The documents were prepared\reviewed at the time staff were identifying the initial organisational risks to be loaded into the Sycle module. Now that the system has been in operation for a year it is a good time to have a closer look at the documents and identify any improvements that can be made.

1.4 Highest rated risks

There are currently 201 strategic, operational and project risks in the risk register.

There are seven risks to report to the Committee as the highest rated risks; three are operational risks rated Extreme (OR155, OR164 and OR 178) and four are strategic risks rated High (SR2, SR3, SR5 and SR6).

These risks are reported in the attached spreadsheet (Attachment A).

All seven risks have treatment actions to further manage the causes or consequences of each risk.

Extreme Risks

The Extreme risks in the operational risk register are:

- OR155 Pandora Pond – customer drowning
- OR164 Bluff Hill – fall from cliff top

These risks were previously reported to you on 19 July and they have not changed. The Pandora Pond facility is currently closed for the winter season and a project to replace the fence around the cliff top is currently being commissioned.

- OR178 Reliance on monopoly contractors for waste management

This is a new risk identified during a business unit review of waste contracts. Work is underway to identify effective control measures to mitigate this risk.

High Risks

The four high risks in the strategic register are:

- SR2 Removal of three waters delivery and management
- SR3 Increased number and/or severity of major/natural disaster events
- SR5 Event causing disruption or destruction of critical business functions and/or production and delivery of council services.

These risks were previously reported to you on 19 July and have not changed. The risks are outside the control of NCC. The risks treatments listed against these risks are ongoing.

- SR6 Risk management practices

This is a new risk identified which recognises that we council is still on a journey to embed risk management practices into the organisation. Until the risk management practices are fully integrated into the organisation's culture there is still a risk that some risks may fail to be identified and managed with a resulting impact on Council.

2.5 Significance and Consultation

There are no external consultation requirements for this report.

2.4 Attachments

A   Report on highest rated risks ⇩

Napier City Council Risk Register

21-Sep-2018

		Causes			Inherent			Revised			
Risk Code	**Risk Issue**	**Inherent**	**Treatment Actions**	**Primary Category / Sub Category**	**Consequence**	**Likelihood**	**Risk Rating**	**Consequence**	**Effectiveness of Controls**	**Likelihood**	**Risk Rating**
OR178	We are heavily reliant on monopoly contractors for waste management and recycling and therefore if one terminates or defaults on contract with little notice/warning, this could lead to disruption to acceptable level of service	Inability for Council to deliver recycling and solid waste management services to a significant portion of the City, due to reliance on monopoly contractor	- Contingency measures are in place in the event of a default on contract, termination with little notice or breakdown - Ensure that contracts have set agreed KPIs which are reviewed with the contractor frequently	Service Delivery	Severe	Possible	Extreme	Severe	Partially Effective	Possible	Extreme
OR155	Pandora Pond - Customer drowning	Murky water visibility. Poor quality or no parental supervision Insufficient lifeguards Lifeguards slow to respond Dangerous customer behaviour	- Adopt a human-centred design approach to addressing collective whanau responsibility for toddlers at the pond - External review of lifeguarding model performed by NZRA - Improve communications (signage, briefings) to parents to advise of their responsibilities for supervising children while swimming. - Investigate the possibility of providing a safe space for toddlers (e.g. paddling pool) at the pond to keep them away from the waters edge	Health and Safety	Severe	Possible	Extreme	Severe	Substantially Effective	Unlikely	Extreme
OR164	Bluff Hill - fall from cliff top	Easy access to cliff top	- Construct a more suitable fence to significantly deter people crossing fence and accessing the clifftop.	Health and Safety	Severe	Possible	Extreme	Severe	Partially Effective	Unlikely	Extreme
SR5	Event causing disruption or destruction of critical business functions and/or production and delivery of council services.	Natural disaster or event, malicious attack, critical failure of assets, infrastructure, or systems	- Business Continuity Framework developed for NCC - Each Directorate must develop business continuity plans for its operations. - Information Services have a disaster recovery plan	Service Delivery	Severe	Possible	Extreme	Major	Partially Effective	Possible	High

Napier City Council Risk Register

21-Sep-2018

Risk Code	Risk Issue	Causes Inherent	Treatment Actions	Primary Category / Sub Category	Inherent			Revised			
					Consequence	Likelihood	Risk Rating	Consequence	Effectiveness of Controls	Likelihood	Risk Rating
SR6	Incomplete risk management processes fail to manage risk related to Infrastructure Services	Risk delegates lack competence. Operational tempo. Process gaps around asset knowledge, assurance, and follow up. Processes not being fully implemented.	- Develop and deploy and tune network models for infrastructure networks - Improve asset condition and performance data through deployment of maintenance management transformation programme. - Risk management and control training to be deployed to directorate risk owners. - Set up risk reviews as standing agenda item in 1:1 meetings with reports.	Service Delivery	Major	Likely	Extreme	Major	Partially Effective	Possible	High
SR3	Increased number and/or severity of major/natural disaster events	Earthquake. Tsunami. Volcanic ash. Flooding. Epidemic or pandemic.	- Evaluate Council's insurance cover - Review and test Business Continuity Plans and procedures	Service Delivery	Severe	Rare	High	Severe	Partially Effective	Rare	High
SR2	Removal of 3 waters delivery and management	Central government water enquiry. Repeated non-compliance with water quality standards. Public health issues. Public outcry.	- Guide change with the objective of delivering a regional solution - Improving 3 waters asset management practices - Improving 3 waters operations - Planning for additional resources - Submission to the Water Enquiry	Service Delivery	Moderate	Possible	High	Moderate	Partially Effective	Likely	High

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PUBLIC EXCLUDED ITEMS

That the public be excluded from the following parts of the proceedings of this meeting, namely:

AGENDA ITEMS

1.   Draft Annual Report 2017/18
2.   Freeholding
3.   Legal update as at 30 June 2018

The general subject of each matter to be considered while the public was excluded, the reasons for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution were as follows:

General subject of each matter to be considered.	Reason for passing this resolution in relation to each matter.	Ground(s) under section 48(1) to the passing of this resolution.
1. Draft Annual Report 2017/18	7(2)(f)(ii) Maintain the effective conduct of public affairs through the protection of such members, officers, employees and persons from improper pressure or harassment	48(1)A That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist: (i) Where the local authority is named or specified in Schedule 1 of this Act, under Section 6 or 7 (except 7(2)(f)(i)) of the Local Government Official Information and Meetings Act 1987.
2. Freeholding	7(2)(i) Enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	48(1)A That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist: (i) Where the local authority is named or specified in Schedule 1 of this Act, under Section 6 or 7 (except

		7(2)(f)(i)) of the Local Government Official Information and Meetings Act 1987.
3. Legal update as at 30 June 2018	7(2)(i) Enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	48(1)A That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist: (i) Where the local authority is named or specified in Schedule 1 of this Act, under Section 6 or 7 (except 7(2)(f)(i)) of the Local Government Official Information and Meetings Act 1987.

AUDIT AND RISK COMMITTEE
Open Minutes

Meeting Date:	Thursday 19 July 2018
Time:	1.00pm – 1.49pm
Venue	Council Chamber Hawke's Bay Regional Council 159 Dalton Street Napier
Present	John Palairet (In the Chair), Mayor Bill Dalton, Geoff Foster, Councillor Claire Hague, and Councillor Kirsten Wise
In Attendance	Stephen Lucy – Audit New Zealand Director Corporate Services, Chief Financial Officer, Manager People and Capability, Manager Business Excellence and Transformation
Administration	Governance Team

Apologies

Nil

Conflicts of interest

Nil

Public forum

Nil

Announcements by the Mayor

Nil

Announcements by the Chairperson

Nil

Announcements by the management

Nil

Confirmation of minutes

Councillor Hague / Mayor Dalton

That the Minutes of the meeting held on 15 March 2018 were taken as a true and accurate record of the meeting.

Carried

Notification and justification of matters of extraordinary business

(Strictly for information and/or referral purposes only).

AGENDA ITEMS

1. REVIEW OF CHARTER

Type of Report:	Operational
Legal Reference:	N/A
Document ID:	522046
Reporting Officer/s & Unit:	Adele Henderson, Director Corporate Services

1.1 Purpose of Report

As set out in the Audit and Risk Committee Charter, the Committee will review this Charter in consultation with the Council at least once a year. Any substantive changes to the Charter will be recommended by the Committee, and formally approved by the Council. The last review of the Charter was undertaken December 2016

At the Meeting

At updated version of the Charter was tabled, incorporating the following changes:

- Flow through the document has been improved with the inclusion of section titles
- The Charter is proposed to be reviewed every two years rather than annually. The next review will be October 2020.
- The only content changes are as follows:
  - Under section "Composition and Tenure":
    - The Napier City Council will appoint the Chairperson of the Committee.
    - Council representatives on the Committee will carry out their duties as outlined in the Charter, recognising the difference in the role of the Committee compared to Councillor community advocate.
  - Under section "Risk Management":
    - Review whether a sound and effective approach has been followed in developing strategic risk management plans for major projects or undertakings.
  - Under section "External Accountability":
    - Review the processes and risk assessment are in place for the development and adoption of the Council's Long Term Plan.

The Chief Executive noted that at the recent LGNZ annual conference, Napier City Council's Audit and Risk Committee had been identified as an example of recommended practice, not only having more than one independent member but also that the Chair's position is held by an independent.

It was noted that there are opportunities for the fine tuning of the actual implementation of the chartered responsibilities, but the Charter itself is a strong document.

In response to a question from the Committee it was confirmed that the wider Council members now have access to all open Audit and Risk reports as a matter of course, and the public excluded reports if approved by the Committee (noting that there may be some reports where it is considered appropriate to release there information at a later date than the next Council meeting).

Committee's recommendation

Councillors Wise / Hague

The Audit and Risk Committee:

a.   Review the Audit and Risk Committee Charter

b.   Provide any recommended changes for Council approval, those changes being:

- Flow through the document has been improved with the inclusion of section titles
- The Charter is proposed to be reviewed every two years rather than annually. The next review will be October 2020.
- The only content changes are as follows:
    o Under section "Composition and Tenure":
        - The Napier City Council will appoint the Chairperson of the Committee.
        - Council representatives on the Committee will carry out their duties as outlined in the Charter, recognising the difference in the role of the Committee compared to Councillor community advocate.
    o Under section "Risk Management":
        - Review whether a sound and effective approach has been followed in developing strategic risk management plans for major projects or undertakings.
    o Under section "External Accountability":
        - Review the processes and risk assessment are in place for the development and adoption of the Council's Long Term Plan.

Carried

2. EXTERNAL AUDIT - AUDIT NZ MANAGEMENT REPORT CONSULTATION DOCUMENT 2018-28

Type of Report:	Legal and Operational
Legal Reference:	Local Government Act 2002
Document ID:	519643
Reporting Officer/s & Unit:	Adele Henderson, Director Corporate Services

2.1 Purpose of Report

To receive the Audit New Zealand management report for the Consultation Document for the Long Term Plan 2018-28

At the Meeting

Mr Lucy spoke to this item and item 4 conjointly, noting that Audit New Zealand ('Audit') were generally happy with the clarity of articulation and lay out of the Long Term Plan Consultation document and the Long Term Plan 2018-28 itself.

Audit and Finance will work together to ensure that information flows are smoother for future processes.

In response to questions from the Committee, it was clarified that:

- The recommendation to undertake a legal review of the rates resolution was made following some minor inconsistencies being noted in an early version; the resolution was double peer reviewed and corrected but the feedback is noted for future processes.
- Ensuring condition assessments for the water network are accurate and timely, and articulation of risks are clear, will be important for the Infrastructure Strategy; these considerations are being addressed by Council's nation-wide.
- Audit are comfortable that the balanced budget is correct for the ten year period.
- Work is underway to confirm the methodology for customer satisfaction surveys moving forward (noting that telephone surveys are not necessarily the most effective now); this was not able to be ready for 1 July 2018 but is progressing.
- In relation to the aquatic centre options, it was noted that it is a careful balance that needs to be struck between providing enough information in a consultation document to encourage the public to provide feedback, without overwhelming with details which can be provided elsewhere.
- Further in relation to the aquatic centre project, it was noted that the costs provided were early estimates and it was likely that there would be shifts between that consultation figures and actual costs at time of construction reflecting natural fluctuations in the market over the time period. The project has multiple gateways at which point Council can assess its comfort level with continuing to proceed.

Committee's recommendation

Mr Foster / Councillor Hague

The Audit and Risk Committee:

a.   Receive the Audit New Zealand management report for the Consultation Document for the Long Term Plan 2018-28.

Carried

3.   EXTERNAL AUDIT - AUDIT NZ INTERIM MANAGEMENT REPORT

Type of Report:	Legal and Operational
Legal Reference:	Local Government Act 2002
Document ID:	453613
Reporting Officer/s & Unit:	Caroline Thomson, Chief Financial Officer

3.1 Purpose of Report

To advise the committee that Audit NZ did not find any new issues while carrying out the interim audit for 2017/18 and therefore no management report has been issued.

At the Meeting

Mr Lucy spoke to the item, noting that no interim management report has been provided as nothing of significance has been identified to note at this time.

Credit was noted to the Finance Team that this situation exists, particularly given the loss of a staff member during the Long Term Plan preparation period.

The Committee noted the positive change since the previous Long Term Plan process, remarking on the impressive work undertaken and levels of transparency achieved. While risks have changed over that period, risk management has increased significantly. It is anticipated that Napier will be considered a positive example nationally.

Committee's recommendation

Councillors Wise / Hague

That the Committee:

a.   Note that Audit New Zealand did not find any new issues from the interim audit for 2017/18 and therefore no management report has been issued.

Carried

4.   EXTERNAL AUDIT - AUDIT NZ MANAGEMENT REPORT LONG TERM PLAN 2018-28

Type of Report:	Legal and Operational
Legal Reference:	Local Government Act 2002
Document ID:	525799
Reporting Officer/s & Unit:	Caroline Thomson, Chief Financial Officer

4.1 Purpose of Report

To receive the Audit New Zealand management report for the Long Term Plan 2018-28.

At the Meeting

The Audit New Zealand management report was tabled.

Discussion on this item took place conjointly with Item 2 and is captured under that item above.

Committee's recommendation

Councillor Wise / Mayor Dalton

The Audit and Risk Committee:

a.   Receive the Audit New Zealand management report for the Long Term Plan 2018-28.

b.   Receive the recommendations and approve the management comments.

Carried

5.   RISK MANAGEMENT - RISK MANAGEMENT REPORT

Type of Report:	Information
Legal Reference:	N/A
Document ID:	453619
Reporting Officer/s & Unit:	Rachael Horton, Manager Business Excellence & Transformation

5.1 Purpose of Report

To provide the Audit and Risk Committee (Committee) with an update on progress with risk management work and to report on the highest rated risks.

At the Meeting

The Manager Business Excellence and Transformation spoke to the report, noting:

- Particular focus has been placed on three areas over the last quarter:
  - o Implementing the projects module in Sycle,
  - o Business Continuity planning (linked to identified risks regarding possible disruption to services from a variety of causes), and
  - o Continuing regular reviews of the risk register.
- Two risks have been identified to the Committee under the higher risk reporting requirements: possible drowning of a member of the public while using Council equipment at Pandora Pond, and a possible fall from the Bluff Hill lookout by a sightseer (noting that this risk does not include a member of the public who may choose to deliberately scale any fencing with an intent to do injury to themselves).
  - o While mitigations are being put in place for these identified risks, it was identified that the consequences of each are of a level that they are likely to remain identified as high even with management actions in place.

In discussion it was noted that:

- Where knowledge is held regarding possible risks on private properties, Council provides engineering and other advice to the property owner as far as it can.
- Council holds no liability for any drowning in ponds, drains and the like on public land. There is existing case law to this effect.
- A draft Business Continuity policy is almost complete; the re-activation of services will be staggered depending on what is most appropriate to the event. Typically Governance and Communications will always be activated first to ensure internal and external communications are present as quickly as possible.
- With the recent implementation of the project module in Sycle, the highest rates project risks will now also be reported to the Committee.
- The number of projects as a possible risk in itself is included in the register but is considered lower in impact due to mitigating actions in place.
- Those positions whose roles include project and or risk management will have a specific KPI to this effect incorporated into the job description.

- It is intended that surety audits are implemented as the organisation continues to mature in the risk management space, confirming that mitigations advised are actively taking place.
- Central government has strongly indicated that there will be shifts in approach to water management nation-wide. Centralising water management is considered "safer" as it is anticipated to address capacity/ capability issues and to better spread the costs of appropriate infrastructure, particularly for smaller authorities.

Committee's recommendation

Mayor Dalton / Mr Foster

That the Committee:
a. Note the risk management work being undertaken by the NCC Risk Committee.
b. Receive the report titled: Highest rated risks report 9 July 2018.

Carried

6.   RISK MANAGEMENT - INSURANCE UPDATE

Type of Report:	Information
Legal Reference:	N/A
Document ID:	525768
Reporting Officer/s & Unit:	Bryan Faulknor, Manager Property

6.1 Purpose of Report

To advise the committee of the insurance arrangements for the period 1 July 2018 to 30 June 2019.

At the Meeting

It was noted that maximum probable loss modelling is being undertaken; the council's within the region have been invited to complete this work together. If the invitation is not taken up, Napier will continue regardless.

The business interruption indemnity period extension was noted as pleasing.

Committee's recommendation

Councillors Hague / Wise

The Audit and Risk Committee:

a.   Resolve

i.   That the report on the 2018/19 insurance arrangements be received.

Carried

PUBLIC EXCLUDED ITEMS

Mayor Dalton / Councillor Wise

That the public be excluded from the following parts of the proceedings of this meeting, namely:

1.	Risk Management - Health and Safety Reports to 30 June 2018
2.	Internal Audit - Cash Handling Review
3.	Composition and Tenure

Carried

The general subject of each matter to be considered while the public was excluded, the reasons for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution were as follows:

General subject of each matter to be considered.	Reason for passing this resolution in relation to each matter.	Ground(s) under section 48(1) to the passing of this resolution.
1. Risk Management - Health and Safety Reports to 30 June 2018	7(2)(c)(i) Protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied	48(1)A That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist: (i) Where the local authority is named or specified in Schedule 1 of this Act, under Section 6 or 7 (except 7(2)(f)(i)) of the Local Government Official Information and Meetings Act 1987.
2. Internal Audit - Cash Handling Review	6(a) Prejudice the maintenance of the law, including the prevention, investigation, and detection	48(1)A That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the

	of offences and the right to a fair trial	disclosure of information for which good reason for withholding would exist: (i) Where the local authority is named or specified in Schedule 1 of this Act, under Section 6 or 7 (except 7(2)(f)(i)) of the Local Government Official Information and Meetings Act 1987.
3. Composition and Tenure	7(2)(a) Protect the privacy of natural persons, including that of a deceased person	48(1)A That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist: (i) Where the local authority is named or specified in Schedule 1 of this Act, under Section 6 or 7 (except 7(2)(f)(i)) of the Local Government Official Information and Meetings Act 1987.

The meeting moved into committee at 1.49pm

Approved and adopted as a true and accurate record of the meeting.

Chairperson ....

Date of approval ....