



AGENDA

Ordinary meeting of the

Audit, Risk and Finance Subcommittee

**Tuesday 15 May 2018
Commencing at 9.00am
Council Chamber
Civic House
110 Trafalgar Street, Nelson**

Membership: Mr John Peters (Chairperson), Her Worship the Mayor Rachel Reese, Councillors Ian Barker and Bill Dahlberg and Mr John Murray

Guidelines for councillors attending the meeting, who are not members of the Committee, as set out in Standing Order 12.1:

- All councillors, whether or not they are members of the Committee, may attend Committee meetings
- At the discretion of the Chair, councillors who are not Committee members may speak, or ask questions about a matter.
- Only Committee members may vote on any matter before the Committee

It is good practice for both Committee members and non-Committee members to declare any interests in items on the agenda. They should withdraw from the room for discussion and voting on any of these items.

1. Apologies

Nil

2. Confirmation of Order of Business**3. Interests**

3.1 Updates to the Interests Register

3.2 Identify any conflicts of interest in the agenda

4. Public Forum**5. Confirmation of Minutes**

5.1 13 February 2018

7 - 15

Document number M3252

Recommendation

That the Audit, Risk and Finance Subcommittee***Confirms the minutes of the meeting of the Audit, Risk and Finance Subcommittee, held on 13 February 2018, as a true and correct record.*****6. Chairperson's Report****7. Status Report - Audit Risk and Finance Subcommittee - 15 May 2018****16 - 17**

Document number R9278

Recommendation

That the Audit, Risk and Finance Subcommittee***Receives the report Status Report - Audit Risk and Finance Subcommittee - 15 May 2018 (R9278) and its attachment (A1753947).***

8. Key Organisational Risks - 1st Quarterly Report Calendar 2018 **18 - 35**

Document number R9223

Recommendation

That the Audit, Risk and Finance Subcommittee

Receives the report Key Organisational Risks - 1st Quarterly Report Calendar 2018 (R9223) and its attachment (A1951823).

Recommendation to Council

9. Corporate Report to 31 March 2018 **36 - 47**

Document number R9198

Recommendation

That the Audit, Risk and Finance Subcommittee

Receives the report Corporate Report to 31 March 2018 (R9198) and its attachments (A1958594 and A1956070).

Recommendation to Council

10. Internal Audit - Quarterly Progress Report to 31 March 2018 **48 - 54**

Document number R8842

Recommendation

That the Audit, Risk and Finance Subcommittee

Receives the report Internal Audit - Quarterly Progress Report to 31 March 2018 (R8842) and its attachment (A1949842); and

Approves the proposal to reduce the Internal Audit Plan to 30 June 2018 by three audits.

11. Internal Audit - Summary of New or Outstanding Significant Risk Exposures and Control Issues to 31 March 2018 **55 - 60**

Document number R9251

Recommendation

That the Audit, Risk and Finance Subcommittee

Receives the report Internal Audit - Summary of New or Outstanding Significant Risk Exposures and Control Issues to 31 March 2018 (R9251) and its attachment (A1950727).

12. Health Safety and Wellbeing Performance Report: January to March 2018 **61 - Error! Bookmark not defined.**

Document number R9216

Recommendation

That the Audit, Risk and Finance Subcommittee

Receives the report Health Safety and Wellbeing Performance Report: January to March 2018 (R9216) and its attachment (A1946126).

13. Exclusion of the Public

Recommendation

That the Audit, Risk and Finance Subcommittee

Excludes the public from the following parts of the proceedings of this meeting.

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

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
1	Current Legal Proceedings	<p>Section 48(1)(a)</p> <p>The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7</p>	<p>The withholding of the information is necessary:</p> <ul style="list-style-type: none"> • Section 7(2)(g) To maintain legal professional privilege

14. Re-admittance of the public

Recommendation

That the Audit, Risk and Finance Subcommittee

Re-admits the public to the meeting.



Minutes of a meeting of the Audit, Risk and Finance Subcommittee

Held in the Council Chamber, Civic House, 110 Trafalgar Street, Nelson

On Tuesday 13 February 2018, commencing at 9.00am

Present: Mr J Peters (Chairperson), Her Worship the Mayor R Reese, Councillors I Barker, B Dahlberg and Mr J Murray

In Attendance: Councillors M Courtney, P Matheson and B McGurk, Chief Executive (P Dougherty), Group Manager Corporate Services (N Harrison), Community Services Manager (C Ward), Senior Strategic Adviser (N McDonald), Manager Organisational Assurance and Emergency Management (R Ball), Internal Audit Analyst (L Anderson), Risk and Procurement Analyst (S Vaughan), Health and Safety Adviser (M Hughes), Manager People and Capability (S Vincent), Manager Administration (M Birch), Audit NZ Director (B Kearney), Audit NZ Associate Director (J Coetzee) and Governance Advisers (P White and J Brandt).

Apologies: Nil

1. Apologies

Her Worship the Mayor was not present at the commencement of the meeting.

2. Confirmation of Order of Business

The Chairperson noted that Items 9 and 11 would be taken together as both concerned Audit NZ.

3. Interests

There were no updates to the Interests Register, and no interests with items on the agenda were declared.

4. Public Forum

There was no public forum.

5. Confirmation of Minutes

5.1 14 November 2017

Document number M3123, agenda pages 9 - 16 refer.

Resolved AUD/2018/001

That the Audit, Risk and Finance Subcommittee

Confirms the minutes of the meeting of the Audit, Risk and Finance Subcommittee, held on 14 November 2017, as a true and correct record.

Barker/Dahlberg

Carried

6. Status Report - Audit Risk and Finance Subcommittee -13 February 2018

Document number R8930, agenda pages 17 - 21 refer.

Resolved AUD/2018/002

That the Audit, Risk and Finance Subcommittee

Receives the Status Report Audit, Risk and Finance Subcommittee 13 February 2018 (R8930) and its attachment (A1753947).

Murray/Dahlberg

Carried

7. Chairperson's Report

Attendance: Her Worship the Mayor joined the meeting at 9.08am.

The Chairperson gave a verbal report. He stated that he and the Group Manager Corporate Services had reviewed the full Audit NZ letter to management for the year ending 30 June 2017, and he was satisfied that the matters, and responses to those matters, were appropriate. He highlighted some key points in that letter.

Resolved AUD/2018/003

That the Audit, Risk and Finance Subcommittee

Receives the Chairperson's report.

Peters/Dahlberg

Carried

8. Theatre Royal Loan

Document number R8838, agenda pages 22 - 41 refer.

Group Manager Community Services Chris Ward spoke to the report. He noted that the Theatre Royal Trust had sent through the theatre's capital renewals programme to Council officers.

Mr Ward answered questions about Council's debt cap, how Council had treated other loans to not-for-profit organisations, the Theatre Royal's financial position overall and the planned maintenance schedule for the theatre and how this would be funded.

Resolved AUD/2018/004

That the Audit, Risk and Finance Subcommittee

Receives the report Theatre Royal Loan (R8838) and its attachments (A1898640 and A1906067).

Her Worship the Mayor/Dahlberg

Carried

Recommendation to Council AUD/2018/005

That the Council

Agrees to take on the Nelson Historic Theatre Trust's loan of \$632,256 from the Nelson Building Society; and

Confirms that it expects the Nelson Historic Theatre Trust to repay the full loan amount (total \$2,132,256); and

Agrees to increase the mortgage over the building to \$2,132,256; and

Sets the loan repayment terms for the Nelson Historic Theatre Trust at \$60,000 per year, payable quarterly (commencing in September 2018), with payment terms subject to review every five years.

Her Worship the Mayor/Dahlberg

Carried

9. Audit NZ - Letter to the Council on the audit for year ending 30 June 2017

Document number R8222, agenda pages 42 - 50 refer.

Audit NZ Director Bede Kearney and Associate Director Jacques Coetzee spoke to the meeting.

The Subcommittee acknowledged and thanked Mr Kearney for his working relationship with Council during his time as Director Audit NZ.

Resolved AUD/2018/006

That the Audit, Risk and Finance Subcommittee

Receives the report Audit NZ - Letter to the Council on the audit for year ending 30 June 2017 (R8222) and its attachment (A1891276).

Barker/Murray

Carried

10. Audit NZ - Audit Engagement Letter for the Long Term Plan 2018-28

Document number R8865, agenda pages 75 - 103 refer.

Audit NZ Director Bede Kearney and Associate Director Jacques Coetzee spoke to the meeting, offered the report be taken as read and noted that there was no statutory requirement for timing of the audit of the Consultation Document, however the Long Term Plan must be audited by 30 June 2018. He said there was very little room for timetable slippage due to the heavy workload for Audit NZ at this time.

Resolved AUD/2018/007

That the Audit, Risk and Finance Subcommittee

Receives the report Audit NZ - Audit Engagement Letter for the Long Term Plan 2018-28 (R8865) and its attachment (A1894901); and

Notes the subcommittee can provide feedback on the Audit Engagement Letter to Audit NZ if required and that the Mayor will sign the letter in its current form.

Barker/Dahlberg

Carried

11. Tendering Processes - Follow Up Report

Document number R8832, agenda pages 51 - 74 refer.

The Subcommittee noted the changes that had been requested of Crowe Horwath, and that the report as included in the agenda had incorporated those changes. The Subcommittee also noted the elected members' responsibilities under the Local Authorities (Members' Interests) Act.

Resolved AUD/2018/008

That the Audit, Risk and Finance Subcommittee

Receives the report Tendering Processes - Follow Up Report (R8832) and its attachments (A1856124 and A1897197); and

Notes that all recommendations rated as high from the 2016 Crowe Horwath Report have been actioned.

Murray/Dahlberg

Carried

12. Corporate Report to 31 December 2017

Document number R8857, agenda pages 104 - 114 refer.

Group Manager Corporate Services Manager Nikki Harrison presented the report and answered questions on re-prioritisation and overspend on capital budgets.

Resolved AUD/2018/009

That the Audit, Risk and Finance Subcommittee

Receives the report Corporate Report to 31 December 2017 (R8857) and its attachments (A1903395 and A1904902).

Barker/Dahlberg

Carried

13. Internal Audit Quarterly Report to 31 December 2017

Document number R8869, agenda pages 115 - 117 refer.

Internal Audit Analyst Lynne Anderson presented the report.

Resolved AUD/2018/010

That the Audit, Risk and Finance Subcommittee

Receives the report Internal Audit Quarterly Report to 31 December 2017 (R8869) and its attachment (A1894689).

Dahlberg/Murray

Carried

14. Key Organisational Risks Calendar 2017 - 4th Quarterly Report

Document number R8797, agenda pages 118 - 135 refer.

Risk and Procurement Analyst Steve Vaughan presented the report and answered questions in regard to a number of risk areas. He offered a correction to page 75 – in the first point this should read March, not February.

Resolved AUD/2018/011

That the Audit, Risk and Finance Subcommittee

Receives the report Key Organisational Risks Calendar 2017 - 4th Quarterly Report (R8797) and its attachment A1895817.

Barker/Dahlberg

Carried

15. Health, Safety and Wellbeing Performance Report, October - December 2017

Document number R8871, agenda pages 136 - 152 refer.

The meeting adjourned at 11.09am and reconvened at 11.17am.

Health and Safety Adviser Malcolm Hughes presented the report and was asked to consider that there were appropriate mechanisms to make all elected members aware of the reporting, and what they could do if they had questions in regard to their responsibility as Officers under the Act.

Resolved AUD/2018/012

That the Audit, Risk and Finance Subcommittee

Receives the report Health, Safety and Wellbeing Performance Report, October - December 2017 (R8871) and its attachment (A1895727).

Her Worship the Mayor/Barker

Carried

16. Security Incidents at Council Libraries

Document number R8872, agenda pages 153 - 166 refer.

Health and Safety Adviser Malcolm Hughes presented the report and responded to questions from the Subcommittee on appropriate actions in response to the issues raised.

Resolved AUD/2018/013

That the Audit, Risk and Finance Subcommittee

Receives the report Security Incidents at Council Libraries (R8872) and its attachment (A1848048).

Dahlberg/Peters

Carried

17. Recruitment in a Tight Labour Market

Document number R8885, agenda pages 167 - 184 refer.

Manager People and Capability Stephanie Vincent presented the report and responded to questions about whether there was a staff turnover problem and whether there was a recruitment issue.

Attendance: Her Worship the Mayor left the meeting at 12.05pm.

Resolved AUD/2018/014

That the Audit, Risk and Finance Subcommittee

Receives the report Recruitment in a Tight Labour Market (R8885) and its attachment (A1896279).

Dahlberg/Murray

Carried

18. Exclusion of the Public

Resolved AUD/2018/015

That the Audit, Risk and Finance Subcommittee

Excludes the public from the following parts of the proceedings of this meeting.

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

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
1	Audit, Risk and Finance Subcommittee Meeting - Public Excluded Minutes - 14 November 2017	Section 48(1)(a) The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7.	The withholding of the information is necessary: <ul style="list-style-type: none"> To maintain legal professional privilege.

Barker/Murray

Carried

The meeting went into public excluded session at 12.15pm.

Please note that as the only business transacted in public excluded was to confirm the minutes, this business has been recorded in the public minutes. In accordance with the Local Government Official Information Meetings Act 1987, no reason for withholding this information from the public exists.

Confirmation of Minutes

14 November 2017

Document number M3125, public excluded agenda pages 3 - 4 refer.

Resolved AUD/2018/016

That the Audit, Risk and Finance Subcommittee

Confirms the minutes of part of the meeting of the Audit, Risk and Finance Subcommittee, held with

the public excluded on 14 November 2017, as a true and correct record.

Murray/Dahlberg

Carried

19. Re-admittance of the Public

Resolved AUD/2018/017

That the Audit, Risk and Finance Subcommittee

Re-admits the public to the meeting.

Murray/Dahlberg

Carried

There being no further business the meeting ended at 12.20pm.

Confirmed as a correct record of proceedings:

_____ Chairperson _____ Date

**Status Report - Audit Risk and Finance Subcommittee -
15 May 2018**

1. Purpose of Report

- 1.1 To provide an update on the status of actions requested and pending.

2. Recommendation

That the Audit, Risk and Finance Subcommittee

***Receives the report Status Report - Audit Risk
and Finance Subcommittee - 15 May 2018
(R9278) and its attachment (A1753947).***

Rebecca Terry
Governance Advisor

Attachments

Attachment 1: A1753947 - Audit Risk and Finance Subcommittee Status Report
- 15 May 2018 [↓](#)

Item 7: Status Report - Audit Risk and Finance Subcommittee - 15 May 2018:
Attachment 1

Status Report - Audit, Risk and Finance Subcommittee – 15 May 2018			
^MEETING DATE	SUBJECT	MOTION	RESPONSIBLE OFFICER COMMENTS
14/11/2017	Tax Risk Management Strategy	<p>Resolved AUD/2017/083</p> <p>That the Audit, Risk and Finance Subcommittee</p> <p>Receives the report Tax Risk Management Strategy (R8585) and its attachments (A1847439 and A1847460); and</p> <p>Requests that a review is undertaken of the group tax strategy to ensure maximum group efficiencies.</p>	<p>Tracey Hughes</p> <p>Agreed to joint review with TDC. Officers reviewing advice previously received before finalising scope.</p> <p>Ongoing</p>
28/09/2017	Protected disclosure policy for elected members	<p>Resolved AUD/2017/059</p> <p>That the Subcommittee</p> <p>Receives the report Protected disclosure policy for elected members (R8402) and its attachment (A1338935); and</p> <p>Requests the development of a separate Protected Disclosure Policy for Elected Members, for review by the Subcommittee prior to submitting the policy for approval by Council.</p>	<p>Mary Birch</p> <p>Officers are currently investigating options for managing Protected Disclosure for Elected Members.</p> <p>Ongoing</p>

Key Organisational Risks - 1st Quarterly Report Calendar 2018

1. Purpose of Report

- 1.1 To update the Subcommittee on progress with identifying and managing key risks to the organisation's objectives. The report is intended to assist the governance role of the Subcommittee in overseeing the organisation's risk management.

2. Recommendation

That the Audit, Risk and Finance Subcommittee

Receives the report Key Organisational Risks - 1st Quarterly Report Calendar 2018 (R9223) and its attachment (A1951823).

3. Background

- 3.1 At its meeting on 13 February 2018, the Audit Risk and Finance Subcommittee received and considered the previous quarterly report on key organisational risks to Council's objectives. In doing so it specifically considered a number of matters including the level of risk to the organisation's overall objectives caused by the difficulty of recruitment in a tight labour market.
- 3.2 The Subcommittee considered a separate report on this particular matter at the meeting. The report set out the current employment climate, particularly as this relates to the local area. The risks in relation this have been reconsidered for this report, and further comment is included below.
- 3.3 As with previous reports, this report is based on the organisation's existing business model – that is, as far as possible it is based on risk management processes within each business unit. Since the last report there have been some changes in business unit responsibilities and the formation of one new group and some new business units. These include a Strategy and Communications group and a now fully staffed City Development unit. As a result, several senior management roles remain to be filled.

Item 8: Key Organisational Risks - 1st Quarterly Report Calendar 2018

- 3.4 Notwithstanding recent organisational changes, most business units are rapidly improving their risk management processes. However there is still some work to be done to enable all units to apply the Council's criteria consistently, so making risk levels directly comparable between units. There is therefore still an element of estimation from Organisational Assurance observations and conversations in the attached summary of key risks.

4. Discussion

- 4.1 Risk estimates are estimates of the possible effect of uncertain events on the Council's ability to achieve its objectives. These events have not happened but may happen and so controls are, where required, put in place to manage the level of risk. Bearing this in mind, there are a number of changes to risk levels which the Subcommittee may wish to consider.

Availability of people with the required expertise

- 4.2 In the report to previous meeting the Manager People and Capability described the pressures facing the organisation in this area. There are still vacancies to be filled in several units. This is particularly so in area requiring specialists from a limited pool such as Infrastructure and Environment. However an overview across the organisation suggests that, looking forward, the risk to whole organisation remains at medium.

Legal compliance

- 4.3 In the previous report, the risks to the organisation as a whole in this area were ranked as high. A number of the responses to this situation have now started to flow through and a re-evaluation suggest that these will have the effect of reducing this risk organisationally back to medium.
- 4.4 These responses include; a panel arrangement with several legal firms to provide improved service at competitive rates (shared with Tasman District Council), a change in emphasis in the way legal services are provided internally, and better procedures for obtaining legal advice (still being developed).
- 4.5 Notwithstanding this, the area remains a complex one. An informal estimate undertaken with some help from the Society of Local Government Managers (SOLGM) last year suggested that unitary authorities such as the Council are subject to, or obliged to act under, in excess of 300 separate statutes and regulations.

Information management

- 4.6 Local authorities are highly dependent on the accurate recording and flow of information. For the Council this has presented two types of risk; one in respect to managing and accessing records, and one in respect of information technology.

Item 8: Key Organisational Risks - 1st Quarterly Report Calendar 2018

- 4.7 It was noted in the last report that the Council had brought forward the replacement of its core computer servers after an earlier than expected increase in the incidence of failures in these (which were in any case nearing end of life). This process is now complete. Benefits from this change include the ability to access a fully replicated remote back up site (in Hamilton) in a scenario where the Council's onsite servers cannot be accessed.
- 4.8 The Council is also in the process of seeking tenders for replacement of desktop computers. The Council's current operating system is Windows 7 which goes out of extended support in January 2020. To minimise the impact and expense of supporting a mixed operating system environment, all computers will be replaced by ones with the Windows 10 operating system – scheduled for completion by the end of August 2018.
- 4.9 In terms of records management, the Council has recently completed a major overhaul of the way that the document management system is organised in order to better meet user needs. This change has gone well and the progressive transfer of existing documents to the new file plan is underway.
- 4.10 Also in this area, the Council has for some time had relatively poor systems for recording the contracts it lets. This problem is being addressed by adding a module on to the Council's financial management software to monitor all contracts. We are currently acceptance testing this module.

5. Options

- 5.1 It is recommended that this report be received as it will further improve the Subcommittee's understanding of the risks faced by Council and the actions being taken to manage them.

Steve Vaughan

Risk & Procurement Analyst

Attachments

Attachment 1: A1946189 - Key Organisational Risk Report Quarter1 Calendar 2018 [↓](#)

Important considerations for decision making	
1. Fit with Purpose of Local Government	<p>This report describes risk management activity. Risk management is a tool to enable more efficient and effective provision of services as set out in section 10(1)(b) of the LG Act.</p>
2. Consistency with Community Outcomes and Council Policy	<p>This report describes risk management activity. Risk management at its most fundamental is about achieving an organisation's objectives (in this case as set out in Nelson City Council's planning documents) with increased clarity, efficiency and effectiveness.</p>
3. Risk	<p>The report does not recommend a particular goal or objective to which risks may be considered. It serves to provide information about Council's work in addressing those risks judged to be key to the organisation achieving its objectives.</p>
4. Financial impact	<p>This is a report on work already underway as part of Council's regular management activity. Therefore there are no additional funding implications.</p>
5. Degree of significance and level of engagement	<p>This matter is of low significance under the Council's Significance and Engagement Policy. Therefore no external consultation has been undertaken in the preparation of this report.</p>
6. Inclusion of Māori in the decision making process	<p>There has been no consultation with Māori in the preparation of this report, which deals with internal Council processes.</p>
7. Delegations	<p>The Audit, Risk and Finance Subcommittee has responsibility for <i>oversight of organisational risk management</i>.</p>

Council's Key Organisational Risks: Quarter 1 Calendar 2018

Revised April 2018
A1946189

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Overview

The purpose of this document

This progress report provides an update of the key risks which the Council faces. In many cases the information to meaningfully update risk levels requires significant time to acquire, so this is always a 'snapshot' at the indicated date.

In particular:

- Two areas of key risk have changed in level of estimated likelihood but remain at the same risk ranking (medium).
- The re-alignment of functions in the organisation requires some (still to be completed) redrafting of business unit objectives and updating/restructuring of risk information
- Better information about risk related to legal compliance (some from audit work) indicates an increased risk – being addressed but controls not yet in place

Omitted areas:

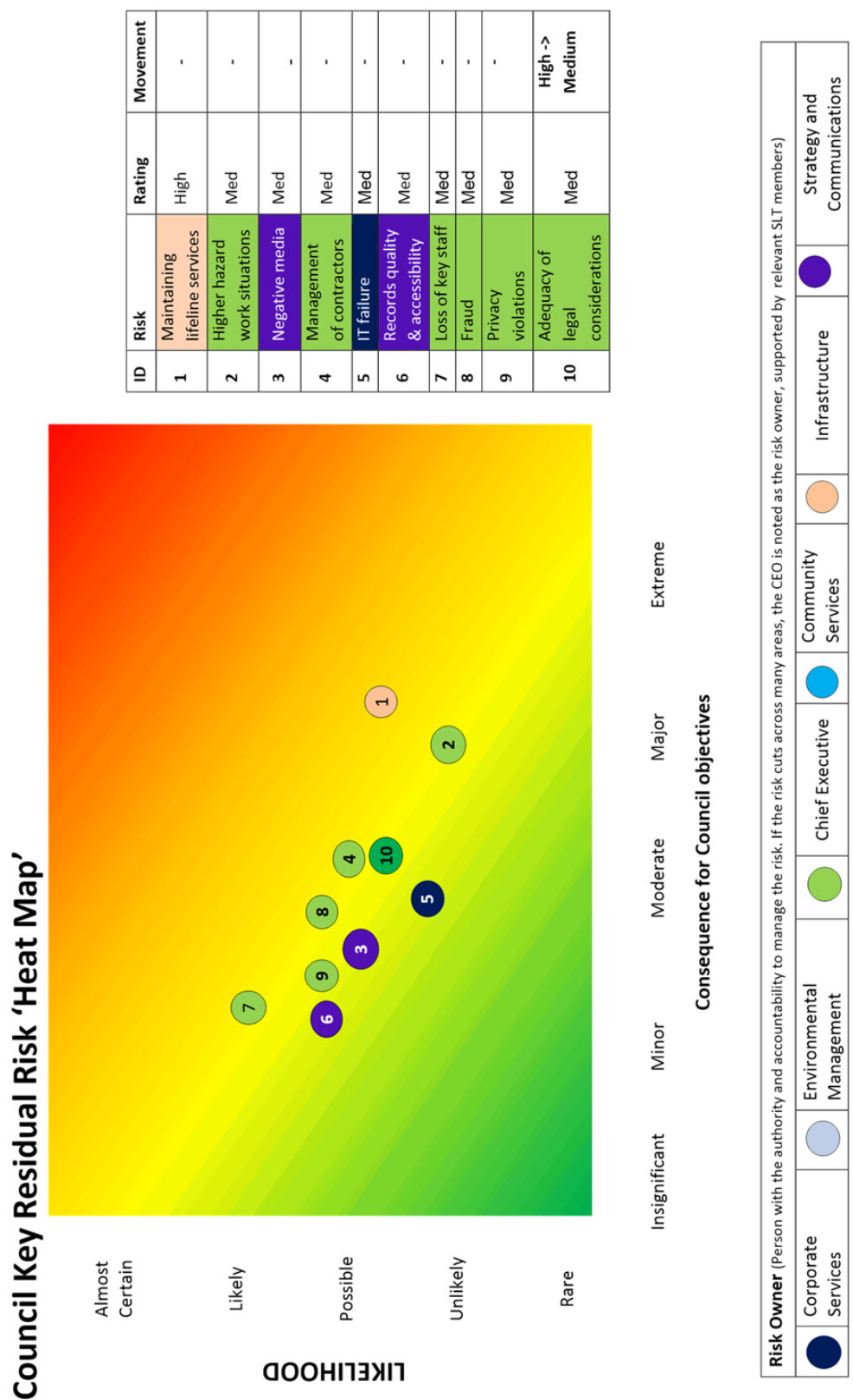
This report does not provide an update on any financial risks faced by the organisation, as it is considered that these are adequately reported on in other more detailed reports routinely provided to the Subcommittee. This report also does not consider the appropriateness of levels of insurance cover carried by the Council. Formally, insurances are risk sharing contracts and so are a type of risk treatment. The Council carries insurance on assets and several types of liability cover against the actions of its employees (but not contractors, who are expected to provide such cover as part of the contract).

Developing the Risk Profile

This report is continuing to be developed into a risk profile for the whole organisation providing detail (noting the omissions above) on:

- What are our key organisational risks – body of this report
- Any change in these risks –right hand side panel of each page
- What we are doing to manage these risks – i.e. the controls already in place
- Where we are doing, or plan to be doing, more – treatments or planned controls

Item 8: Key Organisational Risks - 1st Quarterly Report Calendar 2018: Attachment 1



Item 8: Key Organisational Risks - 1st Quarterly Report Calendar 2018: Attachment 1

1. Difficulty maintaining lifeline services in the face of natural hazard and similar events

Why do we see this as a risk?

The Council is responsible for maintaining many lifeline services such as water, wastewater, and the roading network. The operation of these services is subject to disruption by natural hazard and related events such as severe weather events, seismic events, rural fire, or tsunami. Maintaining services and restoring them after these events requires planning and diversion of resources from 'business as usual' infrastructure maintenance and development.

Managing the risk

Ongoing focus on infrastructure, asset management planning and civil defence emergency management (CDEM) across the 4Rs of risk reduction, readiness, response and recovery.

Review and improve information management processes during an event to better inform response, recovery and business as usual

Controls - What we have in place

- Civil defence planning, management and resources; Data Management in emergency event, (most) business units disruption responses objectives and plans
- Disaster recovery funding; Natural Hazards project work, Nelson Resource Management Plan;
- Insurance/Risk sharing;
- Infrastructure planning; LIMS;
- Earthquake strengthening of buildings and structures (e.g. bridges)
- Asset Management plans for each network
- Structural Engineer in Building Unit
- 30 Year infrastructure strategy

Treatments - What we are planning

- Update and test organisation wide major disruption response capability (Council wide exercise to be rescheduled for after the LTP cycle to enable maximum participation)
- Review infrastructure insurance arrangements (LAPP v external insurer) – for next cover period
- Earthquake Prone Building Legislation implementation – Act (now in force) sets 5 year timeframe to identify and provide protection for strategic routes
- Actions from regional lifeline review - ongoing programme of stream flood protection work, wastewater pump station upgrades and water supply network enhancements through to 2020

Risk Owner
Group Manager Infrastructure
[Support from Group Environmental Management]

Residual Risk Rating

High

Risk Map

Likelihood	Impact					
	Almost Certain	Likely	Possible	Unlikely	Rare	
Very High	Very High	Very High	High	High	Medium	Extreme
High	High	High	Medium	Medium	Low	Major
Medium	Medium	Medium	Low	Very Low	Very Low	Moderate
Low	Low	Low	Very Low	Very Low	Very Low	Minor
Very Low	Very Low	Very Low	Very Low	Very Low	Very Low	Insignificant

Risk Movement

None

Last Update: April 2018

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2. Higher hazard work situations pose threats to the Health & Safety of Council workers

Why do we see this as a risk?

The Council's objective is to have all those who work for us safe at work. Council staff, elected representatives, contractors and volunteers may be harmed while carrying out Council duties. Significant hazard areas include those who interface with the public (e.g. Customer Service centre, contracted staff, public events, libraries) and those where work alone or in isolated situations is required.

Managing the risk

Council manages this risk through best practice H&S management systems and continuous improvement. This work is detailed in the quarterly Health and Safety Report.

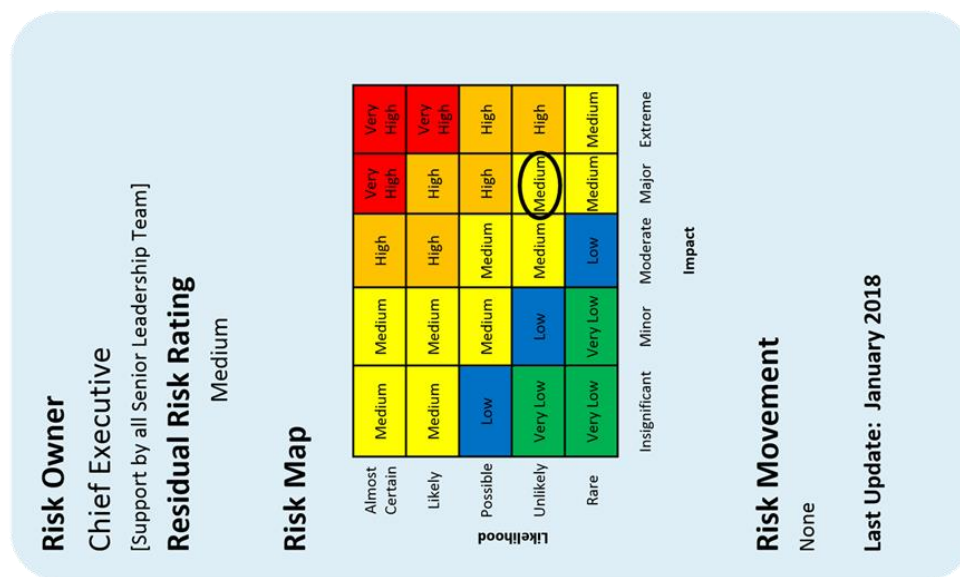
Controls - What we have in place

- Health and Safety Management System with comprehensive documents outlining key responsibilities and expectations (e.g. Governance charter, safety policy, health and safety manual, critical risk policies and procedures)
- Incident and assurance event reporting, including analysis, corrective and preventative actions monitored through the InControl database
- Visible Felt Leadership through involvement in the health and safety management system including completion of assurance activities safe work observations
- Training as required for each role (e.g. safety leadership, incident investigation, dealing with difficult customers etc.)
- Emergency plans maintained and implemented for range of emergency situations (e.g. fire, earthquake, bomb threat)
- Widespread use of technology for communication, monitoring and surveillance (satellite communicators, two way radios, E-Road vehicle monitoring)
- Enhanced physical security for vulnerable areas in Council buildings.
- Procedures for event health and safety management

Treatments - What we are planning

- Review of emergency procedures across all Council workplaces including violent situations
- Increase uptake of contractor health and safety management requirements
- Improved procedures in regard to safety in design

Item 8: Key Organisational Risks - 1st Quarterly Report Calendar 2018: Attachment 1



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Item 8: Key Organisational Risks - 1st Quarterly Report Calendar 2018: Attachment 1

3. Reputational Damage from Negative Public Perception

Why do we see this as a risk?

The ongoing public and media scrutiny of Council activities combined with conflicting interests and perceptions of individuals and community sectors can result in negative and incorrect media (including social media) exposure. This in turn can lead to reputational damage, with loss of public confidence and trust and internal consequences such as damage to staff morale.

Managing the risk

Proactive and early communications of fact about Council operations.

Controls - What we have in place

- Communications Manager role
- Communications plans for all projects and weekly meetings with Project Managers
- Customer surveys
- Use of different communications media
- LGNZ know how, training and internal induction training
- Councillor code of conduct
- Standing orders
- Councillor interests register (including recent procedural updates to improve LAMI Act compliance)
- Staff conflict of interest policy and register – induction requirement and regular reporting
- Media Policy
- Internal communications resource to enable staff to provide correct information about Council work
- All new contracts prohibit contractor responses to media inquiries – must be referred to Council (i.e. Communications Unit)

Treatments - What we are planning

- None further proposed

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Risk Owner
GM Strategy and Communications

Residual Risk Rating
MEDIUM

Risk Map

Likelihood	Impact				
	Insignificant	Minor	Moderate	Major	Extreme
Almost Certain	Medium	Medium	High	Very High	Very High
Likely	Medium	Medium	High	High	Very High
Possible	Low	Medium	Medium	High	High
Unlikely	Very Low	Low	Medium	Medium	High
Rare	Very Low	Very Low	Low	Medium	Medium

Risk Movement

None

Last Update: April 2018

Item 8: Key Organisational Risks - 1st Quarterly Report Calendar 2018: Attachment 1

4. Ineffective Contracts and Management of Contractors compromises Council service performance

Why do we see this as a risk?

Council delivers a very large amount of its key services by using contractors. Inconsistent quality of contracts and oversight of the activities of contractors can impact on our objectives to keep people safe, operate within budget, deliver quality services and maintain a high reputation. In addition errors in contracting and insufficient Council supervision can add costs to the delivery of services, including the costs of resolving contract disagreements. Further, if contractor Health and Safety management is insufficient Council may be exposed to liability under the Health and Safety at Work Act 2015.

Managing the risk

A major upgrade of both contracting procedures and tools and Council management of contractor H&S is now being implemented.

Controls - What we have in place

- An extensive suite of new contract and procurement templates is now available and second round staff training on their use (esp. for new staff) is underway, now includes contract oversight
- Procedures to properly specify (particularly non-Civil Works) Contracts are being expanded and more extensive use is being made of in house business analyst capability
- Contract performance management reviews
- Where relevant, contractors follow NCC procedures
- Clarified and simplified procurement policy now in use
- Coaching of contract managers to support and align to Council expectations

Treatments - What we are planning

- Procedure changes to ensure consistency in contract renewal and extension
- Coaching of contract managers in specification writing
- Database to track contract performance – development contract let Go live scheduled for mid- 2018
- Completion of revised NZS3910 based template (major civil works) scheduled for 3rd quarter 2018.

Risk Owner
Chief Executive
[Support by all Senior Leadership Team]

Residual Risk Rating
MEDIUM

Risk Map

	Almost Certain	Likely	Possible	Unlikely	Rare
Very High	Very High	Very High	High	High	Medium
High	High	High	Medium	Medium	Low
Medium	Medium	Medium	Low	Very Low	Very Low
Low	Low	Low	Very Low	Very Low	Very Low
Very Low	Very Low	Very Low	Very Low	Very Low	Very Low

Insignificant Minor Moderate Major Extreme

Impact

Risk Movement

None

Last Update: April 2018

A1946189

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Item 8: Key Organisational Risks - 1st Quarterly Report Calendar 2018: Attachment 1

5. Technology (IT) failures Impacts on Service Delivery

Why do we see this as a risk?

Council is heavily reliant on information technology for its day to day business operations. Failure of software/hardware or phone systems would impact on the ability to provide promised levels of service. Such failures can also result in financial loss and the potential for loss of key information. Causes may include cyber-attack, electricity interruptions, unsupported and out of date hardware/software, or other failures due to natural or infrastructure events.

Managing the risk

IT has adopted a mixed environment - in-house core plus externally hosted/supported backup.

Controls - What we have in place

- IT replacement and upgrade planning
- IT backup and disaster recovery procedures
- IT and phone system redundancy
- IT security and regular IT security review
- Emergency plans – “Plan B” provider out of region
- Annual recovery tests
- Simplification policy - fewer vendors, models
- ITIL and Cobit frameworks (recognised best practice frameworks for delivery and planning of IT services)
- Use of multiple phone providers for emergency
- UPS, Generator & fuel supply
- Change management processes
- IT steering group (decision making for large IT projects)

Treatments - What we are planning

- Removing dependency on bespoke systems (approx. 10% remaining)
- IT strategic plan – next 3 year revision being prepared

A1565520

Risk Owner
GM Corporate Services

Residual Risk Rating
MEDIUM

Risk Map

Likelihood	Impact				
	Almost Certain	Medium	High	Very High	Very High
Possible	Medium	Medium	High	High	Very High
Unlikely	Low	Medium	Medium	High	High
Rare	Very Low	Low	Low	Medium	Medium
	Very Low	Very Low	Low	Medium	Medium
	Insignificant	Minor	Moderate	Major	Extreme

Risk Movement

Remains medium but likelihood reduced by new core system hardware and offsite backups

Last Update: April 2018

Item 8: Key Organisational Risks - 1st Quarterly Report Calendar 2018: Attachment 1

6. Incomplete and difficult to access records compromise decision making and public services

Why do we see this as a risk?

Council is required to comply with the Public Records Act. Council relies on a number of different systems to provide information for the public and on which to base decisions. Where the information is incomplete or difficult to access this can lead to poor advice or decision making with the potential for litigation and adverse media reporting. For example, poor information on GIS used for planning can result in costly construction delays and rework. Failure to follow records management processes may result in documents/information being overlooked which in turn creates a risk of legal non-compliance and reputational damage. Our inherited mix of paper and electronic records may lead to incomplete information provision to the public.

Managing the risk

The Recordkeeping Strategy Steering Group are directing the implementation of an organisation wide records and archives management strategy.

Controls - What we have in place

- Quality assurance and sign off processes
- Council procedures (Promapp)
- Records management policy and process
- Archivist position, and recent addition of another Records Support Officer
- 5-year Recordkeeping Strategy
- GIS data accuracy input and checking protocols in place

Treatments - What we are planning

- Implementation of Records Strategy across the organisation – in progress (multi-year) includes:
 - reconfiguring Electronic Document Records Management system, to enable recordkeeping compliance and improve business process – underway due mid 2018
 - Improved management for hard copy records and archives for legislative compliance and ease of location (started due mid 2019)
- Internal audit to test progress later in 2018

A1565520

Risk Owner

GM Strategy and Communications

Residual Risk Rating

MEDIUM

Risk Map

Likelihood	Almost Certain	Likely	Possible	Unlikely	Rare	Impact
Very High	Very High	Very High	High	High	High	Very High
High	High	High	Medium	Medium	Medium	High
Medium	Medium	Medium	Low	Low	Low	Medium
Low	Low	Low	Very Low	Very Low	Very Low	Low
Very Low	Very Low	Very Low	Very Low	Very Low	Very Low	Very Low

Risk Movement

Risk remains at medium but likelihood decreasing as records strategy implemented.

Last Update: April 2018

Item 8: Key Organisational Risks - 1st Quarterly Report Calendar 2018: Attachment 1

7. Loss of specialist expertise compromises capability to deliver Council work programme

Why do we see this as a risk?

Council's delivery of all of its objectives can be affected by the loss of staff in specialised roles or with extensive organisational knowledge. Loss of staff, particularly in key project or planning phases has the potential to disrupt timing, impact on outcomes and place pressure on remaining staff. This potential exists across the organisation where specialised expertise is required.

Managing the risk

Controls - What we have in place

- Procedure and Promapp project documentation
- File management system
- HR notice periods and handovers
- More than one staff member with knowledge of key roles/projects
- Succession, business units and long term planning
- Workplace Support Service and Reporting
- Council procedure (Promapp)
- Staff survey for morale and culture
- CEE committee/relationship with CE
- Preferred suppliers, short term contracts, e.g. working with other BCA
- Business Planning
- Networking within sector e.g. SOLGM, Institute of Public Works Engineering Australasia.
- Council Wellness programme
- Implementation of standardised project tracking/recording protocols including improved tools, procedures and staff training (partially complete)

Treatments - What we are planning

[Treatments now in place and implemented as controls]

Risk Owner
Chief Executive
[Support by all Senior Leadership Team]

Residual Risk Rating
MEDIUM

Risk Map

Likelihood	Impact				
	Insignificant	Minor	Moderate	Major	Extreme
Almost Certain	Medium	Medium	High	Very High	Very High
Likely	Medium	Medium	High	High	Very High
Possible	Low	Medium	Medium	High	High
Unlikely	Very Low	Low	Medium	Medium	High
Rare	Very Low	Very Low	Low	Medium	Medium

Risk Movement
None
Last Update: April 2018

Item 8: Key Organisational Risks - 1st Quarterly Report Calendar 2018:
Attachment 1

8. Fraud, corruption or theft attacks Council reputation and reduces capacity to deliver its work programme

Why do we see this as a risk?

Economic crime is a potentially fundamental exposure for any organisation. NCC has fraud exposures both internally and via the reliance on use of contractors and volunteers for activities such as festivals and through provision of grants. Fraudulent activities reduce the Council's ability to deliver on most of its objectives which involves the expenditure of funds or generation of revenue. Such activities also divert time and resources to track and rectify them.

Managing the risk

Council has a system of internal controls over all aspects of its business. These are being progressively audited and audit recommendations used to strengthen controls where required. All audits will include an assessment of internal controls and fraud risk. A physical security review has been completed.

Controls - What we have in place

- Internal controls and training
- Internal and External audit (fraud considered in all internal audits)
- Code of conduct
- Organisational values
- Building security systems
- Report It Now
- Review of community assistance grants process
- Delegated authorities
- Segregation of duties
- Findings from physical security review being implemented
- Conflicts of interest register

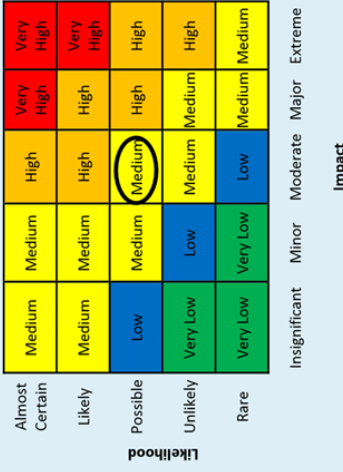
What is planned?

[Treatments now in place and implemented as controls]

Risk Owner
Chief Executive
[Support by all Senior Leadership Team]
Residual Risk Rating

MEDIUM

Risk Map



Risk Movement
None
Last Update: April 2018

Item 8: Key Organisational Risks - 1st Quarterly Report Calendar 2018: Attachment 1

9. Breach of Privacy of Personal Information affects Council's reputation

Why do we see this as a risk?

Information held by Council is publicly available but may include personal information that should not be disclosed. Staff may inadvertently or wilfully disclose personal information, either electronically or by supplying documents or leaving documents unattended, damaging the Council's reputation. This can possibly lead to legal action.

Managing the risk

Controls - What we have in place

- IT security systems
- IT flags on withheld information (pop ups) database and GIS
- Housekeeping (tracking, suitable storage of records)
- Locked Tardis files
- Code of conduct
- Confidentiality clause in employment agreements
- Access to ratepayer and owner names is controlled in GIS systems (Nap, Top of the South Maps and contractor access to GIS databases)
- LGOIMA
- Privacy officer appointed
- Induction training on Privacy
- Council procedures (Promapp updates still to be finalised)

Treatments - What we are planning

- Internal audit to check existing controls first half 2018

Risk Owner

Chief Executive

[Support by all Senior Leadership Team]

Residual Risk Rating

MEDIUM

Risk Map

Likelihood	Impact				
	Almost Certain	Likely	Possible	Unlikely	Rare
Very High	Very High	Very High	High	High	High
High	High	High	Medium	Medium	Medium
Medium	Medium	Medium	Low	Low	Very Low
Low	Low	Low	Very Low	Very Low	Very Low

Risk Movement

None

Last Update: April 2018

Item 8: Key Organisational Risks - 1st Quarterly Report Calendar 2018: Attachment 1

10. Council actions without adequate consideration of legal implications generate unworkability, liability and loss of reputation.

Why do we see this as a risk?

In order to carry out its functions Council must comply with or use in excess of 300 separate items of legislation (statute, regulation and other instruments) as well as being required to adhere to common law principles. This complexity and volume provides situations for liability exposure and loss of reputation.

Managing the risk

Controls - What we have in place

A key requirement for managing this is obtaining early and well defined legal advice. This includes:

- In house legal adviser (75% FTE)
- Induction for all new staff includes obligations in respect of key legislation
- Documented procedures for obtaining legal advice
- Use of good practice guidance (e.g. SOLGM flowcharts)
- Joint legal services panel (with TDC) in place and operating
- Procedures require obtaining legal advice for certain activities
- Documented previous advice available organisation wide
- Use of standardised templates for legal agreements (contracts, property leases etc.)
- Minimum levels of knowledge/ qualification for inspection and enforcement contractors and staff
- Obligation to consider legal compliance risk in all decisions (Risk Management Policy and Criteria)

Treatments - What we are planning

- Legal review of advice with substantial legal implications – in progress
- Improved procedures including development of enhanced tools for briefing, tracking and reporting on legal advice – in progress
- In-house seminars on key topics by legal services panel experts (begun)

A1946189

Risk Owner
Chief Executive

Residual Risk Rating

MEDIUM

Risk Map

Likelihood	Impact				
	Almost Certain	Likely	Possible	Unlikely	Rare
Very High	Very High	Very High	High	High	Medium
High	High	High	Medium	Medium	Low
Medium	Medium	Medium	Low	Very Low	Very Low
Low	Low	Low	Very Low	Very Low	Very Low
Very Low	Very Low	Very Low	Very Low	Very Low	Very Low

Risk Movement

High => Medium

Last Update: April 2018

Annex: Key Risk Management Concepts

Risk: The effect of uncertainty on objectives.

Risk is usually described as a combination of consequence for a given objective or objectives and the likelihood of that consequence eventuating. The levels of risk set out in this report are derived from evaluating the consequence and likelihood of a series of events which may affect the Council's overall objectives in each area.

Consequence: The effect that a particular (uncertain) event would have on a given objective (or objectives). At present consequences are scaled using the following scales:

- **Safety of staff or public:** from minor injury to multiple fatalities
- **Health of staff or public:** from few people affected temporarily to large numbers with serious effects
- **Asset performance:** from few people affected by failure to several thousand affected
- **Environmental:** from short term temporary impact to major/ permanent environmental damage
- **Historical/ cultural:** from minor/temporary loss of historical record to major damage / destruction of nationally important objects/ buildings etc.
- **Financial:** from losses of less than \$100,000 to more than \$5million
- **Reputation:** from minor reaction by a small number to complete loss of confidence in the council
- **Relationship with Iwi:** from minor issues to complete breakdown of relationships
- **Legal compliance:** from minor infringements to convictions with serious fines or officer imprisonment

Likelihood: scale extends from rare (e.g. less common than 1 in 100 year event) to almost certain.

Residual Risk: The level of risk remaining after controls have been put in place. The risk levels given in this report are all residual risks.

Controls: Actions which are in place which modify (generally reduce) risks.

Treatments: Actions which are proposed or planned but are yet to be taken to modify (generally reduce) risks.

Corporate Report to 31 March 2018

1. Purpose of Report

- 1.1 To inform the members of the Subcommittee of the financial results of activities for the nine months ending 31 March 2018, compared to the approved operating budget, and to highlight and explain any permanent and material variations.

2. Recommendation

That the Audit, Risk and Finance Subcommittee

Receives the report Corporate Report to 31 March 2018 (R9198) and its attachments (A1958594 and A1956070).

3. Background

- 3.1 The financial reporting focuses on the nine month performance compared with the year to date approved operating budget.
- 3.2 Unless otherwise indicated, all measures are against approved operating budget, which is 2017/18 Annual Plan budget plus any carry forwards, plus or minus any other additions or changes as approved by Council throughout the year.
- 3.3 Officers have assessed budgets and applied a range of phasing mechanisms depending on the nature of the expenditure to reflect the timing of anticipated actual income and expenditure.

4. Discussion

- 4.1 For the nine months ending 31 March 2018, the activity surplus/deficits are \$5.1 million favourable to budget.
- 4.2 Financial information provided in Attachment 1 to this report includes:
- 4.2.1 A financial measures dashboard with information on rates revenue, operating revenue and expenditure, and capital revenue and expenditure. The arrow icon in each applicable measure

Item 9: Corporate Report to 31 March 2018

indicates whether the variance is increasing or decreasing and whether that trend is favourable or unfavourable (green or red).

- 4.2.2 A grouping of more detailed graphs and commentary for operating income and expenditure. The first set of charts and commentary is by category (as in the annual report) and highlights significant permanent differences and items of interest. Variances due to timing will not be itemised unless they become permanent. The second set of charts is by activity.
 - 4.2.3 A treasury measures dashboard with a compliance table (green = compliant), a forecast of the debt/revenue ratio for the year where available, and a graph showing debt levels over a rolling 13 month period.
 - 4.2.4 High level balance sheet. This does not include any consolidations.
 - 4.2.5 A debtor analysis graph over 12 months, clearly showing outstanding debt levels and patterns for major debt types along with a summary of general debtors >3 months and over \$10,000 and other debtors at risk.
 - 4.2.6 Two capital expenditure graphs – The line graph records actual expenditure against budget plus carryover (the initial budget), approved budget (as amended by subsequent Council decisions), and forecast (current understanding of most likely outcome). The bar graph records year to date expenditure against approved operating budget by activity.
 - 4.2.7 A major projects summary including milestones, status, issues and risks.
- 4.3 Capital expenditure is \$10.7 million under approved budget and \$264,000 more than current forecast for the Long Term Plan 2018-28 presented to Council workshops in late January (including vested assets and NRSBU capital).

5. Storm damage costs

- 5.1 Council's disaster recovery policy requires that the first \$150,000 expenditure in each activity is funded from existing operating budgets. Expenditure in excess of this, which can't be covered by operating cost savings, is funded through the disaster recovery fund. If there are sufficient surpluses in the current financial year, the preference will be to fund from that rather than raise loans through the disaster recovery fund.
- 5.2 The disaster recovery fund is still in deficit after the 2011 event, but is projected to be in surplus in Year 3 of the Long Term Plan 2018-28. Council is currently rating for a \$1 million per annum contribution to the fund, and this increases to \$1.5 million per annum through the long term plan in recognition of the increasing frequency of such events.

Item 9: Corporate Report to 31 March 2018

- 5.3 Subsidy will be recovered from NZTA where applicable, and insurance claims will be made for sea wall damage (wharves), Rocks Road chains and the Roding Bridge.
- 5.4 Estimated costs for recent storm events, including staff costs, (as at 27 April 2018) are as follows:

Event	Spent to 27 April	Outstanding 2017/18 purchase orders	2018/19 Purchase orders	Total	Other information
1 Feb storm surge	\$209,000	\$227,000	\$296,000	\$732,000	Excludes remediation cost for Airlie St
11 Feb rainfall	\$121,000	\$6,000	\$170,000	\$297,000	
20 Feb Cyclone Gita	\$99,000	\$2,000	\$0	\$101,000	

- 5.5 Arlie Street remediation is currently estimated to be between \$1 and \$1.5 million gross of NZTA subsidies and will be subject to a separate report to Works and Infrastructure.

6. Options

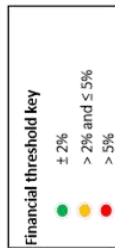
- 6.1 Accept the recommendation. This report is to inform the Subcommittee members, and no further actions are required.
- 6.2 Do not accept the recommendation.

Tracey Hughes
Senior Accountant

Attachments

Attachment 1: A1958594 - Finance report to 31 March 2018 [↓](#)

Attachment 2: A1956070 - Major Projects Report [↓](#)



RESULTS - FINANCIAL MEASURES



- All measures are year to date (YTD), and against 2015/16 (year one of the LTP) operating budget unless otherwise stated.
- Operating budget = LTP + any carry forward +/- any resolutions of Council for the year to date.
- The financial threshold key interprets the quick-glance year to date indicators. The relative size (%) of the variance governs the colour of the indicator. Expenditure which is under budget by more than 5% is red because it is an indication of possible over-rating (if opex), or possible delivery issues (if capex).
- The trend arrow points north if the variance is increasing. It is red if the trend is unfavourable, green if favourable.



March 2018

OPERATING INCOME AND EXPENDITURE BY CATEGORY



Attachment 2

Operating Expenditure is \$1.23m less than operating budget

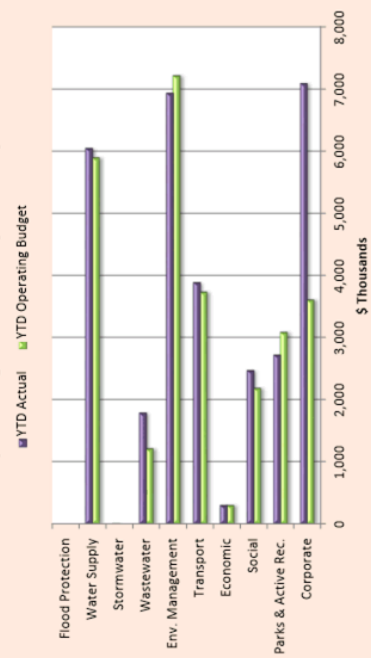
- **Staff operating expenditure including overhead and employee related expenses are \$781,000 less than budget YTD.**
- **Maintenance costs are \$1.49m less than budget - Programmed and Base Maintenance are \$2.18m less than budget while Unprogrammed Maintenance costs are \$689,000 more than budget (of which \$413,000 relates to February storm events) - Parks and Recreation are \$330,000 over budget (includes \$126,000 for February storm events, \$63,000 for tree maintenance; \$38,000 at the Trafalgar Centre for building maintenance and extra on-costs of venue hire, \$53,000 at the Marina including Travel Lift). Transport activities are \$222,000 greater than budget (with Storm Events contributing \$158,000 to this variance). Water Supply is \$45,000 overspent on leak detection and repairs (offset in underspend in Programmed Maintenance). Wastewater is \$30,000 unfavourable with the Storm Events contributing \$69,000 to this variance offset by underspends. In the programmed and base areas - \$593,000 for programmed desludging at NWWTP (phasing) and another \$100,000 across various projects at NWWTP; pools, toilets, community properties, and community housing share \$430,000 of the underspend and social facilities such as halls, historic houses and Greenmeadows Centre account for another \$143,000; transport accounts for \$330,000 of the underspend (priority work expected to increase, cycle-path maintenance awaiting condition assessments, road marking is seasonal so beginning to increase); and Water Supply \$71,000 under budget due to underspends in water treatment, headworks, backflow prevention. \$155,000 underspent in Base and Programmed maintenance in Civic House and Rental Properties.**

- **Other service provision costs are \$1.88m more than budget - \$2.75m from unbudgeted costs of harvesting forestry stands in Maitai and Roding (offset by income). Over budget by \$407,000 for NCC share of NRSBU expenses due to higher trade waste discharges. \$507,000 grant overspend for Nelson Regional Development Agency events fund (funded from reserves). NSOM Earthquake strengthening adding \$273,000 to the unfavourable variance (converted to loan in April). Brook Camp showing \$118,000 unfavourable overspend but no budget provided. Offsetting these overspends are grants to be paid to TDC related to the Velodrome not yet charged by TDC of \$845,000. Feasibility studies and water reduction strategies related to Water Supply are showing \$148,000 favourable variance. \$473,000 underspent in Environmental Management activities, including Nelson Nature expenses \$145,000, not incurred and various underspends in monitoring of the environment. \$379,000 under budget in Solid Waste, largely offset in other income reflecting the closed funding of this group of accounts. \$121,000 in Unsubsidised Roding for delayed traffic studies.**

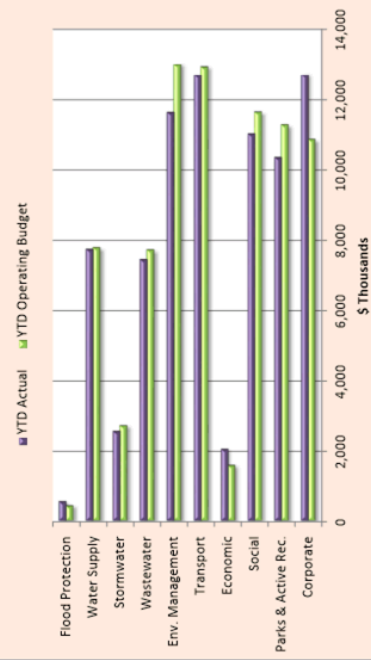
- **Other expenditure \$560,000 less than operating budget - \$246,000 in consultancy, \$313,000 in base operating expenditure. In consultancy, overspends of \$257,000 relating to legal costs associated with the bait drop at the Brook Waimarama Sanctuary, costs of developing the City Amenity Bylaw and a review of Development Contributions are offset by underspends in strategy and policy areas. In Base operating expenditure, Water Purchased from TDC is \$76,000 unfavourable as the budget is too low and has been adjusted in the LTP, but there is an underspend of \$88,000 in Sport fields Water.**

OPERATING INCOME AND EXPENDITURE BY ACTIVITY

Other Operating Revenue by Activity



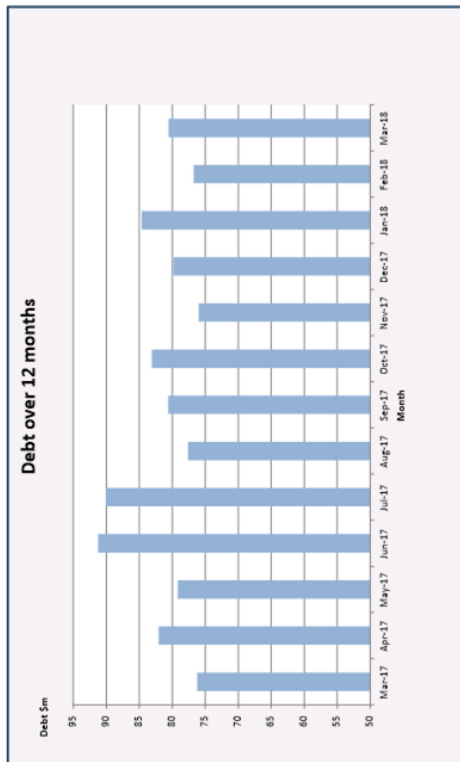
Operating Expenditure by Activity



March 2018

RESULTS - TREASURY MEASURES

- All treasury parameters measured are compliant.
- Full year debt forecast as calculated for the LTP is \$96.4m.



Borrowing Compliance					
	Compliance	Actual	Ann Plan	Minimum	Maximum
Fixed: floating mix	Compliant	77.0%	n/a	55%	90%
Net interest: total revenue	Compliant	3.9%	4.6%	0%	10%
Net interest: rates revenue	Compliant	6.5%	6.5%	0%	20%
External debt: budgeted revenue	Compliant	67.4%	113.0%	0%	150%
External debt: equity	Compliant	5.4%	8.5%	0%	20%

Attachment 3

March 2018

ABBREVIATED BALANCE SHEET

	Mar 2018 YTD	Feb 2018 YTD
Current Assets		
Cash	10,120,982	13,949,644
Receivables	11,177,703	7,827,020
Other Current Assets	701,890	701,890
Total Current Assets	22,000,574	22,478,554
Non Current Assets		
Fixed Assets	1,420,679,393	1,420,336,176
Investments	40,653,743	40,653,743
Other Non Current Assets	3,681,045	3,702,045
Total Non Current Assets	1,465,014,181	1,464,691,963
Current Liabilities		
Payables	(14,149,456)	(10,883,448)
Borrowings: Current	(1,400,000)	(1,400,000)
Other Current Liabilities	(1,600,206)	(1,312,818)
Total Current Liabilities	(17,149,662)	(13,596,266)
Non Current Liabilities		
Payables: Non Current	(1,058,430)	(1,044,263)
Provisions	(1,618,246)	(1,618,246)
Borrowings: Non Current	(83,000,000)	(83,000,000)
Other Non Current Liabilities	(5,624,533)	(5,624,533)
Total Non Current Liabilities	(91,301,209)	(91,287,042)
Net Assets	1,378,563,885	1,382,287,209
Equity		
Accumulated Funds	(407,329,440)	(410,708,194)
Reserves	(971,234,444)	(971,579,015)
Total Equity	(1,378,563,884)	(1,382,287,209)

• The balance sheet remains strong, with the usual funding movement in equity reflecting the funding of March expenditure.

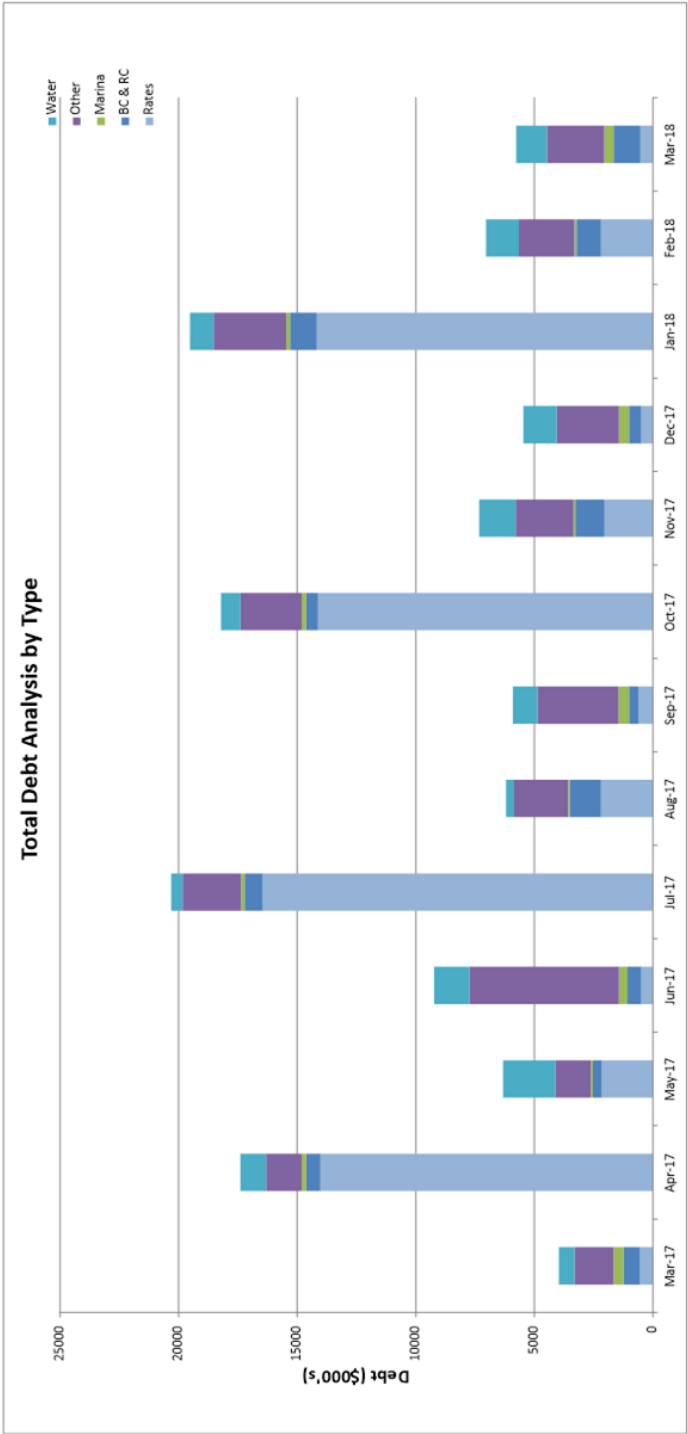
• Receivables have increased \$3.4m including a GST refund due and a large NZTA claim accrued.

• Payables have increased \$3.2m, mainly trade creditors in advance of a large (\$8.9m) creditors payment on 20 April.

• Fixed assets have only increased by \$343k due to the sale of Betts carpark \$1.07m

March 2018

DEBTOR ANALYSIS



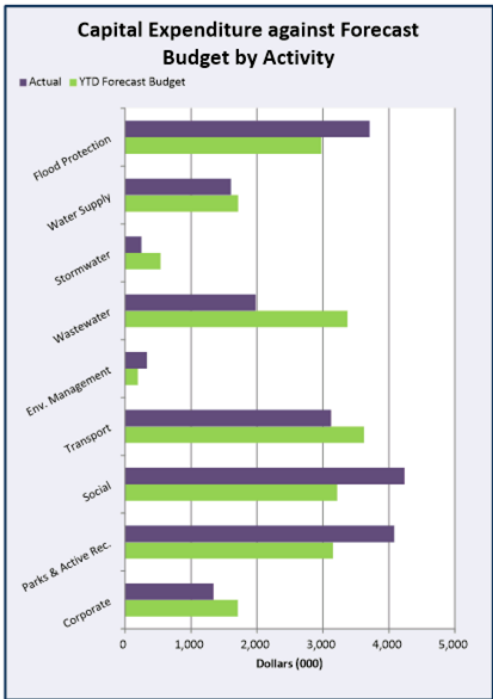
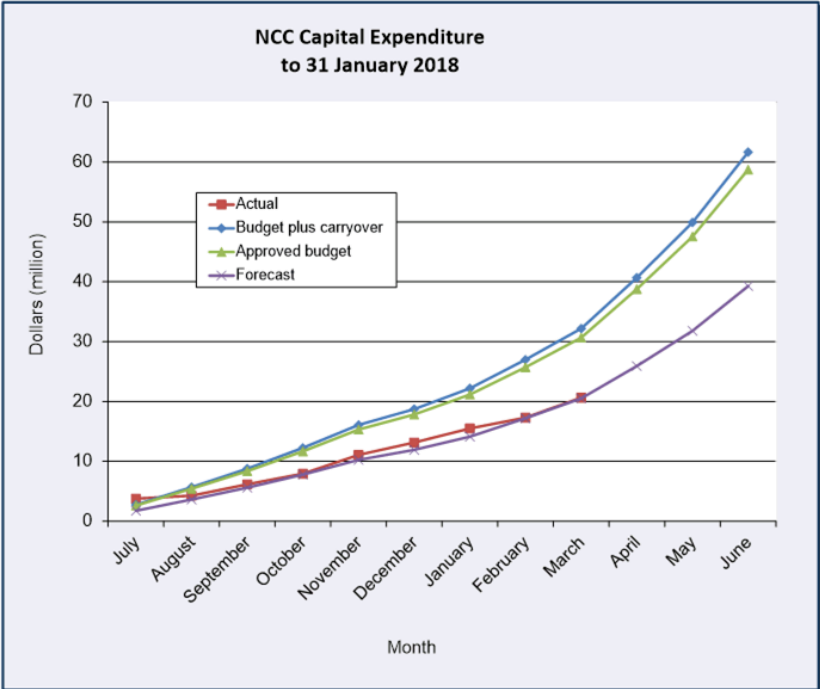
General debtors 3 month plus over \$10,000 or at risk

Account No	3 Mths Overdue	Notes
1211174	\$ 12,116	Easy-pay in place at \$1,000 per month and debt reducing
1216079	\$ 21,460	Cost Recovery - The Brook Valley Community Group Inc
	\$ 33,576	

March 2018

RESULTS - CAPITAL EXPENDITURE

Excluding vested assets and NRSBU capital expenditure



Major variances (projects)

More detail on major capital projects can be found in the major projects status report.

York Stream, Saxton Creek are ahead of phased forecast capex
Orphanage Stream and Maire Stream upgrade are behind the phased forecasted capex
Behind budget (as currently phased) on most projects

Most projects behind budget.

Neale Park PS upgrade and Sewer Pipe renewal running behind forecast capex. Awatea Place ahead of phased forecast.

Project Maitai capex ahead of forecast

Maitai Walkway (Saltwater Creek Crossing), Maitai Footbridge (cathodic protection), Pavement renewals, Retaining Walls, Streetlight conversion to LED, CCTV renewal are behind phased forecast.

Greenmeadows Centre ahead of phased forecast. Budget was increased by \$590k in April, therefore not reflected in this result.

Trafalgar Centre additional projects ahead of current phasing; Daelyn Land Purchase, Modellers Pond, Replacement of Benched Seats
Behind forecast in Core System enhancements, Desktops, MVs.
Ahead of forecast in Civic House Renewal, IT Infrastructure Hosting Investigation

Active Construction Projects Summary Table

Projects in construction	Projects to commence construction shortly
Bronte Street Footpath Extension (St Joseph School) - Completed	NWWTP Desludging - Carting to landfill starting in May 2018
Trafalgar Park Turf Upgrade - Completed	Sever Relining (Bridge Street, Alma St, Jenner Road) - Construction Starting in April 2018
Groom Creek - Wetland Restoration	Nile Street East Stormwater & Flood Protection - Construction starting in July 2018
Main Road Stoke - Stoke Pedestrian Refuge - Completed	Nayland Pool Water Heating System Renewal - Construction starting in May 2018
Saxton Road Culvert	
Maire Stream Bank Erosion Repair	
Saxton Field - Walkway / cycleway	
Sever Relining (Bridge Street, Alma St, Jenner Road)	
Seismic Reservoir Strengthening (Various Sites)	
Brook Hub - Gravel Parking Area	

Major Project Summary Table

Green = on track against baseline, no major issues or risks. >90% confident in delivery against plan.
 Yellow = moderate issues &/or risks exist but are manageable. 50 to 90% confident in delivery against plan.
 Red = high or extreme issues &/or risks requiring corrective action(s). Less than 50% confident in delivery against plan.

												Status vs current year plan			
Project/ Programme Name	Project Definition	Next Milestone	Milestone expected completion	Original Total Budget	Forecast Total Spend	Total Spent to date.	16/17 Budget	17/18 Budget	18/19 Budget	Primary Committee	Report to Committee/ Council	Time	Budget	Scope/ Benefits	Issues & Risks Reasons
Flood Protection Activity															
Saxton Creek Upgrade MULTI-YEAR PROJECT	Upgrade stream channel and undertake associated landscaping.	Approved R.C. for 1A Hill St Bridge	Jul-18	\$ 6,202,682	\$ 6,202,682	\$ 4,415,373	\$ 1,239,280	\$ 4,095,598	\$ -	Works & Infrastructure	Carryover included in W&I Committee Q2 Progress Report for 16 Feb 2017. Approved by Council on 23 March 2017.	R	G	G	Stage 1 - Completed Stage 3 - Completed Stage 2 - Land negotiations on-going. Construction of Bridge to 1A Hill St anticipated to start in September 2018. Budget rephased as part of LTP
Nile Street East SW & flood protection	SW & flood protection to meet appropriate LOS.	Construction starts on site	Jul-18	\$ 513,100	\$ 900,000	\$ 78,670	\$ 12,646	\$ 60,000	\$ 772,904	Works & Infrastructure	Carryover included in W&I Committee Progress Report in Nov 2017. Approved by Council in Dec 2017.	G	G	G	On track, to commence in July 2018.
Water Supply Activity															
Maitai Pipeline Upgrade (WTP - Westbrook Tce)	Construction of a trunk main from WTP to Brook Street.	End of Defects Liability Period	Aug-18	\$ 4,117,535	\$ 4,954,724	\$ 4,954,724	\$ 2,856,553	\$ 80,000	\$ -	Works & Infrastructure	None	G	G	G	Project completed, 12 month defects period underway.
Stormwater Activity															
Wastney Terrace STW Upgrade MULTI-YEAR PROJECT	Upgrade of the public stormwater system to serve future development potential.	Complete landowner negotiations	Sep-18	\$ 952,000	\$ 1,600,000	\$ 198,934	\$ 83,926	\$ 859,696	\$ -	Works & Infrastructure	Carryover and additional funds previously included in W&I Committee Q2 Progress Report for 16 Feb 2017. Approved by Council on 23 March 2017.	R	R	G	Easement negotiations ongoing and have become protracted. Forecast of insufficient budget primarily due to lack of competitive pricing within the construction market, site complexities and legal fees. Additional budget and time line rephased as part of LTP.
York Stream Channel upgrade MULTI-YEAR PROJECT	Install large stormwater pipe along Kawai St to Boundary Road.	End of Defects Liability Period	May-19	\$ 4,651,332	\$ 3,902,043	\$ 3,202,043	\$ 112,000	\$ 2,605,000	\$ -	Works & Infrastructure	W&I Committee Q3 Progress Report to Council in June 2017 approved additional money and carryover.	G	G	G	Project completed, 12 month defects period underway.
Wastewater Activity															
Neale Park sewer pump station upgrade MULTI-YEAR PROJECT	Redevelopment and upgrade of Neale Park Sever pump station to reduce odour and provide peak flow pumping requirements.	Complete Construction	Dec-18	\$ 6,865,588	\$ 7,122,748	\$ 2,000,000	\$ 123,068	\$ 5,440,663	\$ 1,116,728	Works & Infrastructure	W&I Committee Q2 Progress Report to Council in December 2017 approved rephasing budget to align with Construction.	G	G	G	Construction commenced in October 2017. Construction period is approx. 14 months.
Transport Activity															
Rocks Rd cycling and walking project MULTI-YEAR PROJECT	Development of walking and cycling solution along Rocks Road.	On Hold	-	\$ 2,860,010	\$ 2,860,010	\$ 270,689	\$ -	\$ 3,130,689	\$ -	Works & Infrastructure	TBC	R	R	R	Progress dependent on further discussions with NZTA. Budget rephased as part of LTP and RLTP.
Days Track Recovery	Reinstate/Remediate Days Track following landslip in Dec 2011 rainfall event.	End of Defects Liability Period	Jul-18	\$ 422,384	\$ 473,366	\$ 465,366	\$ 380,912	\$ 117,526	\$ -	Works & Infrastructure	None	G	G	G	Project completed - 12 Month defects period underway.
Parks and Active Recreation Activity															
Modellers Pond Solution MULTI-YEAR PROJECT	Improve Water quality and amenity of the pond.	Granting of Resource Consent	Apr-18	\$ 517,460	TBC	\$ 310,000	\$ 79,851	\$ 1,070,463	\$ -	Sports and Recreation	S&R Committee approved in October 2017 to investigate options.	G	Y	G	The Modellers pond was cleared in December 2017. Successful Modellers convention was held in early January 2018. Resource Consent to dose pond with Diatom as a trial lodged in February 2018. Trial to be undertaken over an 18 month period. Budget rephased as part of LTP. Trial costs higher than expected and under evaluation. Report to go to committee and Council.
Greenmeadows Centre	New sports and community facility in Stoke.	Complete Construction	Jun-18	\$ 5,717,450	\$ 7,100,000	\$ 5,700,000	\$ 1,521,920	\$ 4,196,080	\$ -	Community Services	Council approved additional budget in March 2018 .	Y	Y	G	Construction underway. Completion date June 2018.

Item 9: Corporate Report to 31 March 2018: Attachment 2

Project/ Programme Name	Project Definition	Next Milestone	Milestone expected completion	Original Total Budget	Forecast Total Spend	Total Spent to date.	16/17 Budget	17/18 Budget	18/19 Budget	Primary Committee	Report to Committee/ Council	Time	Budget	Scope/ Benefits	Issues & Risks Reasons
Daelyn Land Purchase	Purchase land to improve access for walkers, cyclists, and open up view at end of Daelyn Drive. Provide additional amenity space	Land purchase completed	N/A	\$ 1,019,400	\$ 695,424	\$ 685,106	\$ 10,706	\$ 673,890	\$ -	Sports and Recreation	Council approved purchase in December 2017.	G	G	G	Land purchase completed.
Queens Garden Toilet	New stand alone toilet block within Queens Garden.	Options assessment completed	May-18	\$ 225,220	\$ 225,220	\$ 16,025	\$ 16,025	\$ 186,378	\$ -	Community Services	None	R	G	G	Officers reviewing options with the preferred tenderer as to ability to deliver.
Saxton Cycle Track (Regional Velodrome)	Design and build a 330m outdoor cycling velodrome. This is a TDC lead project.	Project Close Out	Jun-18	\$ 688,000	\$ 878,000	\$ 652,200	\$ 252,220	\$ 174,800	\$ -	Saxton Field	None	G	G	G	NCC are a key stakeholder and contributing funds. Project managed by TDC. The facility was officially opened in February 2018.
Social Activity															
NSOM upgrade	Earthquake Strengthening.	Completion of Construction	Mar-18	\$ 3,028,500	\$ 3,708,500	\$ 3,549,355	\$ 2,585,148	\$ -	\$ -	Community Services	Council approved additional budget in March 2018 .	G	G	G	Work nearing completion.

Internal Audit - Quarterly Progress Report to 31 March 2018

1. Purpose of Report

- 1.1 To update the Audit, Risk and Finance Subcommittee on the internal audit activity for the quarter to 31 March 2018.
- 1.2 To seek approval for proposed changes to the Internal Audit Plan for the year ended 30 June 2018.

2. Summary

- 2.1 The attached Quarterly Progress Report to 31 March 2018 (Attachment provides information on activity relevant to the current Internal Audit Plan.
- 2.2 The Chief Executive has expressed concern at the workload generated by these audits and the risk of failure for Council to deliver business as usual and its essential services if all the internal audits planned for the remainder of the financial year continue as planned.
- 2.3 To mitigate this risk, it is proposed that three of the remaining audits planned for this financial year should not be performed. These three audit topics will be considered alongside other risks and organisational capacity when the internal audit plan is developed for the 2018/19 financial year.
- 2.4 Approval is sought from the Audit, Risk and Finance Subcommittee for this deviation from the original Internal Audit Plan.

3. Recommendation

That the Audit, Risk and Finance Subcommittee

Receives the report Internal Audit - Quarterly Progress Report to 31 March 2018 (R8842) and its attachment (A1949842); and

Approves the proposal to reduce the Internal Audit Plan to 30 June 2018 by three audits.

4. Background

- 4.1 Under Council's Internal Audit Charter approved by Council 15 October 2015, the Audit, Risk and Finance Subcommittee requires a periodic update on the progress of internal audit activities relative to any current Internal Audit Plan approved by Council.
- 4.2 Further, section 8.2 of the Internal Audit Charter requires that the Audit, Risk and Finance Subcommittee consider any proposed significant deviation from the approved internal audit plan.

5. Discussion

- 5.1 The Internal Audit Plan approved by Council on 9 November 2017 is on track however the Chief Executive has expressed concerns relating to the build-up of actions from internal audit recommendations already performed, and the capacity of the organisation to respond to all planned audits for this financial year.
- 5.2 There is heavy reliance on the current scarce resources at management level to remediate gaps found from internal audits. There are consequential risks to Council if these officers are remediating risks from internal audits in preference to ensuring their programmes of work and related risks are carefully managed.
- 5.3 To address this consequential risk it is proposed that the audits in the Table below should not be performed this financial year. These three audit topics will be considered alongside other risks and organisational capacity when the internal audit plan is developed for the 2018/19 financial year.

Internal Audits which it is Proposed should not be Performed during the Year Ended 30 June 2018			
Topic	Audit Objective	Rationale for Delay	Impact of Delay
Record Keeping Strategy	To provide a level of assurance to Council regarding the progress of the strategy against milestones. If progress is behind indicated timeframes, to identify reasons for this. Assess whether any	The Record Keeping Strategy is active and progressing, with a major file plan upgrade recently completed. This forms the foundation for improved document management and goes some	The delay would benefit this audit as it gives time for the new file plan structure to be imbedded and thus its effectiveness can be better measured at a later date

Item 10: Internal Audit - Quarterly Progress Report to 31 March 2018

	known vulnerabilities are being adequately managed at each stage of the strategic plan	way to addressing the underlying concern relating to the document management system	
Property Information Management	To identify the current status of transfer of property information management impediments to progress that may result in significant risk to Council	The risk associated with failure of this project to meet target timeframes is not considered to be as high as those associated with reallocating staff resource for the audit	There is no significant impact from this audit being delayed. In the interim, the risk can be mitigated by Officers being reminded to take care when sharing hard copy property files
Business Continuity Planning	Repeat audit. Confirm progress of responses to recommendations from prior external audit, and any actions subsequently approved by the Senior Leadership Team	<p>Work has been completed towards the mitigation of risks identified in the prior audit. These require testing during a planned exercise to assess adequacy. The exercise was originally planned for late 2017 but staff resourcing shortages and two weather events have meant this has had to be delayed until July 2018.</p> <p>An audit prior to the exercise taking place is not considered to be of sufficient value.</p>	The work that has already been completed on mitigating risks relating to major business interruption is not insignificant. However, it is only when faced with an incident that the effectiveness of this work will be assessed, so it is likely that some risk remains.

Item 10: Internal Audit - Quarterly Progress Report to 31 March 2018

Other audits in the Internal Audit Plan will proceed as planned (see progress in the attached report). These include two which are to be performed by external contractors:

- Monitoring and Management of Contractor Performance; and
- Property and Facilities Maintenance Contracts.

- 5.4 The profile and value of internal audit will not be compromised by this decision. Time which the Internal Audit Analyst would have spent performing internal audits can be better utilised by supporting business improvement across the organisation.
- 5.5 Council approved the formation of an Internal Audit Charter and role, and the development of an Internal Audit Plan in order to assist with the management of risk. Where there are changes in the organisation's business, risks, operations, programs, systems and controls, the Internal Audit Plan may be adjusted. Any significant deviation from the approved Internal Audit Plan will be considered by the Audit Risk and Finance Subcommittee after seeking guidance from the Chief Executive.

6. Options

There is more risk from officers responding to internal audits than using this time to address operational risks.

Option 1: Continue with Internal Audit Plan	
Advantages	<ul style="list-style-type: none">• Risks may be identified from internal audits which Management can then determine how and when to treat
Risks and Disadvantages	<ul style="list-style-type: none">• The time commitment, both during and following the internal audit, impacts significantly on Management tiers where there is a current resource deficit. This will compromise the ability of those officers to perform their other responsibilities• Realistically there is no perceived benefit from performing the 'Business Continuity' audit prior to next financial year as the lessons from the exercise will drive improvements
Option 2: Reduce the Quantity of Internal Audits	
Advantages	<ul style="list-style-type: none">• Management can focus on delivering services and managing the risks in their areas of responsibility• More value is added if the 'Business Continuity' audit is performed next financial year as the

Item 10: Internal Audit - Quarterly Progress Report to 31 March 2018

	<p>lessons from the exercise will drive improvements</p> <ul style="list-style-type: none">• Time which the Internal Audit Analyst would have spent performing internal audits can be better utilised by supporting business improvement across the organisation.
Risks and Disadvantages	<ul style="list-style-type: none">• Currently 'unknown' risks may have been identified during the three internal audits.

Lynn Anderson
Internal Audit Analyst

Attachments

Attachment 1: A1949842 - Internal Audit Quarterly Progress Report to 31 March 2018 [↓](#)

Important considerations for decision making	
1. Fit with Purpose of Local Government	Council has chosen to undertake internal audits to help improve systems, their controls and efficiencies, in order to help give confidence that it will be able to meet its responsibilities cost effectively and efficiently. Internal Audit is a tool to identify risks to the efficient and effective provision of services as set out in section 10(1)(b) of the LG Act.
2. Consistency with Community Outcomes and Council Policy	This report supports the community outcome that Council provides leadership, which includes the responsibility for protecting finances and assets through the prudent management of risk, consistent with guidance provided in Council's Risk Management Policy.
3. Risk	When considering planned audits collectively, there is a high likelihood that Council could suffer a moderate level of negative public reaction resulting from its failure to assess and implement strong controls. According to Council's Risk Criteria this corresponds to a high risk. The risks in relation to reducing the number of audits have been discussed in the body of this document.
4. Financial impact	The recommendation will not have any significant financial impact.
5. Degree of significance and level of engagement	This matter is of low significance because it does not affect the level of service provided by Council or the way in which services are delivered and no engagement has been undertaken.
6. Inclusion of Māori in the decision making process	There has been no consultation with Maori in the preparation of this report.
7. Delegations	The Audit, Risk and Finance Subcommittee <i>has the responsibility for audit processes and the management of financial risks and internal audit.</i>

Item 10: Internal Audit - Quarterly Progress Report to 31 March 2018: Attachment 1

Quarterly Progress Report to 31 March 2018 for Audit, Risk Risk meeting 15 May 2018

Annual Audit Plan - 2017-18 (Approved 9 November 2017)

Activity to be Audited		Audit Objective	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Progress	Findings/Ratings	Audit Conclusion
Internal Audit Analyst	Contract Renewals	Test compliance to Procurement Policy for renewals		✓	✓						Completed. To be presented to SLT	To be advised following SLT presentation	To be advised following SLT presentation
External Contractor	Monitoring and Management of Contractor Performance	To assess whether the quality of systems, processes and documentation ensure contracts and their deliverables are well managed, completed on time, meet budget and best practice (while appropriate to Nelson City Council's unique environment)							✓	✓	On target. Request for Proposals (RFP) closed. Successful RFP respondent to be selected and notified week commencing 16 April 2018. Audit planned for May, June		
External Contractor	Property & Facilities Maintenance Contracts	To provide an assessment of whether adequate oversight and controls exist to ensure that services provided across Council properties & facilities are pre-authorised, well managed, align to Council's Asset Management Plans, necessary, aligned to other Councils of similar size, and cost-effective for households and businesses							✓	✓	On target. Request for Proposals (RFP) closed. Successful RFP respondent to be selected and notified week commencing 30 April 2018. Audit planned for May, June		
Internal Audit Analyst	Record Keeping Strategy	To provide a level of assurance to Council regarding the progress of the strategy against milestones. If progress is behind indicated timeframes, to identify reasons for this. Assess whether any known vulnerabilities are being adequately managed at each stage of the strategic plan						✓			Decision to be made whether this audit will proceed		
Internal Audit Analyst	Property Information Management	To identify the current status of transfer of property information management impediments to progress that may result in significant risk to Council							✓		Decision to be made whether this audit will proceed		
Internal Audit Analyst	Water Service Provision - contamination prevention	To test the level of risk that legal water service targets may not be met through the deliberate contamination of Council's water supply network				✓	✓				Field work completed. Draft report in progress		
Allocated staff Member	Privacy Act	Repeat audit. Confirm status of recommendations from prior audit and ensure controls and process improvements are working as intended		✓							Completed.	Medium - 3: Low - 22	Council's management of risk relating to the inadvertent release of private information is developing with increased awareness and understanding. Risk exposure is not of concern but there are areas where minor improvements can be made including a review of the seniority of the Privacy Officer and their level of practical involvement in the management of privacy risk
Allocated staff Member	Business Continuity Planning	Repeat audit. Confirm progress of responses to recommendations from prior external audit, and any actions subsequently approved by the Senior Leadership Team					✓				Recommend that this should not proceed this financial year. Audit was placed on hold pending Council-wide 'major event' exercise which has been delayed a number of times due to weather events. Exercise now planned for the new financial year. An audit of this topic is not considered of sufficient value until some time after the event has been held		
Internal Audit Analyst	Adhoc	Adhoc											
Internal Audit Analyst	Control Environment	Assess the high-level risks of failure across the organisation of the five control environment principles (commitment to integrity and ethical values; management philosophy & operating style, and organisational structure; assignment of authority & responsibility; people & capability policies & practices; competence of staff) to determine if there are elements of the control environment which require a more indepth audit	✓	✓							Completed	High - 4: Medium 21: Low - 8	Council is committed to high ethical values demonstrated through its development of health & safety, internal audit, and risk management. There is still some way to go to find the ideal balance between resource availability and meeting Council's desired level of risk maturity.

Internal Audit - Summary of New or Outstanding Significant Risk Exposures and Control Issues to 31 March 2018

1. Purpose of Report

- 1.1 To update the Subcommittee on new or outstanding risk exposures following Internal Audits included in the Internal Audit Plan to 31 March 2018.

2. Recommendation

That the Audit, Risk and Finance Subcommittee

Receives the report Internal Audit - Summary of New or Outstanding Significant Risk Exposures and Control Issues to 31 March 2018 (R9251) and its attachment (A1950727).

3. Background

- 3.1 Under section 9.1 of the Internal Audit Charter, the Audit, Risk & Finance Subcommittee and the Governance Committees are to be informed of internal audit results where appropriate.
- 3.2 Under section 9.4, the Audit, Risk and Finance Subcommittee requires a periodic update of any significant risk exposures and control issues identified from internal audits completed.

4. Discussion

- 4.1 Issues identified in the attachment, Summary of New and Outstanding Significant Risk Exposures and Control Issues Identified from Internal Audits, relate to internal audits performed to 31 March 2018.
- 4.2 The attached report shows two high risks outstanding from the report presented to the Audit, Risk and Finance Subcommittee meeting of 8 September 2017. Details of progress on each are shown in the attached report.

Item 11: Internal Audit - Summary of New or Outstanding Significant Risk Exposures and Control Issues to 31 March 2018

- 4.3 There have been an additional four high risks added this quarter from a Control Environment audit performed since the last report. Details are in the attachment.

5. Options

- 5.1 The recommendation is to receive the report and its attachments outlining new or outstanding risk exposures from internal audits performed to 30 June 2017 so that Council can demonstrate its commitment to managing risks that may impact on the prudent, effective and efficient management of Council and its resources.

Lynn Anderson
Internal Audit Analyst

Attachments

- Attachment 1: A1950727 - Summary of New or Outstanding Significant Risk Exposures and Control Issues 31 March 2018 [↓](#)

Item 11: Internal Audit - Summary of New or Outstanding Significant Risk Exposures and Control Issues to 31 March 2018

Important considerations for decision making
1. Fit with Purpose of Local Government Council has chosen to undertake internal audits to help meet its purpose to meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.
2. Consistency with Community Outcomes and Council Policy This report supports the community outcome that Council provides leadership, which includes the responsibility for protecting finances and assets through the prudent management of risk, consistent with guidance provided in Council's Risk Management Policy.
3. Risk There is more risk that Council may not meet its responsibilities cost-effectively and efficiently if this recommendation is not accepted.
4. Financial impact The recommendation will not have any significant financial impact.
5. Degree of significance and level of engagement This matter is of low significance because it does not affect the level of service provided by Council or the way in which services are delivered and no engagement has been undertaken.
6. Inclusion of Māori in the decision making process There has been no consultation with Maori in the preparation of this report.
7. Delegations <i>The Audit, Risk and Finance Subcommittee has the responsibility for audit processes and the management of financial risks and internal audit.</i>

Summary of New or Outstanding Significant Risk Exposures and Control issues Identified from Internal Audits - 31 March 2018

Audit	Findings	Impact	Rating	Recommendations	Progress
Business Continuity Planning	(1) There was a Business Impact Analysis (BIA) performed in 2009 as part of an IT Disaster Recovery Plan but this is outdated and the order of priority could be flawed. There is no clearly defined BIA review period; (2) There is no defined Crisis Management Plan or structure which can lead to the selection of inappropriate recovery strategies and misuse of resources and support; (3) There is no defined Crisis Management Team which can lead to confusion and uncertainty during an event; (4) Business continuity planning should be standardised throughout the organisation to ensure consistency and simplicity. A plan was found for Payroll but it was limited and lacked critical components. Other business units may have similar strategies but these were not sighted (5) While members of an Incident Management Team have been identified, their roles and responsibilities are not clearly defined or included in an Incident Management Plan (this finding considered a duplication).	In the event of a large disruptive event (for example an earthquake) this often results in large scale loss of key services such as water supply, waste. While there is a low likelihood of these events occurring, Council's ability to respond rests to a considerable extent in its preparedness for this.	High	(1) Conduct Council wide BIAs; (2) Develop a Crisis Management Plan or structure; (3) Establish Crisis Management Team roles and responsibilities; (4) Develop Business Continuity Plan	(1) Conduct Council wide BIAs – basic plans developed, need to be tested in exercise setting and then progressed further; Business impact analysis undertaken and resulting priorities for restoration/continuation of Council services agreed by Senior Leadership Team for exercise Te Pou Hiko (2) Develop a Crisis Management Plan or structure – some elements exist, and priority ranking of service restoration undertaken. Further development and drilling of emergency evacuation procedures has been done. The Council has adopted a 'lean' model of major disruption response and this will be tested by Exercise Te Pou Hiko. Model consists of operating procedure for Incident management (corporate level and Business Unit by Business Unit skeleton response objectives and plans. (3) Establish Crisis Management Team roles and responsibilities – this has been established in procedure library. Requires discussion with new Chief Executive regarding roles and further testing in exercise. Learnings from Cyclones Fehi and Gita. (4) Develop Business Continuity Plan – Business Unit by Business Unit disruption response skeleton plans developed. Will be tested against corporate response procedures in exercise Te Pou Hiko
Delegations	The project management delegations CE2 and CE3 apply to expenditure against project budgets only where expenditure is within the Long-Term Plan/ Annual Plan. Experience with projects is that there can be unexpected changes such as increases in costs, changes to the planned timing of works, requests for additional scope, and new requirements for increased quality. Changes that cannot be accommodated within the budget and timing as per the Long Term or Annual Plan must be recommended by the relevant Committee and resolved by Council. Management approvals are required before submitting an item to Committee. On average the complete decision-making process takes nine weeks. The delays this causes to project delivery can be out of proportion in comparison with the level of significance.	Project delays can occur outside Council's control while waiting for approval for changes to project budget and phasing. The delays increase the likelihood of carryover of budget and work, reducing staff capacity to deliver the planned work programme for the subsequent year.	High	Senior Leadership Team/Acting Chief Executive considers requesting from Council the delegation to allow a budget and project phasing tolerance to enable efficient decision making on project change requests.	This was delayed pending the appointment of the new Chief Executive. Direction has been given by the Chief Executive that within certain constraints, decisions on allocating additional budget to a project, adjustments to project and budget phasing, and extending a project end date, can be made by Council Management. Outside of these constraints, requests for additional budget need to be approved by Council. A reporting framework is to be put in place to ensure committees are kept informed of progress and changes in relation to the delivery of the capital works programme. No delegation changes related to this matter are to be sought prior to the next scheduled delegations review post October 2019. Infrastructure Group project governance framework is being updated, and examples of reporting to committees are being worked on, to be reviewed and approved by the Senior Leadership Team. These items are on track for completion by end June 2018.

Summary of New or Outstanding Significant Risk Exposures and Control issues Identified from Internal Audits - 31 March 2018

Audit	Findings	Impact	Rating	Recommendations	Progress
Control Environment	2.1 The line between governance and operational management has become blurred at Nelson City Council.	Council decisions can be sub-optimal without the necessary independent expert advice. Officers can lose confidence and only offer recommendations to Council that they know will be accepted.	High	To a large extent separation should occur as Council gains confidence in the new Chief Executive. This should be a goal of both Council and the Chief Executive. It may be necessary for Elected Members to receive independent guidance from an external provider to further their understanding of the challenges caused when these vital roles are not separated.	Councillors have participated in the Local Government Equip Governance Diagnostic programme which provides for 360 degree feedback
Control Environment	3.1 To date, clause 6.2 of the Risk Management Policy is not being applied consistently across Council <i>"The Chief Executive is responsible for ensuring that this policy is actioned across the organisation in a consistent manner and specifically that appropriate risk management is applied to all forms of planning and decision making. This includes allocating sufficient resources"</i> .	Decisions may be made without understanding the level of uncertainty involved.	High	The Senior Leadership Team should formally address their concerns relating to the current Risk Management Policy and its implementation. The outcome should be an agreed approach that is clearly driven by this Team.	Additional staff resourcing has been included in the Long Term Plan that should lead to less pressure for officers to plan or make decisions without appropriate consideration of risks. See 3.2 below re the Senior Leadership Team workshop
Control Environment	3.2 Under the Risk Management Policy, any Officer advising a decision maker must identify and understand associated risks. The audit found there is generally a low level of risk maturity across Council. Business Unit risk registers vary in their completeness and review and there is no central risk register for Senior Management and Council to have oversight. While there is a risk framework, the risks are not fully understood or applied by Officers so that often a robust risk assessment will not be performed. To some extent this low level maturity could be directly attributed to the current state of 'busyness'. But it could also be a change management issue where Officers have not yet been persuaded of the benefits of the new risk based approach, or that the risk framework is too time consuming, not practical, or cannot be applied in all situations.	Decisions may be made without understanding the level of uncertainty involved.	High	It is recommended that some urgency is given to a review which considers whether the change management procedures for risk management implementation, and for those used generally across the organisation, are best practice. The method and timing for embedding risk management principles into the organisation should be formalised. It may be helpful to consider a formal implementation and training plan, designed collaboratively by the Risk & Procurement Analyst and the Senior Leadership Team with assistance from People & Capability.	The Senior Leadership Team has considered the level of advice on risks currently provided in reports to Council and Committees where substantive decisions are required. The Risk & Procurement Analyst (R&PA) has been directed to improve the guidance provided to report writers in the template for standard reports to Council. Approval is being sought from senior leadership prior to updating the report template. The R&PA has also been directed to run an updated version of the workshop Risk Management for Decision-Makers for the Senior Leadership Team (date still to be determined).

Summary of New or Outstanding Significant Risk Exposures and Control issues Identified from Internal Audits - 31 March 2018

Audit	Findings	Impact	Rating	Recommendations	Progress
Control Environment	3.6.2 Legal risk assessment: Understanding legal risk is difficult for all Councils which must comply with a multitude of legalities on a daily basis. Officers are clearly conscientious but legal knowledge and the awareness that the matter under consideration has legal implications, varies considerably throughout the organisation.	Legal action against Council where Council has failed to understand the possibility that legal action may be used by an opponent as a means of attempting to change a course of action. Loss of reputation, unnecessary rework required, financial costs.	High	Consider LawVu or a similar legal instruction management tool which manages legal instructions, allows oversight by the legal adviser of all legal matters in progress, and allows reporting on these. Consider a review of current practices that are creating undesirable legal risk and adjust procedure library where necessary. Communicate any changes and review legal training programme for all or targeted staff if necessary	The legal adviser is meeting with LawVu on 2 May for preliminary discussions. Council considered that legal risk is like any other risk and should be managed using Council's Risk Management Policy and Criteria. The current Compliance Policy is to be reviewed in June to align with Council's Risk Management Policy. Procedures will be updated to reflect and to inform officers. The Chief Executive now requires that any advice to Council which has a significant legal component is to be reviewed by Council's legal advisor.

Health Safety and Wellbeing Performance Report: January to March 2018

1. Purpose of Report

- 1.1 To provide the Subcommittee with a quarterly report of health, safety and wellbeing data collected over the January to March quarter of 2018.
- 1.2 To update the Subcommittee on key health and safety risks, including controls and treatments.

2. Summary

- 2.1 Health, safety and wellbeing performance data reports provide an overview of health and safety performance based on key lead and lag indicators. Where a concerning trend is identified more detail is provided in order to better understand issues and implement appropriate controls.
- 2.2 Reporting on key health and safety risks provides further depth and detail to the health and safety risks reported in the organisational risk report.

3. Recommendation

That the Audit, Risk and Finance Subcommittee

***Receives the report Health Safety and Wellbeing
Performance Report: January to March 2018
(R9216) and its attachment (A1946126).***

4. Background

- 4.1 Councillors, as 'Officers' under the Health and Safety at Work Act 2015 (HSWA), are expected to undertake due diligence on health and safety matters. Council's Health and Safety Governance Charter states that Council will receive quarterly reports regarding implementation of health and safety. Council has delegated the responsibility for health and safety to the Audit, Risk and Finance Subcommittee.

5. Discussion

Data Reports

- 5.1 An incident of note is the near drowning of a child at Nayland Swimming Pool. The child made a full recovery and a comprehensive investigation report has been provided by the contractor.
- 5.2 The investigation report showed that the contractor had effective procedures and well trained staff who responded appropriately and probably saved the child's life.
- 5.3 The data relating to matters raised by staff during consultations with Workplace Support has been removed from this report. The level of information able to be provided while maintaining required confidentiality did not clearly identify areas of concern.

Key Health and Safety Risk Update

- 5.4 Key health and safety risks have been assessed to remain as medium risks apart from 'customer aggression threatening the health and safety of those who work for and with Council'. This risk remains assessed as high. As further controls are implemented it is expected that this will move to medium.
- 5.5 Where new treatments have been planned or have been implemented as controls since the last report this is indicated by red text in the attachment.

General work programme

Governance activities

- 5.6 During this reporting period Mayor Reese participated in a site visit to the Nelson School of Music. Councillor Walker visited the Neale Park pump station project in early April.
- 5.7 Council officers are preparing a schedule of possible workplace visits for Councillors.

Other activities

- 5.8 Asbestos management plans have been developed for Council workplaces. There is ongoing work on improving the level of information in these plans.
- 5.9 The Bristol Freighter display aircraft at Founders Heritage Park has been closed to the public while the level of asbestos hazard within the fuselage is accurately assessed.
- 5.10 There has been an increase in focus on prevention and management of Discomfort, Pain, Injury (DPI) caused by book handling in libraries.

Item 12: Health Safety and Wellbeing Performance Report: January to March 2018

- 5.11 Emergency procedures for Council workplaces have been revised and introduced to library staff and the Health and Safety Committee.
- 5.12 Libraries management are completing a 'crisis resilience workshop' in May. This workshop is provided by an external consultant and will help libraries to develop best practice plans for response to violent situations.
- 5.13 A clarified process for dealing with homeless people has been utilised on several occasions in Council Parks recently. This has included the use of trespass notices when other options have not been successful.

Malcolm Hughes
Health and Safety Adviser

Attachments

Attachment 1: A1946126 - Health, safety and wellbeing performance report - Jan Mar 2018 [↓](#)



Health, Safety and Wellbeing Performance Report January - March 2018

OA - Health, safety and wellbeing performance report - Jan Mar 2018 (A1946126).docx

Page 1 of 14



Overview

This report provides a quarterly update of the key health and safety data, and an overview of the key health and safety risks which the Council faces.

In particular:

1. A significant incident during this period was the near drowning of a child at Nayland Pool.
2. There has been no movement in Council's key health and safety risks, however 'customer aggression threatening the health & safety of those who work for and with Council' is expected to move from a 'high' to a 'medium' risk during the next reporting period.
3. New treatments or where treatments have moved to controls since the previous report are shown in red.

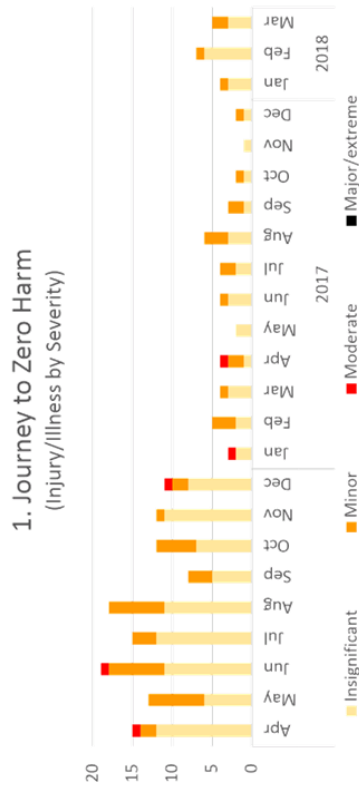
Section 1 – Incidents and Assurance Activity

1. This chart shows all illness or injury incidents reported as events into Council's health and safety database (InControl). By breaking these down by severity we can focus more on the data that relates to the most significant events.

There has been an increase from 2017 levels, in injury/illness incidents reported for this period, most of these have been of insignificant severity and indicate a good level of reporting.

The incidents of minor severity or greater are explained further in other sections of this report.

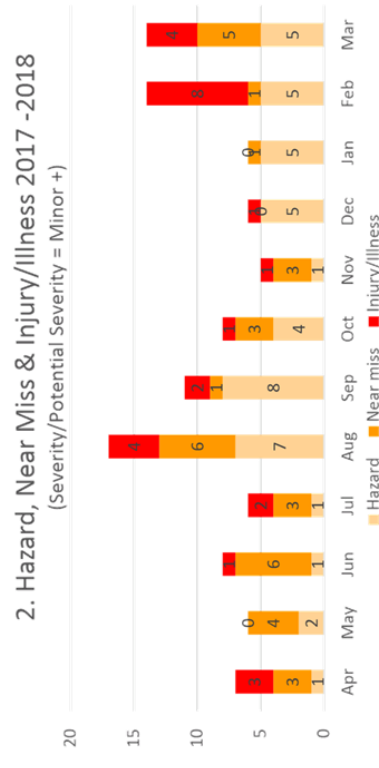
It is reassuring that there have been no incidents of moderate or greater severity since April 2017.



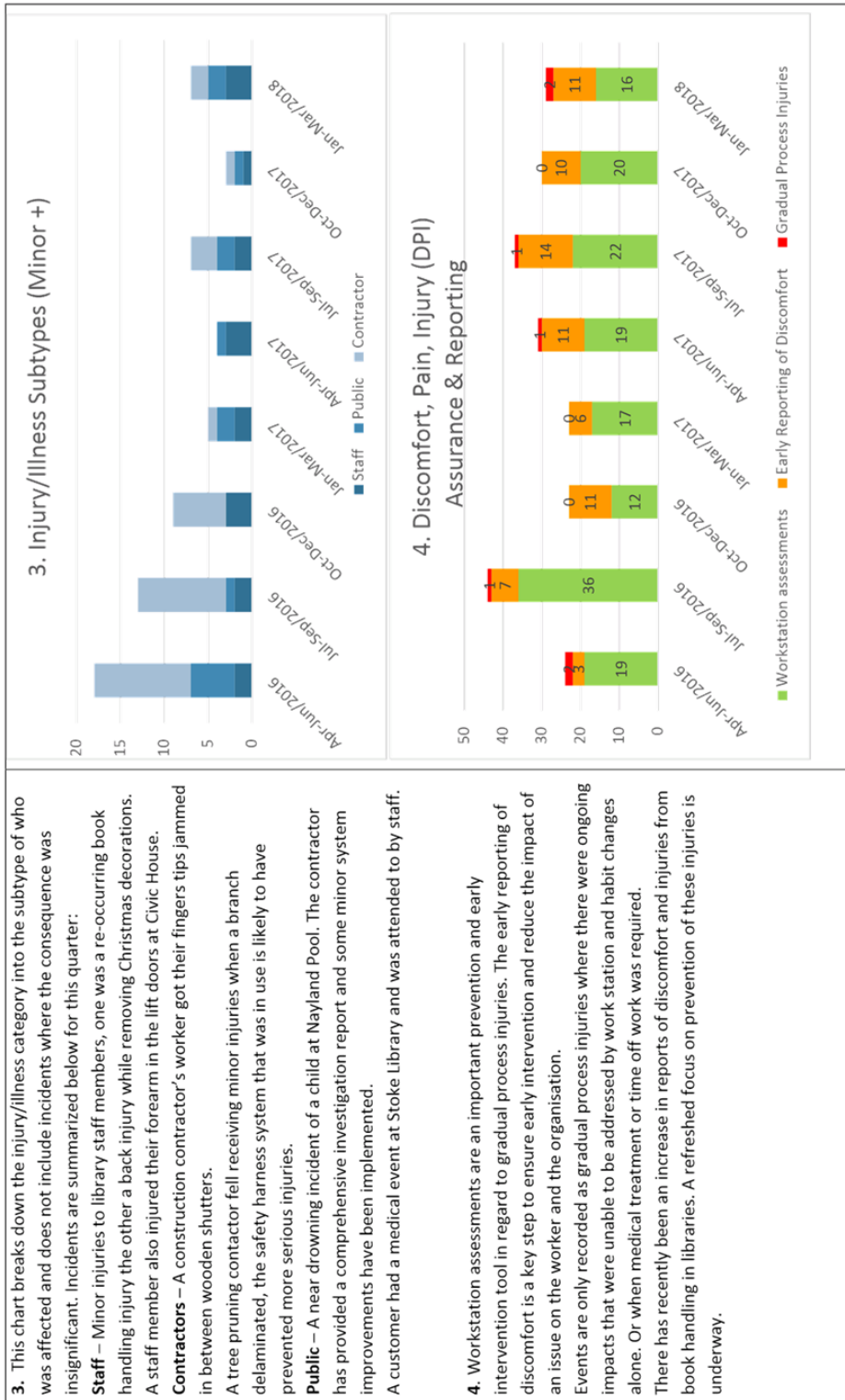
2. In this chart hazards, near misses, and injury/illness incidents can be seen relative to each other. There should be significantly more hazards reported than incidents and there will generally be many more near misses than incidents that actually cause injury or illness. The data for February does not reflect this and relates to a number of incidents across varied areas of Council work that only had a minor or insignificant outcome but had the potential to be more severe.

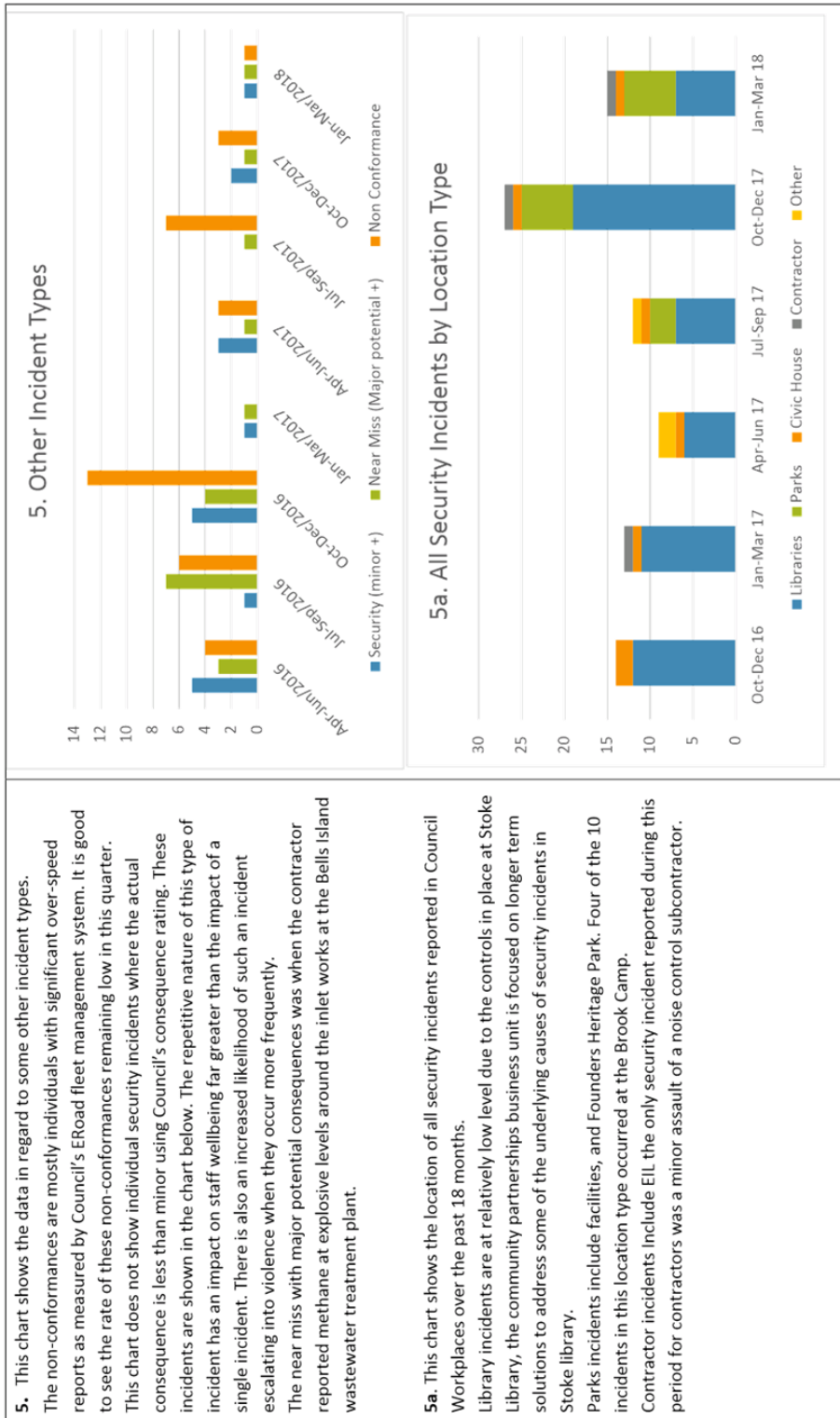
Reporting of hazards and near misses is a good indicator of safety culture as they can very easily go unreported. Work related injury or illness of minor or higher severity is likely to be reported.

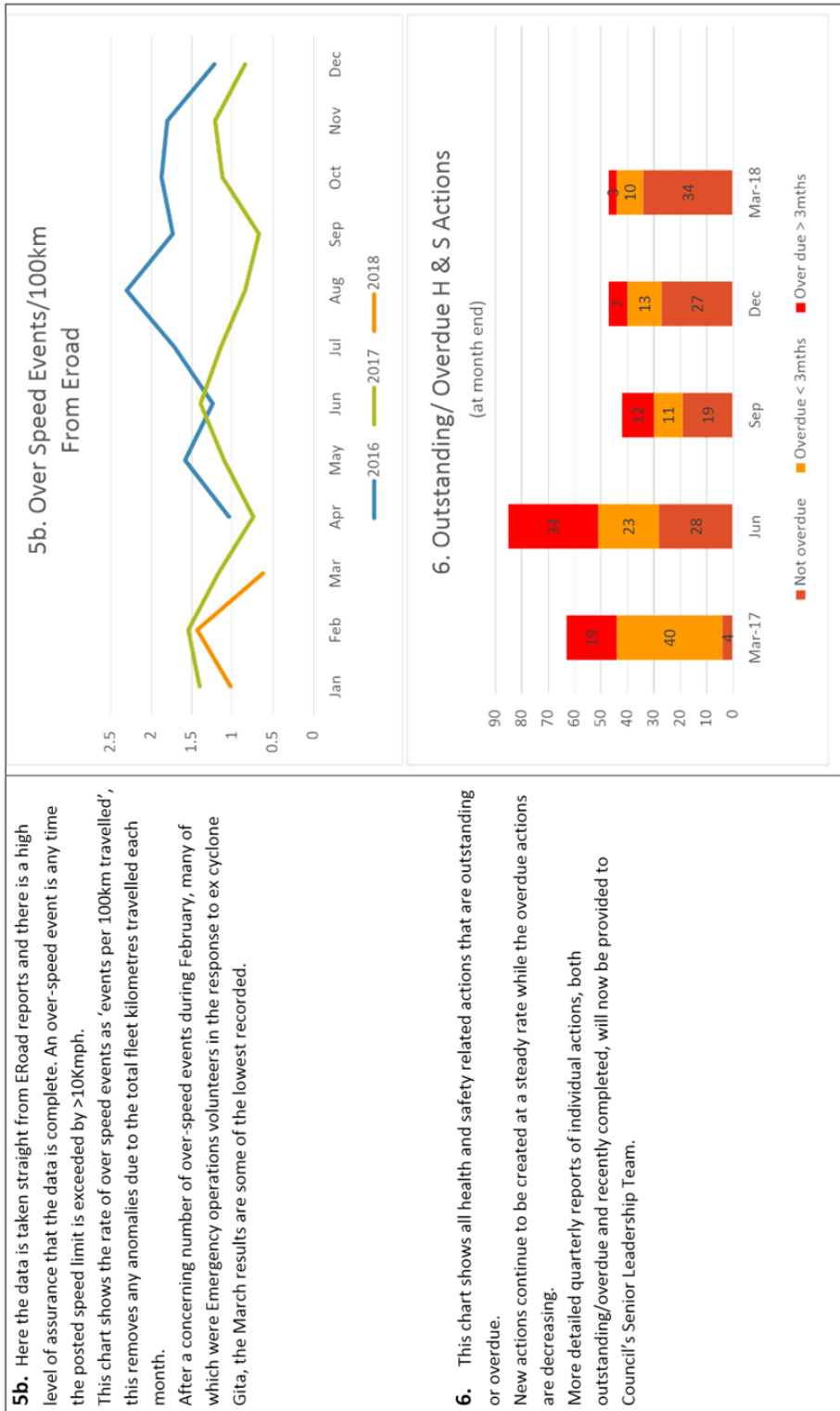
Events where the severity or potential severity is insignificant have been removed from this chart to improve consistency.



Item 12: Health Safety and Wellbeing Performance Report: January to March 2018: Attachment 1

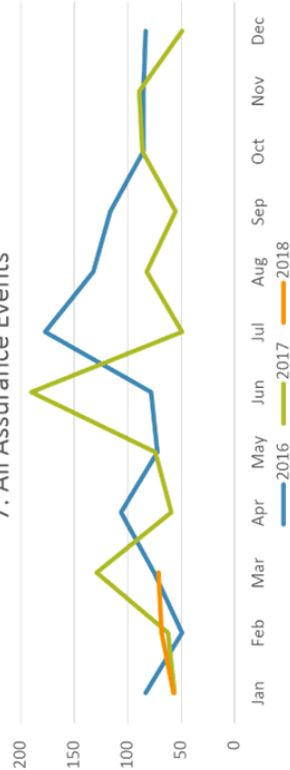




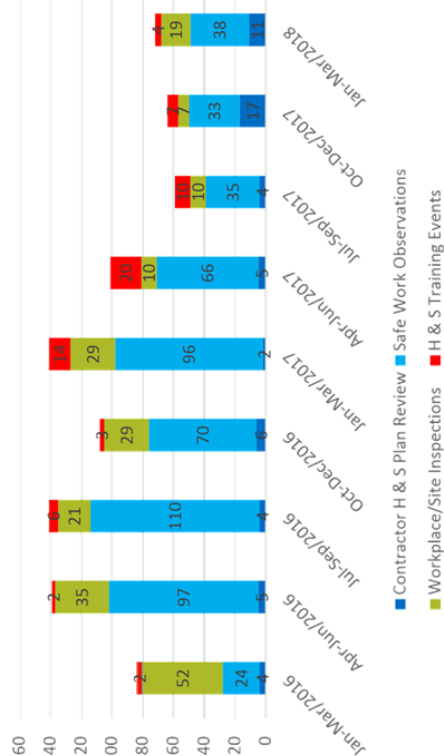


7. These assurance and quality events are considered to be 'lead indicators' in that they are monitoring proactive activity regarding health and safety. By comparison the incident data charts above are to a greater extent 'lag indicators' in that they report things that have already gone wrong. Lead indicators are harder to measure but can give a much better indication of an organisation's health and safety culture.

7. All Assurance Events



7a. Assurance Event Types



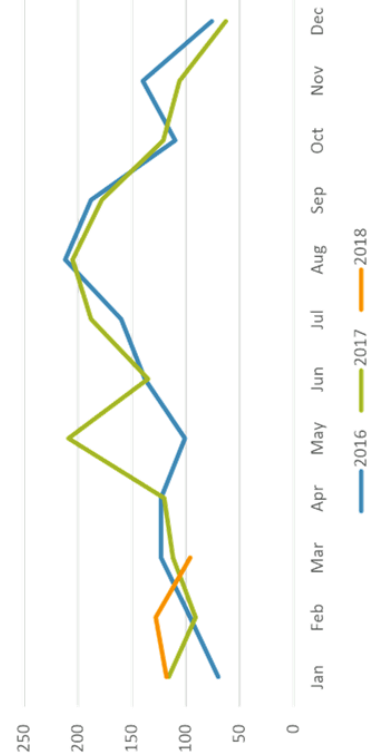
7a. This chart tracks some key assurance event types. The continuing higher level of 'Contractor health and safety plan reviews' is an important step in improving Council's contractor health and safety management processes. Safe work observations more recently recorded in the data base have been observed to be generally of a higher quality than during the first half of 2017. Workplace inspections and site inspections are generally more focused on specific requirements than a safe work observation and use a detailed checklist specific to the type of inspection. Health and safety training events range from a first aid refresher to health and safety induction presentation. The number of events is not always indicative of the number of staff who have completed health and safety related training.

Section 1 – Incidents and Assurance Activity

8. This chart shows total sick leave taken by staff each month. This data provides some insight into staff health and wellbeing, however there are many factors affecting the reliability of this measure, and it should only be considered a guide to trends against the data from previous years. Due to normal lag in the reporting and processing of sick leave it is likely that the March total will increase to a level similar to previous years.

The data relating to matters raised by staff during consultations with Workplace Support has now been removed from this report. The level of information able to be provided, whilst maintaining required confidentiality did not clearly identify areas of concern. We will continue to identify meaningful ways to report on staff wellbeing.

8. Total Sick Leave Taken



Section 2 - Key Health and Safety Risks

1. Insufficient oversight of contractors to meet Council's duties as a PCBU with and control over the work

Why do we see this as a risk?

Under the Health and Safety at Work Act 2015 Council has responsibilities for ensuring the health and safety of workers and others in situations where it contracts work to be done. If these responsibilities are not adequately met any injury or illness as a result of contracted work may lead to Council being prosecuted along with the contractor. Most of Council's particularly hazardous work or work that may put the public at risk is completed by contractors.

Managing the risk

Council manages this risk by having a comprehensive contractor health and safety management plan and processes in place.

Controls – What we have in place

- Contractors are required to demonstrate a level of health and safety competence through a pre-approval process
- Standardised contract templates with clear health and safety requirements are in use for all new contracts
- There is a process for review of contract specific health and safety plans
- Contractor work is monitored with specific focus on health and safety
- There is a process for reviewing contractor health and safety performance
- Improved clarity in regard to contractor related aspects of the health and safety data base and associated reporting
- Delivery of revised contractor health and safety training module as part of procurement workshops

Treatments - What we are planning

- Ongoing program of training with workgroups to improve uptake of systems and the quality of assurance activities in regard to contractor health and safety management
- Integration of 'contracts data base' with contractor health and safety requirements

Risk Owner
Chief executive

Residual Risk Rating
Medium

Risk Map

Likelihood	Impact				
	Insignificant	Minor	Moderate	Major	Critical
Almost Certain	Medium	Medium	High	Very High	Very High
Likely	Medium	Medium	High	High	Very High
Possible	Low	Medium	Medium	High	High
Unlikely	Very Low	Low	Medium	Medium	High
Rare	Very Low	Very Low	Low	Medium	Medium

Risk Movement
None

Last updated: April 2018

2. Customer aggression threatening the health & safety of those who work for and with Council

Why do we see this as a risk?

Council's objective is to have all those who work for us safe at work. Council staff, elected representatives, contractors and volunteers can be threatened and abused while carrying out duties at Council facilities or in the field, leading to work stress and fatigue. Those who have a public interface (e.g. Customer Service Centre, contracted staff, public events, libraries) experience aggression on a regular basis.

Managing the risk

Council has reviewed and is managing the risk through best practice H&S management systems and continuous improvement.

Controls - What we have in place

- Formal risk assessments are completed for Council meetings
- CCTV surveillance is installed in key areas
- Safe-in-place rooms have been identified and improved in higher risk locations
- Improved physical security in many workplaces as result of security reviews
- Alarms and emergency procedures for security threats
- Difficult customer training for high exposure roles
- Minimum cash holdings
- Incident Management Team
- Workplace support available
- **All significant outstanding improvements to physical security at Council workplaces have been completed unless outlined in the treatments below**

Treatments - What we are planning

- Implement risk assessment processes for all meetings with members of the public
- Improve difficult/aggressive customer training provided to staff
- Develop and practice more comprehensive procedures for dealing with security events
- Crime prevention through environmental design (CPTED) is better incorporated in design of all Council facilities

Risk Owner

Chief Executive

Residual Risk Rating

High

Risk Map

	Almost Certain	Likely	Possible	Unlikely	Rare	
Very High	Very High	Very High	Very High	Very High	Very High	Impact
High	High	High	High	High	High	
Medium	Medium	Medium	Medium	Medium	Medium	
Low	Low	Low	Low	Low	Low	
Very Low	Very Low	Very Low	Very Low	Very Low	Very Low	
	Insufficient	Minor	Moderate	Major	Critical	

Risk Movement

None

Last Update: April 2018

3. Staff becoming unwell as a result of either or both of the sedentary nature of their work and the stresses of the role

Why do we see this as a risk?

Staff are exposed to workstation associated risks of discomfort, pain and injury through much of their work. Work related stress was identified as higher than acceptable by 49.7% of staff who responded to the 2017 staff survey.

Managing the risk

Council manages Discomfort, Pain and Injury (DPI) risks through best practice systems focused on prevention. Risks associated with workplace stress are managed by a range of wellbeing initiatives that go above and beyond mandatory requirements.

Controls - What we have in place

- Workstation assessments provided for all new employees
- Early reporting of discomfort procedure is in place and further workstation assessments or other actions completed as required
- Wellbeing at work Oranga Mahi accreditation achieved
- 'Working well together' policy in place with initial training provided
- Wellness Team meets quarterly to ensure there remains a focus on worker wellbeing over and above mandatory requirements in a workplace
- Regular communications and involvement in initiatives to improve mental health awareness
- Workplace support service available to all staff
- **Improved training for workstation assessors**

Treatments - What we are planning

- Further training to support working well together policy
- Increased availability of alternative workspaces
- **Improved training and systems for the prevention of book-handling injuries for library staff**

Risk Owner
Chief Executive

Residual Risk Rating
Medium

Risk Map

Likelihood	Impact				
	Insignificant	Minor	Moderate	Major	Critical
Almost Certain	Medium	High	Very High	Very High	Very High
Likely	Medium	Medium	High	High	Very High
Possible	Low	Medium	Medium	High	High
Unlikely	Very Low	Low	Medium	Medium	High
Rare	Very Low	Very Low	Low	Medium	Medium

Risk Movement

None

Last Update: April 2018

4. The nature of field work when alone and/or in remote and isolated locations exposes workers to a higher likelihood of injury

Why do we see this as a risk?

The nature of some field operations exposes workers (including contractors, council staff and volunteers) to the increased likelihood of accidents impacting on the objective to keep our people safe. Lone workers (such as building inspectors, parking staff etc.) and workers undertaking hazardous tasks, (river work, forestry activities, working at heights, confined spaces, or with asbestos or hazardous substances) are particularly exposed.

Managing the risk

Council manages this risk by having general procedures and specific guidance to support task specific risk assessments for lone work and work in remote and isolated locations.

Controls - What we have in place

- Risk assessment templates and database recording available
- Lone Worker Policy is in place
- Effective communication devices such as cell-phones, two way radios and specialised lone worker devices are available
- Vehicle tracking technology is in all Council vehicles
- Specialist staff use industry best practice guidance, e.g. Environment team uses NEMS code of practice for acquisition of fresh water data
- **Organisational lone worker procedure established to support policy**

Treatments - What we are planning

- Training in risk assessments for remote and isolated work
- Develop comprehensive procedures for health and safety management of volunteer groups
- Improve emergency response procedures **for remote and isolated work including review of communications options**
- **Socialisation of lone worker procedures and application to workgroup situations**

Risk Owner
Chief Executive

Residual Risk Rating
Medium

Risk Map

Likelihood	Almost Certain	Likely	Possible	Unlikely	Rare
Impact	Medium	Medium	Low	Very Low	Very Low
Medium	Medium	Medium	Medium	Medium	Low
High	High	High	High	Medium	Low
Very High	Very High	Very High	High	Medium	Medium
Very High	Very High	Very High	High	High	Medium

Risk Movement
None

Last Update: April 2018

5. That staff or others are injured as a result of driving or travelling in a vehicle while at work

Why do we see this as a risk?

Driving or travelling in a motor vehicle is a common workplace situation where many staff are exposed to the possibility that a single error by a staff member or an unknown person could result in a serious injury or fatality.

Managing the risk

Council manages this risk through improved awareness, focused competent drivers and safe well maintained vehicles

Controls - What we have in place

- A vehicle use policy that addresses safe vehicle use
- Vehicle purchasing policy with a focus on higher safety ratings
- In vehicle monitoring that includes real time location and records over-speed events (ERoad)
- Comprehensive vehicle inspection and maintenance schedule
- Ongoing communications regarding safe driving
- Confirmed that Takata airbag recall does not affect Council vehicles

Treatments - What we are planning

- Implementation of drug and alcohol policy
- Improved driver training
- Upgrade of ERoad fleet management system hardware

Risk Owner

Chief Executive

Residual Risk Rating

Medium

Risk Map

Likelihood	Impact				
	Insigificant	Minor	Moderate	Major	Critical
Almost Certain	Medium	Medium	High	Very High	Very High
Likely	Medium	Medium	High	High	Very High
Possible	Low	Medium	Medium	High	High
Unlikely	Very Low	Low	Medium	Medium	High
Rare	Very Low	Very Low	Low	Medium	Medium

Risk Movement

None

Last Update: April 2018