

Absolutely Positively
Wellington City Council

Me Heke Ki Pōneke

Ordinary Meeting of Unaunahi Māhirahira | Audit and Risk Committee Rārangi Take | Agenda

9:30 am Rāapa, 21 Huitanguru 2024

9:30 am Wednesday, 21 February 2024

Ngake (16.09), Level 16, Tahiwī

113 The Terrace

Pōneke | Wellington



MEMBERSHIP

Mayor Whanau
Councillor Apanowicz
Councillor Chung
Pouiwi Kelly
Councillor Pannett
Councillor Randle (Deputy Chair)
Bruce Robertson (Chair)
Wendy Venter

Have your say!

You can make a short presentation to the Councillors, Committee members, Subcommittee members or Community Board members at this meeting. Please let us know by noon the working day before the meeting. You can do this either by phoning 04-499-4444, emailing public.participation@wcc.govt.nz, or writing to Democracy Services, Wellington City Council, PO Box 2199, Wellington, giving your name, phone number, and the issue you would like to talk about. All Council and committee meetings are livestreamed on our YouTube page. This includes any public participation at the meeting.

AREA OF FOCUS

The Unaunahi Māhirahira | Audit and Risk Committee oversees the work of the Council in discharging its responsibilities in the areas of risk management, statutory reporting, internal and external audit and assurance, monitoring of compliance with laws and regulations, including health and safety.

Quorum: 4 members

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1. Meeting Conduct

1.1 Karakia

The Chairperson will open the hui with a karakia.

Whakataka te hau ki te uru, Whakataka te hau ki te tonga. Kia mākinakina ki uta, Kia mātaratara ki tai. E hī ake ana te atākura. He tio, he huka, he hauhū. Tihei Mauri Ora!	Cease oh winds of the west and of the south Let the bracing breezes flow, over the land and the sea. Let the red-tipped dawn come with a sharpened edge, a touch of frost, a promise of a glorious day
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At the appropriate time, the following karakia will be read to close the hui.

Unuhia, unuhia, unuhia ki te uru tapu nui Kia wātea, kia māmā, te ngākau, te tinana, te wairua I te ara takatū Koia rā e Rongo, whakairia ake ki runga Kia wātea, kia wātea Āe rā, kua wātea!	Draw on, draw on Draw on the supreme sacredness To clear, to free the heart, the body and the spirit of mankind Oh Rongo, above (symbol of peace) Let this all be done in unity
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1.2 Apologies

The Chairperson invites notice from members of apologies, including apologies for lateness and early departure from the hui, where leave of absence has not previously been granted.

1.3 Conflict of Interest Declarations

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as a member and any private or other external interest they might have.

1.4 Confirmation of Minutes

The minutes of the meeting held on 29 November 2023 will be put to the Unaunahi Māhirahira | Audit and Risk Committee for confirmation.

1.5 Items not on the Agenda

The Chairperson will give notice of items not on the agenda as follows.

Matters Requiring Urgent Attention as Determined by Resolution of the Unaunahi Māhirahira | Audit and Risk Committee.

The Chairperson shall state to the hui:

1. The reason why the item is not on the agenda; and
2. The reason why discussion of the item cannot be delayed until a subsequent hui.

The item may be allowed onto the agenda by resolution of the Unaunahi Māhirahira | Audit and Risk Committee.

Minor Matters relating to the General Business of the Unaunahi Māhirahira | Audit and Risk Committee.

The Chairperson shall state to the hui that the item will be discussed, but no resolution, decision, or recommendation may be made in respect of the item except to refer it to a subsequent hui of the Unaunahi Māhirahira | Audit and Risk Committee for further discussion.

1.6 Public Participation

A maximum of 60 minutes is set aside for public participation at the commencement of any hui of the Council or committee that is open to the public. Under Standing Order 31.2 a written, oral, or electronic application to address the hui setting forth the subject, is required to be lodged with the Chief Executive by 12.00 noon of the working day prior to the hui concerned, and subsequently approved by the Chairperson.

Requests for public participation can be sent by email to public.participation@wcc.govt.nz, by post to Democracy Services, Wellington City Council, PO Box 2199, Wellington, or by phone at 04 499 4444 and asking to speak to Democracy Services.

2. General Business

AUDIT NEW ZEALAND - FY2024 ANNUAL REPORT AUDIT PLAN

Kōrero taunaki | Summary of considerations

Purpose

1. This report to Unaunahi Māhirahira | Audit and Risk Committee is to take note of the draft Audit New Zealand arrangements for the audit of the Wellington City Council and Group 30 June 2024 annual report.

Strategic alignment with community wellbeing outcomes and priority areas

Aligns with the following strategies and priority areas:

- Sustainable, natural eco city
 - People friendly, compact, safe and accessible capital city
 - Innovative, inclusive and creative city
 - Dynamic and sustainable economy
- Strategic alignment with priority objective areas from Long-term Plan 2021–2031**
- Functioning, resilient and reliable three waters infrastructure
 - Affordable, resilient and safe place to live
 - Safe, resilient and reliable core transport infrastructure network
 - Fit-for-purpose community, creative and cultural spaces
 - Accelerating zero-carbon and waste-free transition
 - Strong partnerships with mana whenua

Relevant Previous decisions

Financial considerations

- Nil Budgetary provision in Annual Plan / Long-term Plan Unbudgeted \$X

Risk

- Low Medium High Extreme

Author	Karina Young, Financial Controller
Authoriser	Andrea Reeves, Chief Financial Officer Stephen McArthur, Chief Strategy & Governance Officer

Taunakitanga | Officers' Recommendations

Officers recommend the following motion:

That the Unaunahi Māhirahira | Audit and Risk Committee:

1. Receive the information.
2. Note the draft audit plan prepared by Audit New Zealand (attachment 1) and their approach to the audit of the 30 June 2024 annual report for the Council and Group.
3. Delegate the authority to finalise the Audit Plan to the Chief Financial Officer and Chair of the Unaunahi Māhirahira | Audit and Risk Committee.

Whakarāpopoto | Executive Summary

2. This report to the Unaunahi Māhirahira | Audit and Risk Committee is to take note of the proposed Audit New Zealand arrangements for the audit of the Council's 30 June 2024 annual report.
3. Audit New Zealand has provided the draft audit plan for their audit of the Council's 30 June 2024 annual report (attachment 1).
4. The draft audit plan outlines the audit risks and issues that will be the main areas of focus for the audit. It also includes administrative matters such as logistics and timetables.
5. Karen Young, Appointed Auditor and Audit Director will be in attendance to discuss the proposed key audit matters and answer any questions the Committee may have.

Takenga mai | Background

6. Audit New Zealand has provided the draft audit plan for their audit of the Council's 30 June 2024 annual report. Due to the timing of receiving the draft audit plan, Officers are yet to review the draft plan in detail and provide feedback to Audit New Zealand to be incorporated into the audit plan.
7. Last financial year, Audit New Zealand and Council approved and signed the audit engagement letter for the annual audits for the years ending 30 June 2023 to 30 June 2026. This signed engagement letter and fee proposal covers the audit of the 30 June 2024 annual report.

Kōrerorero | Discussion

8. The draft audit plan outlines how Audit New Zealand will conduct their audit to obtain reasonable assurance that the 30 June 2024 financial statements and statement of service performance information are free from material misstatement resulting from error, omission, or fraud.
9. The draft audit plan outlines the following:
 - key audit risks and issues and Audit New Zealand's response to these
 - the audit process
 - reporting protocols, logistics, timelines and expectations.

10. Audit New Zealand's approach to the annual audit is set out on page 2 of attachment 1 where it identifies the focus areas of business risks and issues. The focus areas are consistent with last year, with the exception of one new focus area: *Collecting rates on behalf of another council* (page 5 of attachment 1).
11. The focus areas are still subject to further review and feedback by Officers and completion of risk assessment and planning by Audit New Zealand. Once the audit plan is finalised, Audit New Zealand may issue a supplement to the audit plan, if necessary, for any further identified risks and issues.
12. The quantification of materiality within the plan is outlined on page 15 of attachment 1. Overall parent materiality for the financial statements has been set at \$1,225m (2023: \$1,023m) based on budgeted total property, plant and equipment. This overall parent materiality is only applied to the fair value of property, plant and equipment. There is a lower, specific materiality of \$24.5m (\$21.3m) for all items not related to the fair value of property, plant and equipment.
13. The material service performance information measures are outlined on page 17 of attachment 1. These are largely unchanged from last year, with the exception of the addition of *road safety* and *road condition*.
14. Audit New Zealand has outlined the provisional key dates of the audit on page 22 of attachment 1, with the proposed date for the audit opinion being issued prior to the statutory deadline of 31 October 2024. Management are still working with Audit New Zealand to finalise the timeline, including aligning the Unaunahi Māhirahira | Audit and Risk Committee meeting dates to ensure the financial statements are completed within the statutory timeframe.
15. Karen Young, Appointed Auditor and Audit Director will be in attendance to discuss the proposed key audit matters and answer any questions the Committee may have.

Ngā mahinga e whai ake nei | Next actions

16. Management will continue to work with Audit New Zealand and the Chair of the Unaunahi Māhirahira | Audit and Risk Committee to finalise the Audit Plan and timetable.

Attachments

Attachment 1. [Audit New Zealand - Draft Audit Plan 30 June 2024](#)  

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AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Audit plan

Wellington City Council

For the year ending 30 June 2024

Audit plan

I am pleased to present our audit plan for the audit of Wellington City Council (the City Council) for the year ended 30 June 2024. The purpose of this audit plan is to discuss:

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Group audit	11
Our audit process	13
Reporting protocols	20
Audit logistics	21
Expectations	24

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

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

Our work improves the performance of, and the public's trust in, the public sector. Our role as your auditor is to give an independent opinion on the financial statements and performance information. We also recommend improvements to the internal controls relevant to the audit.

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

Yours sincerely

Karen Young
Appointed Auditor
Draft – 13 February 2024

Audit risks and issues

Focus areas



Based on the planning work and discussions that we have completed to date, we set out in the table below the main audit risks and issues. These will be the main focus areas during the audit.

Audit risk/issue	Our audit response
Qualified performance measures	
<p>In the previous two years we issued a qualified opinion on the statements of service provision on the following performance measures:</p> <ul style="list-style-type: none"> Waste reduction and energy conservation <i>WCC Group GHG emissions (tCo2-e) decreasing (LTP Year 1 to 10) target – “achieve 2050 target”</i> <p>In measuring the GHG emissions associated with certain goods and services purchased by the City Council, including capital goods, the City Council has relied on spend based emissions factors based on 2015 data. There is insufficient evidence to show that these factors are relevant for use in measuring the City Council’s GHG emissions for the years ended 30 June 2023, and we were unable to obtain sufficient alternative evidence to conclude that the reported performance is materially correct. For this reason, the reported results for the performance measure was qualified.</p> <p>Our opinion on this performance measure was also qualified in 2022 on the basis that that City Council had relied on spend based emissions factors based on 2007 data in that year.</p>	<p>Waste reduction and energy conservation</p> <p>We will:</p> <ul style="list-style-type: none"> obtain an understanding of any changes to the City Council’s approach to measuring the Council’s GHG emissions; obtain an understanding whether updated factors were used and what they were based on; and perform planned audit work including sample testing and getting relevant confirmations from external providers. <p>Meeting customer expectations – Water supply, Wastewater and Stormwater</p> <p>We will:</p> <ul style="list-style-type: none"> continue discussions with the City Council about how this matter has progressed and its plans to resolve the issues identified in the past; based in the above, test the number and classification of complaints at the City Council; review the reconciliation between the number and classification of complaints at the City Council and that received by Wellington Water; and

Audit risk/issue	Our audit response
<ul style="list-style-type: none"> • Meeting customer expectations – Water supply, Wastewater and Stormwater <ul style="list-style-type: none"> ○ <i>Water: Number of complaints about the drinking water’s clarity, taste, odour, pressure or low, continuity of supply, and supplier responsiveness.</i> ○ <i>Wastewater: The total number of complaints received by the territorial authority about any of the following: sewage odour, sewerage system faults, sewerage system blockages, and the territorial authority’s response to issues with its sewerage system.</i> ○ <i>Stormwater: The number of complaints received by a territorial authority about the performance of its stormwater system.</i> <p>The City Council was unable to provide a complete record of all complaints received as some complaints were made directly to Wellington Water and were unable to reconcile its information with that held by Wellington Water.</p>	<ul style="list-style-type: none"> • we will continue engagement with the Wellington Water auditor to seek assurance over the performance information which the City Council will rely on for its performance reporting. • If the issues identified in the past are not addressed and improvements made, our audit opinion may continue to be qualified for these measures.
Valuation of investment property	
<p>The City Council revalues its investment property annually. The relevant accounting standard is <i>PBE IPSAS 16 Investment Property</i>.</p> <p>The fair value of investment properties needs to reflect the market conditions as at reporting date. Given the volatility in the property market there is potential for large valuation movements year on year, which need to be accounted for.</p> <p>Due to the nature and value of the revaluations, any bias or errors in the inputs used or calculations performed could result in a significant misstatement in the value of investment property.</p>	<p>We will:</p> <ul style="list-style-type: none"> • review the valuation report and hold discussions with the City Council and the valuer to confirm our understanding; • review the valuation report to assess whether the requirements of PBE IPAS 16 (including the appropriateness of the valuation basis) have been met; • evaluate the qualifications, competence and expertise of the external valuer; • review the valuation method and assess if the applicable method used is in line with the financial reporting framework, including the reasonableness of the data and key assumptions used; and • review the accounting entries and associated disclosures in the annual report against relevant accounting standards.

Audit risk/issue	Our audit response
Fair value assessment of property, plant and equipment (non-valuation year)	
<p>The City Council revalues its infrastructure assets (three waters assets and roading assets) on a three year rolling cycle. Infrastructural assets were last revalued at 30 June 2022 and operational land and buildings were last revalued at 30 June 2023.</p> <p>For those assets that are not due to be revalued, accounting standards require the City Council to perform a comprehensive analysis to determine whether there is a significant difference between the fair value and the carrying value that would trigger the need for the City Council to revalue (a fair value assessment).</p> <p>Accounting standards also require the City Council to complete an assessment of whether there are potentially any indications of impairment (an impairment assessment), and whether an adjustment is needed to the value of any assets as a result of this.</p> <p>Management should perform a fair value assessment as at 30 June 2024 by (where relevant) taking into account market values of assets applying relevant cost indices taking into account the cost pressures and significant constraints that exist within New Zealand and Wellington’s construction industry and the limited availability of resources in the sector (including various trades and project managers).</p>	<p>We will review the robustness of the City Council’s assessment of whether the asset class’s fair value has significantly moved compared with its carrying value. This will include considering the appropriateness of the City Council’s methodology and key assumptions and judgements, and give consideration to and assess the appropriateness of the indices used.</p> <p>Additionally, for infrastructural fair value assessments, management needs to:</p> <ul style="list-style-type: none"> • factor in its own cost information into the fair value assessment. The City Council has cost information available to it from ongoing construction projects; this should be factored into the analysis; • consult with the valuers who performed the valuation in 2022 and fair value assessment in 2023 - they will have construction cost data available which will further improve the City Council’s assessment; and • take into account the condition and any condition assessments completed on the three water assets and impact on remaining useful lives. <p>As movement assessments have a level of rigor and complexity to ensure that an assessment complies with the relevant accounting standards. A level of professional judgement is required. The City Council should take this into consideration and engage an external valuer to assist with making the material movement assessment or peer review the City Council’s assessment.</p>
Accounting for impairment and capitalisation of work in progress	
<p>Assets held at cost are required to be assessed for indicators of impairment on an annual basis, work in progress (WIP) values on projects that span an extended period of time should be assessed regularly for impairment over the period of the project.</p> <p>The City Council needs to ensure that as phases of a project are completed, and assets become operational, capitalisation of the WIP balance occurs</p>	<p>We will follow up with the City Council its processes for assessing impairment of assets held at cost and all significant WIP balances and capitalisation of work-in-progress. We will also test the impairment assessments.</p>

Audit risk/issue	Our audit response
<p>in a timely manner. This will ensure that depreciation expense on these assets is recognised and accounted for appropriately.</p> <p>The City Council will need to complete an assessment of impairment of assets (as above) and all significant WIP balances.</p>	
Collecting rates on behalf of another council	
<p>In August 2023, Greater Wellington Regional Council (GWRC) announced a rates collection error which occurred for four years since 2019/20. This relates to GWRC rates collected on its behalf by the City Council. While GWRC correctly struck the rates and the City Council collected the correct amount in total, an error in the application of a differential has meant that different categories of ratepayers have either overpaid or underpaid their rates when compared to the rates resolution.</p> <p>We expect councils to have controls in place to ensure that the correct rates are collected from the correct parties/categories and that these controls extend to cover situations where one council is collecting rates on behalf of another.</p>	<p>We will discuss with and review the City Council its processes for ensuring that the correct rates are collected from the correct parties/categories.</p>
Holidays Act 2003 compliance	
<p>During 2019/20, the City Council completed a review of payroll processes, which identified instances of non-compliance with the Holidays Act 2003 (the Act).</p> <p>In 2023, we confirmed that the City Council is still in the process of determining the amount for the Holiday Act Provision: The remediation calculation model has been built and is undergoing user acceptance testing. A reliable estimate of the liability is not yet available. The Holiday Act provision cannot be quantified and the issue has been disclosed as a non-quantifiable contingent liability.</p> <p>We will specifically consider whether further and reliable information is available to allow the City Council to reliably measure a provision.</p>	<p>We will:</p> <ul style="list-style-type: none"> • meet with the project team to obtain an update on the progress of the project; • review the information and calculations available; and • review appropriateness of the accounting and disclosure based on above understanding and information.

Audit risk/issue	Our audit response
Water services	
<p>On 12 February 2024, the Government provided an update on progress and outlined the plan for the next 12-18 months to implement Local Water Done Well.</p> <p>The Government will pass a bill that will repeal the previous Government’s water services legislation by 23 February 2024. Further legislation to implement Local Water Done Well will progress in a two-stage approach. The first bill, which will establish the framework and transitional arrangements for the new water services system, will be passed by the middle of 2024. A second bill to provide for the long-term replacement regime will be introduced in December 2024.</p> <p>The City Council should ensure that there is sufficient disclosure about the impacts of the water services legislation (to the extent the impact is known) within the financial statements.</p>	<p>Because the impact could be significant, but is uncertain, an emphasis of matter paragraph in the audit report for this year end is likely.</p>
Accounting for items from major litigation activity	
<p>The City faces a number of on-going legal issues and court cases. The City Council will need to consider the accounting and disclosure implications of these legal issues and cases when preparing the financial statements.</p> <p>Determining whether there is a contingent liability requiring disclosure in the financial statements generally requires judgement given the specific circumstances and facts of the legal matter.</p> <p>We will specifically consider whether further information is available to allow the City Council to reliably measure a provision.</p>	<p>Our audit response to this risk includes:</p> <ul style="list-style-type: none"> • understanding the City Council’s approach to monitoring the litigation activity and how it makes decisions as to whether a contingent liability (and/or asset) or provision should be disclosed, including the City Council’s involvement in this; • obtaining confirmation from the City Council’s external legal advisers as to the legal matters they have assisted the City Council with during the financial year their assessment of the likely outcome; • determining any likely financial impact of this outcome; and • discussing the status of the litigation with the City Council’s internal legal counsel and external legal advisors.

Audit risk/issue	Our audit response
Mixed group (for-profit and public benefit entity) issues – refer also to the section on Group audits in this Audit Plan	
<p>We have assessed Wellington International Airport Limited (WIAL) as a significant component for the City Council group audit.</p> <p>WIAL is a for-profit entity and the City Council group is a public benefit entity. Different accounting standards apply to public benefit entities and for-profit entities resulting in differences in the treatment of certain transactions and events.</p> <p>There is the potential for significant adjustments being required when for profit entities are consolidated into group financial statements prepared in accordance with the public benefit entity standards.</p>	<p>The City Council will have to consider whether there are any consolidation adjustments that will be necessary to adjust WIAL figures to comply with PBE IPSAS.</p>
Accounting implications of arrangements with government, non-government organisations and private sector	
<p>To deliver on the City Council's 2021-31 Long Term Plan the City Council indicated that they may enter into arrangements with government, non-government organisations and private sector.</p>	<p>We will:</p> <ul style="list-style-type: none"> • obtain an update on these projects and arrangements from the City Council, gain an understanding of these arrangements and discuss with the City Council whether, for these arrangements, it has considered the tax and accounting treatment and disclosures in the financial statements; • review any accounting, tax, legal or other technical advice received by the City Council for these arrangements; and • determine whether the tax and accounting treatment and disclosures were appropriate and in line relevant accounting standards.
The risk of management override of internal controls	
<p>There is an inherent risk in every organisation of fraud resulting from management override of internal controls. Management are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p>	<p>Our audit response to this risk includes:</p> <ul style="list-style-type: none"> • testing the appropriateness of selected journal entries; • reviewing accounting estimates for indications of bias; • and evaluating any unusual or one off transactions, including those with related

Audit risk/issue	Our audit response
Auditing standards require us to treat this as a risk on every audit.	parties.
Procurement	
<p>A significant area of spend for the City Council is procuring goods and services needed to deliver their services and achieve the results sought.</p> <p>The City Council’s major projects involve significant procurement decisions and the City Council needs to ensure that lower value procurements (including contract variations) are subject to robust procurement practices.</p> <p>Procurement planning should be considered alongside the Procurement Strategy and Broader Outcomes Framework and procurement undertaken in line with the Procurement Policy.</p> <p>Non-compliance with the City Council’s policies and guidance and good practice results in poor procurement decisions and outcomes (including waste and unmanaged probity risks).</p>	<p>We will:</p> <ul style="list-style-type: none"> • discuss and review any updates to the control environment around procurement; • consider how the City Council is addressing emerging risks and issues; and • update our understanding of significant procurements undertaken during the year to determine an appropriate level of audit focus and if appropriate, review the application and effectiveness of procurement practices in place for a sample of procurements. <p>Any new areas of focus will be discussed at the time with the City Council.</p>
Contract management	
<p>The City Council has many significant contracting or funding arrangements in place for the delivery of goods and services. The contract management policies and procedures that underpin the Council’s significant contract management activities are key aspects of the Council’s control environment.</p> <p>It is important that the City Council has effective contract management arrangements in place and follows good contract management practice. This should ensure that both the City Council and suppliers are able to meet their respective contractual obligations and that the contracts deliver the intended outcomes.</p>	<p>We will:</p> <ul style="list-style-type: none"> • discuss and review any updates to the control environment around contract management; and • update our understanding of significant contracts entered into during the year to determine an appropriate level of audit focus and if appropriate, review the application and effectiveness of contract management practices in place for a sample of contracts.
Project, programme and portfolio management	
<p>The City Council has a number of significant projects and programmes underway at various stages, from strategic assessment through to completion.</p> <p>It is important that the City Council has appropriate governance and management arrangements in place to effectively manage significant projects and programmes and realise the expected benefits.</p>	<p>We will:</p> <ul style="list-style-type: none"> • update our understanding of key projects and programmes and follow up on progress made against our previous recommendations. Our work will involve understanding the City Council’s systems, processes and controls in place to ensure

Audit risk/issue	Our audit response
<p>Similarly, the City Council also needs to ensure that good practice project management practices are applied to small and medium size projects, appropriate to their risk and complexity.</p> <p>Project and programme management practices should be considered in light of our reported findings and recommendations to date in this area.</p>	<p>projects and programmes are appropriately managed;</p> <ul style="list-style-type: none"> and update our understanding of how the City Council is lifting its project, programme and portfolio management maturity, including implementing the Project Management Office's (PMO) phased model.

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

Fraud risk

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

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

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

Our responsibility

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

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

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

Group audit



The Wellington City Council group comprises of the City Council and the following entities:

- Karori Sanctuary Trust
- Wellington Museums Trust
- Wellington Cable Car
- Wellington Waterfront Limited
- Wellington Economic Development Agency Limited
- Wellington Zoo Trust
- Creative HQ Limited
- Chaffers Marina Holdings Limited (including its subsidiary, Chaffers Marina Limited)
- Wellington International Airport Limited
- Wellington Water Limited

Our auditor's report covers the group as a whole. Our audit approach is developed to ensure we have sufficient information to give an opinion on the group. In designing our group audit approach, we considered the structure of the group and identified the entities which are included in the group financial statements. Each entity is referred to as a component. We have assessed the risks of material misstatement and have identified our approach for each component. The table below shows the work planned for each significant component (other than the City Council which is set out in the earlier sections of the Audit Plan).

Significant component	Work to be performed
Wellington International Airport Limited (WIAL)	<p>This component will be audited by a different Appointed Auditor from another Audit Service Provider, KPMG.</p> <p>WIAL is a for-profit entity. There are no new for-profit standards in the current year.</p> <p>Group instructions will be issued to the component auditor that will specify information we require.</p> <p>We will review the results of KPMG's audit and consider if any of their findings impacts our audit of the group.</p> <p>We will obtain WIAL's audited financial statements and confirm the audited results have been appropriately consolidated into the City Council's group financial statements.</p>

For non-significant components, we will perform analytical procedures at the group level to identify unexpected movements.

We will report any significant internal control deficiencies to the and management of the group. This will include any deficiencies identified by the group engagement team or brought to our attention by the component auditor. We will communicate deficiencies related to:

- group-wide internal controls; or
- internal controls at each component.

We will also communicate any fraud identified by the group engagement team or brought to our attention by the component auditor.

Our audit process

Initial planning

Initial planning activities include verifying compliance with independence requirements and building the audit team.

Understand your business and environment

We use our extensive sector and business knowledge to make sure we have a broad and deep understanding of the City Council, your business, and the environment you operate in.

Assess audit risk

We use our knowledge of the business, the sector and the environment to identify and assess the risks that could lead to a material misstatement in the financial statements and performance information.

Evaluate internal controls

We update our understanding of internal controls relevant to the audit. This includes reviewing the control environment, risk assessment process, and relevant aspects of information systems controls. Most of this work is done during the initial audit visits. We evaluate internal controls relevant to the audit for the whole financial year, so we consider internal controls relevant to the audit at all visits.

Finalise the audit approach

We use the results of the internal control evaluation to determine how much we can rely on the information produced from your systems during our final audit.

Gather audit evidence

During the final audit we audit the balances, disclosures, and other information included in the City Council's financial statements and performance information.

Conclude and report

We will issue our audit report on the financial statements and performance information. We will also report to the covering any relevant matters that come to our attention.

Enhancing year-end processes

The year-end financial statement close process and the preparation of the annual report requires a large number of resources to be committed to complete it effectively. This diverts the attention of your staff away from the current financial year and focuses them on past events. We want the audit process to run smoothly, and we will work with management to achieve this through the use of bringing forward the timing of audit procedures.

Substantive audit procedures are traditionally performed after the year-end. Where possible, we will aim to bring audit procedures earlier in the year. This will be focused on:

- year-to-date transactions for revenue, operating expenditure and payroll;
- valuation of investment properties;
- rating questionnaire and audit tests;
- fair value assessment of property, plant and equipment; and
- impairment assessments for property, plant and equipment.

Completion of these tests earlier in the year should allow for more timely identification and resolution of errors.

We will work with management to facilitate getting the information required at the right time. We will communicate with management if information is not available as agreed, including any impact on the year-end audit.

Materiality

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

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

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

It is a matter of judgement whether information is material. We consider the nature (qualitative) and amount (quantitative) of each item judged in the surrounding circumstances and its impact. In the public sector qualitative considerations are of equal significance as quantitative considerations. Qualitative considerations are of primary importance in our assessment of materiality in the context of disclosures for transparency and accountability reasons, and in evaluating any non-compliance with laws and regulations.

The City Council and management need to consider materiality in preparing the financial statements and service performance information and make their own assessment of materiality from a preparer's perspective. IFRS Practice Statement 2, *Making Materiality Judgements*, provides

guidance on how to make materiality judgements from a financial statements preparer’s perspective. Although this guidance is primarily aimed at for-profit entities, the same principles can be applied by public benefit entities. Management and the City Council should not rely on our materiality assessment as a basis for owning and making judgements about the integrity of the financial statements and service performance information.

Financial statements materiality

For planning purposes we have set **overall group materiality** for the financial statements at \$1,102m (2023: \$1,102m) based on budgeted property, plant and equipment. This is subject to change once the actual results for the current year are available. For this audit we are only applying this overall group materiality to the fair value of property, plant and equipment.

For this audit we have set a lower, **specific group materiality** of \$23.5m (2023: \$21.8m) for all items not related to the fair value of property, plant and equipment.

We have set **overall parent materiality** for the financial statements at \$1,225m (2023: \$1,023m) based on budgeted total property, plant and equipment. This is subject to change once the actual results for the current year are available. For this audit we are only applying this overall parent materiality to the fair value of property, plant and equipment. We have set a lower, **specific materiality** of \$24.5m (\$21.3m) for all items not related to the fair value of property, plant and equipment.

	2024	2023
Overall group materiality	1,102,910,000	\$1,049,210,000
Specific group materiality	\$23,575,000	\$21,800,000
Group clearly trivial threshold	\$1,225,000	\$1,023,000
Overall parent materiality	1,102,900,000	\$1,022,980,000
Specific parent materiality	\$24,500,000	\$21,300,000
Parent clearly trivial threshold	\$1,225,000	\$1,065,000

We also set a lower, **specific materiality** for some items due to their sensitivity. For example, we apply a lower specific materiality to related party and key management personnel disclosures.

We design our audit procedures to detect misstatements at a lower level than overall materiality. This takes account of the risk of cumulative misstatements and provides a safety net against the risk of undetected misstatements.

We will report all uncorrected misstatements to the other than those that are **clearly trivial**. We consider misstatements of less than \$1.2m (\$1m) to be clearly trivial for the **group** financial statements and misstatements of less \$1.2m (\$1m) to be clearly trivial for the **parent** financial statements unless there are qualitative considerations that heighten its significance. We will ask for each misstatement to be corrected, other than those that are clearly trivial. Where

Misstatements

Misstatements are differences in, or omissions of, amounts and disclosures that may affect a reader’s overall understanding of your financial statements and service performance information. The effects of any detected and uncorrected misstatements, individually and in aggregate, are assessed against overall materiality and qualitative considerations.

management does not wish to correct a misstatement we will seek written representations from management and the on the reasons why the corrections will not be made.

Overall financial statement materiality does not apply to any matters of effectiveness and efficiency, waste, or a lack of probity or financial prudence.

Materiality for service performance information

At an overall level, we assess whether the service performance information is suitable, given your purpose and the nature of your activities, and whether the reporting allows for an informed assessment of the City Council's performance. In doing this we consider whether the information is relevant, complete, reliable, neutral, and understandable.

We set materiality for service performance information at an individual measure level based on what we expect would influence readers' overall understanding, decision making, or assessment of the City Council's performance. We consider a variety of factors including the level of public interest and potential public risk. Because of the variety of measurement bases applied, we normally express this materiality as a percentage of the reported result.

We have identified the following measures as material and assessed materiality for planning purposes. We will reassess this during the audit.

Ref. in Annual Plan	Material measure	Materiality % of the reported result
2.2	Waste reduction and energy conservation WCC Group GHG emissions (tCo2-e) decreasing.	8%
2.3	Water – Clean and safe Compliance with Drinking Water Standards for NZ 2005 (revised 2008) (Part 4 bacterial compliance criteria and Part 5 protozoal compliance criteria) (Mandatory measure).	0%
	Water – Meeting customer expectations Number of complaints about the drinking water's clarity, taste, odour, pressure or low, continuity of supply, and supplier responsiveness, expressed per 1000 connections (Mandatory measure).	5%
	Water – Efficiency and sustainability Percentage of real water loss from networked reticulation system (Mandatory measure).	5%
	Water – Continuity of supply and resolution of faults Median response time for resolution for urgent call outs (Mandatory measure).	5%
2.4	Wastewater – Compliance and sustainability Dry weather wastewater overflows, expressed per 1000 connections (Mandatory measure).	5%
	Wastewater – Compliance and sustainability (Mandatory measure) Compliance with the resource consents for discharge from the sewerage system, measured by the number of: <ul style="list-style-type: none"> • abatement notices; • infringement notices; • enforcement orders; and • convictions received by the territorial authority in relation to those resource consents. 	0%

Ref. in Annual Plan	Material measure	Materiality % of the reported result
	<p>Wastewater – Meeting customer expectations</p> <p>The total number of complaints received by the territorial authority about any of the following:</p> <ul style="list-style-type: none"> • sewage odour; • sewerage system faults; • sewerage system blockages; • the territorial authority’s response to issues with its sewerage system; <p>expressed per 1000 connections to the territorial authority’s sewerage system (<i>Mandatory measure</i>).</p>	5%
	<p>Wastewater – Continuity of service and resolution of faults</p> <p>Median response time for wastewater overflows (<i>Mandatory measure</i>) (resolution time).</p>	5%
2.5	<p>Stormwater – Continuity of service and resolution of faults</p> <p>(<i>Mandatory measure</i>) Compliance with the resource consents for discharge from the stormwater system, measured by the number of:</p> <ul style="list-style-type: none"> • abatement notices; • infringement notices; • enforcement orders; and • convictions. 	0%
	<p>Stormwater – Meeting customer expectations</p> <p>Number of complaints about stormwater system performance per 1000 connections (<i>Mandatory measure</i>).</p>	5%
7.1	<p>Outcome measure - Economic</p> <p>Residents' perceptions that the transport system allows ease of access to the City.</p>	8%
	<p>Road safety</p> <p>The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number.</p>	8%
	<p>Road condition</p> <p>The average quality of ride on a sealed local road network, measured by smooth travel exposure.</p>	8%

Professional judgement and professional scepticism

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

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

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

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

How we consider compliance with laws and regulations

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

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

Wider public sector considerations

A public sector audit also examines whether:

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

Reporting protocols

Communication with management and the City Council



We will meet with management and the City Council's audit committee throughout the audit. We will maintain ongoing, proactive discussion of issues as and when they arise to ensure there are "no surprises".

Reports to the City Council



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

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

Audit logistics

Our team



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

Our senior audit team members are:

Karen Young	Appointed Auditor
Ingrid Harris	Second Director
Chris Webby	Engagement Quality Review Director
Leticia Chettiar	Audit Manager
Mhlengi Dubazane	Audit Manager
Janet Gan	Supervisor
Dieter Rohm	Director, Information Systems Audit and Assurance
Robyn Dearlove	Manager, Information Systems Audit and Assurance
Martin Richardson	Director, Audit Services/Specialist Audit and Assurance Services
Lam Nguyen	Manager, Specialist Audit and Assurance Services
Jason Biggins	Tax Director

The Engagement Quality Review (EQR) Director forms an important part of our internal quality assurance process to maintain and enhance the quality of your audit. The EQR Director is an experienced Audit Director who has sufficient and appropriate experience to objectively evaluate the judgements made by the audit team. They are independent from the day to day audit field work, and so can provide an independent challenge to the audit team on their judgements. The EQR will work with your Appointed Auditor and the audit team, but will not have direct contact with you.

Timetable



Based on our discussions with the City Council, we have confirmed that our timetable is:

Matter	Date in 2024	Audit NZ	City Council
• Risk assessment and planning	Up to May	✓	✓
• Interim and pre-final audit	20 – 31 May	✓	✓
• Final audit	12 August – 27 September	✓	✓
• Wrap up and reporting	1 - 5 October	✓	
Financial statements			
• Draft financial statements available	12 August		✓
• Provide feedback on financial statements	27 September	✓	
• Final financial statements agreed between us available	5 October		✓
Performance information			
• Draft statement of service provision available	2 September		✓
• Provide feedback on statement of performance provision information	27 September	✓	
• Final statement of performance provision agreed between us available	5 October		✓
Annual report			
• Full annual report available for audit (draft)	22 September		✓
• Feedback on annual report	5 October	✓	
• Final annual report (inclusive of all changes agreed between us) available	9 October		✓
• Verbal clearance on annual report	17 October	✓	
• Audit opinion provided in draft	18 October	✓	
• Representation letter issued to Council for signing by Mayor and Chief Executive	18 October	✓	
• Audit opinion issued	24 October	✓	

Matter	Date in 2024	Audit NZ	City Council
Reporting to the Council			
<ul style="list-style-type: none"> Paper on the status of the audit and any significant issues arising from the interim/pre-final audit management report 	8 July	✓	
<ul style="list-style-type: none"> Final management report to the Council issued in draft for management's comments 	31 October	✓	
Audit and Risk Committee meeting			
<ul style="list-style-type: none"> Audit Plan 2023 	14 February	✓	
<ul style="list-style-type: none"> Memo on audit progress, and any significant matters the Committee should be made aware of 	For each such Committee meeting	✓	✓
<ul style="list-style-type: none"> Finalised management report inclusive of management comments 	20 November	✓	✓
Summary annual report			
<ul style="list-style-type: none"> Summary annual report available 	To be agreed	✓	✓
<ul style="list-style-type: none"> Feedback on Summary annual report 		✓	
<ul style="list-style-type: none"> Final Summary annual report (inclusive of all changes agreed between us) available 			✓
<ul style="list-style-type: none"> Verbal clearance on Summary annual report 		✓	
<ul style="list-style-type: none"> Audit opinion provided in draft 		✓	
<ul style="list-style-type: none"> Representation letter issued to Council for signing by Mayor and Chief Executive 		✓	
<ul style="list-style-type: none"> Audit opinion issued on Summary annual report 		✓	

AuditDashboard

In previous years, we used AuditDashboard, our online portal, to transfer files between your employees and Audit New Zealand. Overall, the use of AuditDashboard made it easy to fulfill requests. Real-time status updates provided greater visibility to everyone and helped to keep everyone organised and on the same page.

We will again use AuditDashboard for transferring audits as part of the audit.

Expectations



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

Our respective responsibilities are set out in our audit engagement letter.

We expect that:

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

To help you prepare for the audit, we will liaise with management and provide them with a detailed list of the information we will need for the audit.

Health and safety



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

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

We expect you to provide a work environment for our audit staff that minimises or, where possible, eliminates risks to their health and safety. This includes providing adequate lighting and ventilation, suitable desks and chairs, and safety equipment where required. We also expect management to provide them with all information or training necessary to protect them from any risks they may be exposed to at your premises. This includes advising them of emergency evacuation procedures and how to report any health and safety issues.



AUDIT NEW ZEALAND
Mana Arotake Aotearoa

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AUDIT NEW ZEALAND - 2024-34 LONG TERM PLAN AUDIT UPDATE

Kōrero taunaki | Summary of considerations

Purpose

1. This report to Unaunahi Māhirahira | Audit and Risk Committee is to take note of the proposed Audit New Zealand arrangements for the audit of the 2024-34 Long-term Plan (LTP).

Strategic alignment with community wellbeing outcomes and priority areas

Aligns with the following strategies and priority areas:

Strategic alignment with priority objective areas from Long-term Plan 2021–2031

- Sustainable, natural eco city
- People friendly, compact, safe and accessible capital city
- Innovative, inclusive and creative city
- Dynamic and sustainable economy
- Functioning, resilient and reliable three waters infrastructure
- Affordable, resilient and safe place to live
- Safe, resilient and reliable core transport infrastructure network
- Fit-for-purpose community, creative and cultural spaces
- Accelerating zero-carbon and waste-free transition
- Strong partnerships with mana whenua

Relevant Previous decisions

Financial considerations

- Nil
 Budgetary provision in Annual Plan / Long-term Plan
 Unbudgeted \$X

Risk

- Low
 Medium
 High
 Extreme

Authors	Elizabeth Steel, Chief Advisor Strategy and Governance Baz Kaufman, Manager Strategy and Research Karina Young, Financial Controller
Authoriser	Stephen McArthur, Chief Strategy & Governance Officer Andrea Reeves, Chief Financial Officer

Taunakitanga | Officers' Recommendations

Officers recommend the following motion:

That the Unaunahi Māhirahira | Audit and Risk Committee:

1. Receive the information.
2. Note the WCC LTP 2024-34 Memo to Audit and Risk Committee prepared by Audit New Zealand for the 2024-34 Long Term Plan (LTP) (attachment 1).
3. Delegate the authority to finalise the 2024-34 LTP audit plan, engagement letter and audit fee to the Chief Strategy and Governance Officer, Chair of the Unaunahi Māhirahira | Audit and Risk Committee and the Mayor.

Whakarāpopoto | Executive Summary

4. The purpose of this paper is to provide an update to the Unaunahi Māhirahira | Audit and Risk Committee on the proposed arrangements for the audit of the 2024-34 LTP.
5. Due to the timing of receiving the draft memo, Officers have not had a chance to review it and make any comment.
6. The audit engagement of the 2024-34 LTP covers both the consultation document and finalised LTP, alongside all of the supporting documents, policies and strategies required under the Local Government Act 2002.

Takenga mai | Background

7. The Kōrau Tōtōpū | Long-term Plan, Annual Plan and Performance committee has primary responsibility of oversight and decision making for the development of the 2024-34 LTP.
8. The Unaunahi Māhirahira | Audit and Risk Committee (Committee) has key responsibilities in respect to:
 - Providing assurance that the Council has an appropriate plan to meet its statutory obligations in preparing and adopting its LTP; and
 - Oversight of how the LTP preparation and the audit risks are being managed.
9. In November 2023 the Committee received a draft timeline. This was confirmed with Audit NZ that they were comfortable with the timeline and would mirror resourcing and auditing effort to align with the LTP programme.
10. The three key audit windows for the LTP noted were;
 - a. First audit review (Cold review) (11th- 22nd December);
 - b. Consultation Document audit (4th March – 29th March); and
 - c. Preparation for the LTP adoption audit (3rd – 14th June).

Kōrerorero | Discussion

11. Audit New Zealand are the Appointed Auditors and are at the final stage of drafting the Engagement letter. In the absence of an engagement letter they have provided a memo outlining the key areas of focus, timing for the audit and audit fee.
12. Audit New Zealand, will be in attendance. If there are any matters which the Committee would like to discuss, seek clarification on or if there are additional matters that the Committee think should be considered, they can be discussed at the meeting.

13. As part of the LTP process, Council are required, under the Local Government Act 2022 to have an audit conducted by the Auditor-General when producing a Consultation Document (CD) and the LTP itself prior to adoption.
14. In auditing the CD, the auditor will determine whether the CD provides an effective basis for consultation. In particular whether the CD fairly represents the matter(s) a council proposes to include in its LTP).
15. The audit will also include a review of all supporting information on which the CD and final LTP are based on. This includes the Financial Strategy, Infrastructure Strategy, AMPs, and all relevant supporting policies.
16. In addition to auditing the CD, the Auditors will also review the adopted LTP and assess whether the whole LTP enables for long-term, integrated decision-making and co-ordination of the council's resources (as a means for the Council to be accountable to the community).

Ngā mahinga e whai ake nei | Next actions

17. Management will continue to work with Audit New Zealand to finalise the Audit Plan for the 2024-34 LTP audit and the signing of the Engagement Letter and audit fee proposal.

Attachments

Attachment 1. WCC LTP 2024-34 Memo to Audit and Risk Committee 14
February 2024 [↓](#) 

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Memo on audit of the consultation document and Long-term plan for the period commencing 1 July 2024

This audit engagement letter we will issue to the Wellington City Council (the Council) will outline:

- the terms of the audit engagement and the respective responsibilities of the Council and me as the Appointed Auditor;
- the audit scope and objectives;
- the approach taken to complete the audit;
- the areas of audit emphasis;
- the audit logistics; and
- the professional fees.

1 Areas of audit emphasis – sector wide

These are:

- Financial strategy and infrastructure strategy
- Assumptions:
 - Significant forecasting assumptions underlying the financial forecasts
 - Climate change assumption
- Condition and performance of critical assets
- Capital expenditure ‘do-ability’
- Performance framework
- Legislative compliance
- Consultation document

2 Council identified issues

We will assess the items that are to be included in the consultation document and ensure that significant items from these are reviewed and that the most up-to-date positions are included in the LTP.

3 Timetable

Date	Event	Audit NZ	Council
Consultation document			
During January and February	Pre-engagement activities Cold review of draft underlying documents	✓	
4 – 29 March (incorporates OAG Hot Review)	All audit information requirements from Council available by 4 March please, earlier if available	✓	✓
3 April	Verbal audit clearance	✓	
10 April	Council meeting to adopt Consultation document	✓	✓
Long-term plan			
3 – 14 June	LTP and supporting information available (if required) OAG Hot Review	✓	✓
19 June	Verbal audit clearance	✓	
26 June	Council meeting to adopt Long-term plan	✓	✓

4 Professional fees

Our audit fee, covering both the consultation document and the LTP for the period commencing 1 July 2021, is \$189,500 (plus GST and disbursements).

LONG TERM PLAN PROCESS UPDATE

Kōrero taunaki | Summary of considerations

Purpose

1. This report provides the Unaunahi Māhirahira | Audit and Risk Committee an update on the process for the development of the 2024-34 Long-Term Plan (LTP).

Strategic alignment with community wellbeing outcomes and priority areas

Aligns with the following strategies and priority areas:

- Sustainable, natural eco city
- People friendly, compact, safe and accessible capital city
- Innovative, inclusive and creative city
- Dynamic and sustainable economy

Strategic alignment with priority objective areas from Long-term Plan 2021–2031

- Functioning, resilient and reliable three waters infrastructure
- Affordable, resilient and safe place to live
- Safe, resilient and reliable core transport infrastructure network
- Fit-for-purpose community, creative and cultural spaces
- Accelerating zero-carbon and waste-free transition
- Strong partnerships with mana whenua

Relevant Previous decisions

Financial considerations

- Nil Budgetary provision in Annual Plan / Long-term Plan Unbudgeted \$X

2. While Audit NZ have committed to completing the the Consultation Document and final LTP Audit within the Council's LTP programme timeline, we have yet to receive the final written LTP Audit programme from Audit NZ.

Risk

- Low Medium High Extreme

Authors	Joy Volkerling, Senior Advisor, Planning & Reporting Elizabeth Steel, Chief Advisor Strategy and Governance Geoffrey Coe, Principal Advisor Corporate Planning
Authoriser	Baz Kaufman, Manager Strategy and Research Stephen McArthur, Chief Strategy & Governance Officer Andrea Reeves, Chief Financial Officer

Taunakitanga | Officers' Recommendations

Officers recommend the following motion:

That the Unaunahi Māhirahira | Audit and Risk Committee:

1. Receive the information.
2. Note that officers will provide an update presentation on the progress of the 2024 LTP development programme. This will also reference the decisions made at the 15 February Kōrau Tōtōpū | Long-term Plan, Annual Plan and Performance committee.
3. Note that Audit NZ has committed to a schedule for the audit of the Consultation Document and supporting information to enable the Council to adopt the Consultation Document with an audit opinion on 10 April 2024. We expect to receive full documentation from Audit NZ on the LTP audit programme shortly.
4. Note that Audit NZ will provide an update of the LTP Audit programme to the meeting.

Whakarāpopoto | Executive Summary

3. This report provides the Unaunahi Māhirahira | Audit and Risk Committee (Committee) with an update on the progress of development of the 2024-24 Long Term Plan (LTP).
4. Officers will verbally update the Committee on any significant changes resulting from this meeting and their potential impacts. With particular focus on the significant forecasting assumptions and LTP programme timeline.

Takenga mai | Background

5. The Kōrau Tōtōpū | Long-term Plan, Annual Plan and Performance committee has primary responsibility of oversight and decision making for the development of the 2024-34 LTP.
6. The The Unaunahi Māhirahira | Audit and Risk Committee (Committee) has key responsibilities in respect to:
 - Providing assurance that the Council has an appropriate plan to meet its statutory obligations in preparing and adopting its LTP; and
 - Oversight of how the LTP preparation and the audit risks are being managed.
7. The committee received a report at the November 2023 Committee meeting providing the timeline through to the adoption of the LTP. This included three key audit activity timeframes. The first of which is completed.
 - First audit review (Cold review) (11th- 22nd December); (COMPLETED)
 - Consultation Document audit (4th March – 28th March); and
 - Preparation for the LTP adoption audit (3rd – 14th June).

Kōrerorero | Discussion

8. The Kōrau Tōtōpū | Long-term Plan, Annual Plan and Performance Committee meeting on the 15th February, is to seek approval of the draft information and documentation to underpin the 2024-34 LTP and the key issues for consultation in the 2024-34 LTP

Consultation Document. Any significant changes resulting from this meeting will be included in the verbal update from officers.

9. The material presented to the LTPFP committee and decisions arising from the 15 February meeting, will be used to finalise the LTP Consultation Document and will be considered by the Committee on 13 March 2024.
10. Under the Local Government Act 2002, as part of the LTP process, Council is required to have an audit opinion published with the Consultation Document prior to public consultation (April 2024) and the adoption of the final LTP in June 2024.
11. The Consultation Document will be audited by Audit New Zealand who have committed to providing an audit opinion the 10 April 2024. This enables the Council to remain on track to meet the statutory deadline of adopting the LTP prior to the commencement of the first year in which it relates.

Ngā mahinga e whai ake nei | Next actions

12. Officers will continue working with Audit New Zealand to ensure timelines remain on track.

Attachments

Nil

ASSURANCE AND BUSINESS INTEGRITY UPDATE

Kōrero taunaki | Summary of considerations

Purpose

1. This report provides Unaunahi Māhirahira | Audit and Risk Committee with:
 - An update on delivery of the approved Assurance and Business Integrity Workplan
 - An update on progress to address recommendations from internal audits and other assurance sources
 - An update on Council exposure to fraud risk
 - An update on protected disclosures and investigations
2. The information supports the Committee to discharge its responsibility under its Terms of Reference to:
 - Have oversight of the internal audit function
 - Review and monitor whether management's approach to maintaining an effective internal control framework is effective and includes appropriate systems to prevent, detect and investigate fraud.

Strategic alignment with community wellbeing outcomes and priority areas

Aligns with the following strategies and priority areas:

- Sustainable, natural eco city
- People friendly, compact, safe and accessible capital city
- Innovative, inclusive and creative city
- Dynamic and sustainable economy
- Functioning, resilient and reliable three waters infrastructure
- Affordable, resilient and safe place to live
- Safe, resilient and reliable core transport infrastructure network
- Fit-for-purpose community, creative and cultural spaces
- Accelerating zero-carbon and waste-free transition
- Strong partnerships with mana whenua

Strategic alignment with priority objective areas from Long-term Plan 2021–2031

Relevant Previous decisions

Financial considerations

- Nil Budgetary provision in Annual Plan / Long-term Plan Unbudgeted \$X

Risk

- Low Medium High Extreme

3. Risks were identified as part of audit and assurance work completed and these have been communicated to relevant officers. Risks are managed in line with the Council's Enterprise Risk Management Framework.

Author	Jon Daley, TL Assurance and Business Integrity
Authoriser	Stephen McArthur, Chief Strategy & Governance Officer

Taunakitanga | Officers' Recommendations

Officers recommend the following motion:

That the Unaunahi Māhirahira | Audit and Risk Committee:

1. Receive the update on the Assurance and Business Integrity workplan.
2. Receive the update on management's progress to address recommendations from internal audit and other independent sources of assurance.
3. Receive the update on Council's exposure to fraud risk, protected disclosures and investigations.

Whakarāpopoto | Executive Summary

4. Management is making progress to address recommendations from internal audit and other independent assurance sources. The timeframe for implementation of some recommendations has been extended.
5. No protected disclosures have been made. One Investigation has been initiated relating to an unresolved complaint.
6. Fraud risk workshops were held on 16 January and 2 February 2024. These identified areas of fraud risk for consideration as part of the 2024-25 Assurance workplan.

Takenga mai | Background

7. The Assurance & Business Integrity Team's purpose is to enable Council to deliver results and outcomes in a way that meets the public's expectations of accountability and our responsibilities as a public sector organisation.
8. To facilitate our purpose, each year the Assurance & Business Integrity Team develops a risk-based workplan of assurance activities across its core services.
9. Audit New Zealand issued their management report which was presented to the November 2023 meeting of this Committee.
10. Assurance & Business Integrity tracks the progress towards closure of recommendations made by internal and external assurance providers.
11. The Council's fraud risk is the subject of a strategic risk profile previously approved by this Committee.

Kōrerorero | Discussion

Progress of the Workplan

12. The status of planned audits for the remainder of the financial year is attached as Attachment One. Delivery of the plan is on track.

Progress of Recommendations

13. Assurance & Business Integrity monitors and reports on management's progress to address assurance recommendations from completed internal audit reviews, as well as from other independent sources of assurance, including external audit.

14. There are 34 open internal audit recommendations in total. 26 of these are rated high or medium risk. Progress is being made to mutually agreed timescales.
15. As part of the programme to improve internal controls, regular reporting on open recommendations will be sent to ELT.
16. Actions to address some open recommendations in last year's Audit New Zealand's management letter have been completed and await Audit NZ confirmation for closure.
17. Further details of management's progress to address open assurance recommendations from internal audit and other independent assurance are tabled in Attachment Two and Three.

Investigations

18. An investigation was launched in December 2023. A customer complaint was received in relation to their removal from a Council facility in November 2023. The complaint raised issues with application of the Bill of Rights Act and the use of trespass powers.

Fraud Risk Exposure

19. The Strategic risk profile for Fraud identifies the likelihood as 'possible' and the consequence as 'moderate' for an overall rating of Medium. This paper provides additional detail to support the strategic risk profile and indicates areas which may benefit from focus in the next audit plan.
20. Two Fraud Risk Workshops were held in early 2024. These considered internal and external frauds across a range of potential misappropriations.
21. A summary of fraud threats considered is included as Attachment Four. This outlines types of loss Council could experience, internal and external threats, and controls. Finally, a summary of processes/controls for consideration within the 2024-25 Audit Plan have been highlighted. The draft audit plan will be presented to this Committee in May 2024.

Ngā mahinga e whai ake nei | Next actions

22. The audit plan for 2024-25 will be presented for approval at the May Committee Meeting.
23. Officers will continue to track and follow up on actions as they become due.

Attachments

Attachment 1.	Status of the Assurance Workplan ↓ 	Page 52
Attachment 2.	Status of Internal Audit Recommendations ↓ 	Page 53
Attachment 3.	Status of Open External Audit Recommendations ↓ 	Page 55
Attachment 4.	Fraud Risk Summary ↓ 	Page 59

Attachment One: Overview of the Assurance and Business Integrity Workplan

Ref	Audit	Status	Comments
2308	Marinas	Cancelled	This was proposed to audit a process improvement which has not yet been implemented
2400	Internal Controls Assessment for Year Ending 30 June 2023	Completed	
2401	Grants monitoring	In progress	Scope Issued, report expected end Q3
2402	PSR budgeting and reporting	In progress	Fieldwork underway, report expected end Q3
2403	Trespass notices	In progress	Drafting
2404	Resource consenting	Drafted	Draft with line management report expected Q3
2405	Working with developers	Cancelled	Scope covered by Haining Street audit
2406	Climate response	Scheduled for Q3	Not yet started
2407	Encroachments	Drafted	Draft with line management
2408	Commercial leases	In Progress	Scoping meetings held, report expected end Q3
2409	Significant service contracts	Completed	Initial controls assessment determined that a full audit would be of more value when a contract framework is in place.
2410	Credit control operations	Drafted	Draft with line management
2411	Financial delegations	Scheduled for Q4	
2412	Speed Management BCR Review	Completed	
2413	Haining Street Follow up	Scheduled for Q3	Requested at November Audit & Risk Committee

Attachment 2: Status of Recommendations from Internal Audit and other External Reviews February 2024

Review Name & Date Issued	Findings and Recommendations	Progress as at February 2024
Employment Recruitment Documents November 2022	Process & Policy Improvements Update the Recruitment Policy Documenting the process Investigate software solutions to improve efficiency	Process steps have been documented and introduced, including MOJ checks and overseas criminality checks. The Recruitment Policy has been reviewed internally and by the PSA union. One further union is reviewing it prior to approval. Implementation of IT solution pending final decision. Due date for completion extended to April 2024
Cash-handling and reconciliation August 2022	Lack of guidance on how to perform reconciliations. Varying systems and controls between sites. Financial Controller to develop guidance on reconciliations for all staff.	This action was extended to December 2023 because of staff turnover. Guidance has been drafted and is due for communication to Council sites.
Privacy Review August 2022	Revise Privacy Policy Review policy alignment with Tu Piki Ora Māori Strategy.	Actions in progress to address other recommendations have been superseded by the WCC Privacy Breach report below. Alignment with Tu Piki Ora Māori Strategy is planned for Q4.
Legislative Compliance	Resource Management Act Review process and assess where improvements can be made to meet legislative timescales.	Actions in progress have been superseded by the Resource Consenting audit due for completion in Q3.
Haining Street September 2023	Council Capability, Capacity and Governance 10 Recommendations including utilisation of existing governance frameworks, setting internal service levels, record keeping and authority.	Five actions closed to date. Remaining actions within their due date. Audit and Risk Committee has requested a follow-up on this report to validate that actions are completed and effective which will be presented to the May Committee.
Significant Service Contracts December 2023	Policy and Responsibilities There is no definition of 'significant services' in Council There is no responsible person for S17A reviews	A definition of significant services within Council will be drafted. Research on how other local authorities manage S17A compliance will be conducted. Actions are within due date.
Customer Enquires, Complaints & Escalation November 2023	Process and Policy Definition Determine an owner and develop a Complaints policy. Develop an end to end process Ensure visibility of number of complaints and progress towards closure Update the Personal Confrontation risk profile Review physical controls at Arapaki	First actions are due in April 2024.

Review Name & Date Issued	Findings and Recommendations	Progress as at February 2024
NZTA Investment Audit December 2023	<p>Financial Controls</p> <p>Update treatment of manual adjustments to meet NZTA work categories</p> <p>Ensure the NZTA endorsed procurement strategy is published on the Council website</p> <p>Complete Road Safety Audits</p>	<p>Manual adjustments have been aligned with NZTA requirements.</p> <p>Remaining actions are in progress.</p>
Speed Management BCR September 23	<p>Process Improvements</p> <p>Clarify drivers for requiring BCR analysis</p> <p>Ensure that Councillors agree on the weighting of different factors.</p> <p>Develop a formal framework for Cost Benefit Analysis at WCC</p>	<p>Two actions are on hold pending an update of requirements from the Ministry of Transport. Draft guidance has been prepared and is under review.</p>
WCC Privacy Breach September 23	<p>Process and Policy Improvements</p> <p>Develop a large dataset policy</p> <p>Require a project plan prior to using large datasets</p> <p>Ensure adequate resourcing for privacy, including awareness through the organisation</p> <p>Follow-up on actions after six months and report to Audit Committee</p>	<p>Actions are in progress and a Principal Privacy Advisor has been appointed.</p> <p>An update will be provided at the May 2024 Committee meeting.</p>

Attachment Three: Status of open external audit recommendations – February 2024

Review Name & Date Issued	Recommendation	Progress at February 2024
4.1 Three Waters performance measures	We recommend that the City Council continue discussions with Wellington Water to understand the plans in place to address these performance reporting issues and any possible impacts on the City Council's 2022/23 annual report. The City Council should also ensure it is able to reconcile its records to Wellington Water's records.	October 2023: We continue to work with Wellington Water to reconcile the total number of complaints.
4.2 WCC Group GHG emissions performance measure	We recommend that the City Council ensures that there are reliable systems in place to capture the data on GHG emissions to address these performance reporting issues and any possible impacts on the City Council's 2022/23 annual report.	<p>The Council has an ongoing data improvement process for this measure, which includes communication with key Capital Goods suppliers to obtain more direct data to better reflect actual emissions. From FY23, Council will use updated emissions factors for spend-based Scope 3 data, using the 2018 ThinkStep report, and will recalculate the FY21 and FY22 years using these emissions factors, to ensure consistency in reporting.</p> <p>October 2023: Thinkstep spend data will not be available until November 2023. As an alternative we have used updated MOTU emission factor data as we have already completed our WCC carbon inventory work for FY23. We are working with Audit NZ on results.</p> <p>February 2024: Ongoing engagement with consultants is underway to access current data for use in the FY 24 inventory.</p>
4.16 Procurement – conflict of interest management plans	<p>We recommend that declared issues be reviewed by management, and any resulting conflict management plans (where these are judged to be required) reviewed and approved by management.</p> <p>We expect documentation supporting all procurement activity to be stored electronically and be easily accessible.</p>	<p>As part of our refresh of procurement resources the COI management plan forms will be revisited to ensure these are signed off by the senior/management roles within the Commercial Partnerships team.</p> <p>October 2023: WCC has updated the COI template, added to suite of templates available on Pokapu and added a Probity Guide to support wider probity/code of conduct/COI practice. This point should be closed.</p> <p>Sound record keeping continues to be a focus for the team, navigating a new records management system and the establishment of consistent records management process.</p> <p>Templates have improved consistency of records and record keeping.</p> <p>February 2024: Action taken to be validated by ANZ</p>
5.1.1 Reconciliation of Rating Information Database	We recommend the City Council put in place a process to ensure the monthly reconciliations are reviewed and signed off by an independent person. Any reconciling items should be investigated and resolved in a timely manner.	<p>Review and sign-off is a standard monthly process. The reports are sent to Finance monthly. We do need to capture the signed-off reports in Sharepoint and send them along with the reports. We will be upgrading our reconciliation processes over the next 18 months to provide better visibility</p>

		<p>October 2023: Signed off reports are now stored in Sharepoint and provided along with reconciliations. Upgrade to reconciliation process remains on track and work in progress</p> <p>February 2024: Action taken to be validated by ANZ</p>
5.1.2 RID access and control over changes	<p>We recommend the City Council identify all the masterfile changes that can be made in the RID and develop appropriate monitoring reports for detection of anomalies. These reports should be automatically generated by the system and independently reviewed by a senior member of the team on a regular basis.</p>	<p>A risk assessment of controls over the RID was performed in April 2022. As part of that process, we identified existing controls and additional controls that were needed. The existing controls in place over the RID included:</p> <ul style="list-style-type: none"> • Local government code rec (done fortnightly). • RID to DVR rec (done monthly). • LIT report validation/ review (done daily). <p>These were performed and reviewed frequently, based on the cadence set for each. As a result of that assessment, audit trails for direct debit changes were set up in April 2022, previously this was not in place. This was put in place for learning and development purposes and provides the ability to trace changes to specific individuals were previously not possible. The compensating control which was in place and performed daily is the Direct Debit Extraction process as well as the review of Dishonour payments received from financial institutions for invalid or inaccurate direct debit instructions. Any errors on direct debits or unauthorised payments are also picked up during those process.</p> <p>October 2023: Completed. Monitoring of Masterfile changes in the RID is now in place.</p> <p>February 2024: Action taken is ready for validation by ANZ</p>
5.2.2 ICT Policies need to be reviewed, updated and re-issued	<p>We recommend that information system and digital policies should be reviewed, updated and all users advised of changes.</p>	<p>Smart Council is in the process of updating all this information, including an end user policy – which includes cyber security and working remotely etc. It is documenting our updated ICT policy with all the various components included in this umbrella policy. The update is taking longer than anticipated and we may only be finished towards end of June 2023.</p> <p>Update Oct 2023: Cyber Security Policy published August 2023. Policy is designed to ensure that cybersecurity risks are identified, understood, quantified, and managed.</p> <p>The second umbrella policy, the end-user compute policy aimed at user behaviour, will be published in Q2.</p>
5.2.4 Improve password network minimum settings	<p>We recommend the City Council conduct a review of standards for password controls. Settings should match its approved information system security policies and where these do not match NZISM standards, the risk should</p>	<p>The City Council has been migrating users to Cloud login (AAD), and the previous (AD) password login settings are no longer being used. Further improvements to strengthen password controls are being proposed.</p> <p>October 2023: Completed</p>

	be reviewed and accepted by management.	February 2024: Action taken is ready for validation by ANZ
5.3 Purchase card expenditure	<p>We recommend that the City Council:</p> <ul style="list-style-type: none"> put in place a process for all leaving staffs' P-cards to be returned to Finance for timely cancellation. This can be achieved from timely receipt of leavers' information from People and Capability, payroll and IT; strengthen monitoring controls for P-card claims including following up on supporting documentation for expenses incurred; 	<p>We continue to document and strengthen procedures around P-cards.</p> <p>October 2023: Sensitive expenditure guidance is being reviewed for consistency with OAG guidelines. Supporting Purchase-Card guidelines also being updated for consistency and include cardholder requirement to surrender P cards when ceasing employment.</p> <p>Assurance will recommence continuous monitoring of P-card expenditure in Q2, following launch of updated sensitive expenditure guidance.</p> <p>February 2024: Continuous monitoring recommended following publication of revised policies.</p>
Recommendations from previous audits		
2021: Fair value assessment of infrastructure assets	The City Council should take into consideration asset condition information when preparing a fair value assessment for assets.	<p>The City Council performed a full valuation of infrastructure assets for the year ended 30 June 2022. However, as the asset condition information for non-critical assets was not available at the time of performing the valuation, this issue remains open.</p> <p>Update October 2023: Open There has been a significant amount of work completed across Council and Wellington Water Limited to collect asset condition information on our assets, particularly our critical assets. We expect this to continue be an area of focus.</p> <p>For 30 June 2023 the Fair value assessment of infrastructure assets was completed by WSP. The asset condition information for non-critical assets was not available at the time of performing the fair value assessment.</p> <p>For the very high criticality water pipe assets, there was an \$11.6m impairment recognised in 2022/23 due to the condition assessment on these assets.</p> <p>February 2024: For 30 June 2024, Council will be undertaking a full revaluation of water assets. Wellington Water Limited have appointed a dedicated resource to assist with the asset revaluation process and the coordination of the required information for revaluation, including asset condition information. This will remain an open issue until it is revisited and tested by Audit NZ as part of the year-end audit on asset revaluations.</p>
2020: Timely preparation and review of reconciliations	The City Council reconcile the general ledger with the underlying systems and these reconciliations are prepared and independently reviewed monthly.	The preparation and the review of some of the City Council's reconciliations were not performed and/ or independently reviewed in a timely manner. They were bank, payroll, fixed assets and suspense accounts.

		<p>Update October 2023: Closed: Bank and fixed asset reconciliations have been completed and reviewed in a timely manner.</p> <p>Payroll and suspense accounts reconciliations were prepared in a timely manner, however due to changes in finance personnel changes and vacancies during the year there were some temporary time delays in reviewing these.</p> <p>With new personnel on board, the reconciliations are being refreshed to ensure all relevant information is captured in a consistent and easy to read format. The team are committed to preparing and reviewing these in a timely manner.</p>
<p>2018: Holidays Act compliance</p>	<p>We recommend that City Council should resolve the Holidays Act 2003 compliance issue.</p>	<p>Phase One (Rectification) is 99% complete – the project team is considering options for external support to rectify an issue with TechOne.</p> <p>The project team is proceeding with Phase Two (Remediation). This includes calculating any leave under- and over-payments for the approximately 8,600 staff who have been on Wellington City Council payroll since 2013. This includes Zealandia, Wellington Water and Wellington Venues. Phase 2 scoping and planning has commenced.</p> <p>Update October 2023: Phase One: The Parallel testing is back on track and Acceptance Testing is continuing.</p> <p>Phase Two: The Project Team has engaged a third Party to produce a “Portal” for ex-employees to register a claim – this is in build stage and is expected to be completed by end of October 2023.</p> <p>February 2024: We are waiting on a minor technical issue – Single Sign-on (SSO) before this can be opened to public.</p> <p>The project team are looking at the implementation plan and comms requirements.</p>

What could Council lose because of fraud?

- Financial loss
- Fleet, IT Assets or other equipment
- Personal Data
- Commercial Data
- Skills/Expertise

How might a successful fraud be committed?

Internal:

- Timesheets
- Sensitive Expenditure
- P Cards
- Theft
- Forged sign off
- Fake invoices / payment redirection
- Misuse of Systems
- Ghost employee
- Payroll changes
- Bank mandate fraud
- Bad hires

External:

- Cybercrime
- Fake invoice/ payment redirection/ refunds
- Bribery/corruption
- Undeclared gifts
- Theft/goods not received
- Price rigging/ collusion

What controls have been put in place?

- Policies & Procedures
- Protective Security Requirements
- Leadership/Culture
- IT General Controls
- Protected Disclosure Process
- Segregation of duties
- CCTV

Which controls should we look at in the 2024/25 workplan?

- P Card/Sensitive Expenditure
- Conflicts of Interest
- Gifts & Hospitality
- Contract management
- IT Asset Management/Inventory

**Attachment 4:
Fraud Risk Summary**

RAISING INTERNAL CONTROLS ASSESSMENT FROM CORE TO GOOD

Kōrero taunaki | Summary of considerations

Purpose

1. This report to Unaunahi Māhirahira | Audit and Risk Committee sets out how Council intends to lift the internal controls assessment from “Core” to “Good” within two years. The report also notes that the Strategic risk profile: *Organisational policies and controls* duplicates other controls reporting and is no longer required.

Strategic alignment with community wellbeing outcomes and priority areas

Aligns with the following strategies and priority areas:

Strategic alignment with priority objective areas from Long-term Plan 2021–2031

- Sustainable, natural eco city
- People friendly, compact, safe and accessible capital city
- Innovative, inclusive and creative city
- Dynamic and sustainable economy
- Functioning, resilient and reliable three waters infrastructure
- Affordable, resilient and safe place to live
- Safe, resilient and reliable core transport infrastructure network
- Fit-for-purpose community, creative and cultural spaces
- Accelerating zero-carbon and waste-free transition
- Strong partnerships with mana whenua

Relevant Previous decisions

February 2023 – proposed development of strategic risk profile
August 2023 – internal controls assessment

Financial considerations

Nil

Budgetary provision in Annual Plan / Long-term Plan

Unbudgeted \$X

Risk

Low

Medium

High

Extreme

2. This paper sets out a plan to manage risk. It does not create new risk.

Author	Richard Leverington, Manager Risk and Assurance
Authoriser	Stephen McArthur, Chief Strategy & Governance Officer

Taunakitanga | Officers' Recommendations

Officers recommend the following motion:

That the Unaunahi Māhirahira | Audit and Risk Committee:

1. Receive the information.
2. Endorse the proposed actions to lift the internal controls assessment from "Core" to "Good".
3. Note the *Organisational Policies and Controls* risk profile which forms the baseline and target for the internal controls uplift.
4. Note that the Organisational Policies and Controls risk will not be included as one of Council's strategic risks.

Whakarāpopoto | Executive Summary

3. Actions are planned across Council that will lift the overall controls assessment from the 2023 rating of 'Core' to 'Good' by mid-2025. This is based on the internationally recognised COSO governance framework. Under this framework, 'Good' is defined as *"Most elements of good practice are in place and operating effectively. Moderate to high level of maturity rating for supporting elements. Improvement opportunities exist to strengthen practices."*
4. The mitigations in the *Organisational Policies and Controls* risk profile will reduce vulnerability to errors, and lift compliance with good practice risk and issues management. The profile was originally drafted in early 2023 but has now been superseded by the actions to drive an uplift in the controls assessment.
5. Progress reports requested by the Committee on the actions to achieve 'Good' overlap with the mitigations in the organisational policies and controls. The addition of a new strategic risk would duplicate the reporting and is therefore no longer required.

Takenga mai | Background

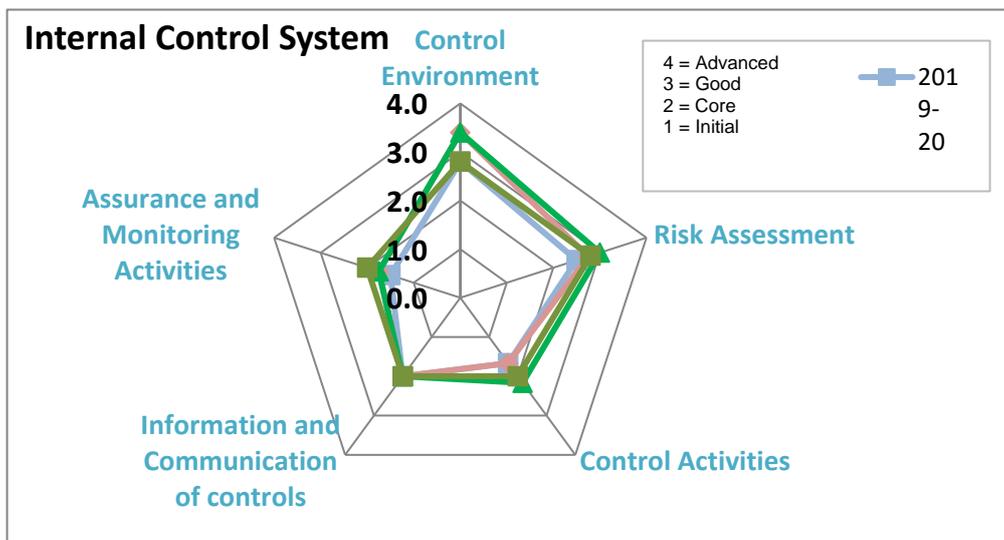
6. In February 2023, the Risk Management team proposed a new strategic risk profile relating to policies and controls. The proposed profile would cover adherence to internal 'corporate' policies, as well as the application of project management software and frameworks, to reduce unnecessary cost, rework and inefficiency. The risk profile would also have been based on the premise that inadequate controls in our systems and how we equip staff to use them could result in legal non-compliance in our role as employer or regulator.
7. In August 2023, the Assurance & Business Integrity update to this Committee rated Council's internal control system as 'Core'. This rating is defined as *"a basic approach and with elements of good practice in place but operating in isolation"*. The assessment was generally consistent with the previous year, with some decrease in rating seen in the Control Environment component, which had been driven by the number of audit findings during 2022/23. There were elements of good practice in place at some sites and business units. However, managers' understanding of first line of defence control requirements, including implementation of key controls, was generally at early maturity stages.

8. The Committee requested that management report back within six months on an internal control systems and process maturity uplift plan.
9. Given the August 2023 request from this Committee for a programme of work to lift internal controls, there is no longer a requirement for a separate risk profile.

Kōrerorero | Discussion

Lifting the internal control assessment from ‘Core’ to ‘Good’

10. Under the current state of ‘Core’ some organisational policies need a refresh but there are no significant policy gaps. Officers and people leaders have an understanding about organisational policies and their roles as a first line of defence, although this is not universal.
11. Incidents and errors such as overspends, inefficiencies and accidents do occur, but they are not widespread. They are not the result of a general policy failure or a frequent deliberate control override. They tend to be because of human error, one-off unpredictable events or lapses in oversight. When they do occur, corrective steps are put in place to reduce the likelihood of recurrence. Issues and risks are reported but not systematically.
12. To get from ‘Core’ to ‘Good’ the 2022-23 average score of 2.3 needs to increase to 3.0 or higher. The five components of the [COSO Internal Controls Framework](#) are shown below, together with their respective ratings for the past four years:



The biggest gains to be made are in the lowest scoring components. The table below summarises the actions in place and planned within the next 18 months, split by control component. We anticipate that these actions will lift the assessment to ‘Good’ by mid-2025. A “plan on a page” has been prepared to summarise the approach and key initiatives (refer to Attachment 1)

Control component / (current rating)	New mitigations in place and <i>planned (in italics)</i>
<p>Control Environment (2.8)</p>	<ul style="list-style-type: none"> • Implement Talent Acquisition Policy, reference and qualification check requirements • Delegations Policy updated and statutory legal delegations assigned in on-line register • Officers have Ara Poutama (development plans) with lines of sight between organisational and personal objectives • <i>Update and refresh Code of Conduct - all staff to complete refresher training and acknowledgement.</i>
<p>Risk Assessment (2.9)</p>	<ul style="list-style-type: none"> • Business Units trained to identify, assess and escalate operational risks and issues. • <i>Widespread use of operational risk registers by Business Units</i> • Risk registers built into annual planning templates • Requirement for Privacy Impact Assessments expanded to cover use of big datasets • Embedded consideration of risk appetite statements in Council papers
<p>Control activity (2.0)</p> <p>The activities in the strategic risk profile correlate most closely to this component of the controls framework</p>	<ul style="list-style-type: none"> • Updated Sensitive expenditure policy and P-Card policy and procedures • <i>Mandatory biennial training for all staff covering core compliance modules</i> • <i>Regular reporting to ELT on status of corporate policies</i> • <i>Publish and roll out Integrity framework, including disclosure and management of conflict of interest, gift disclosure</i> • <i>Implement data and information classification to mitigate the risk of privacy breaches</i> • <i>Raise managers' awareness of their responsibilities when reviewing P-Card transactions. Finance and Business preventative controls to reject incomplete transactions.</i>
<p>Information and Communication (2.0)</p>	<ul style="list-style-type: none"> • Identify trends in operational risks and issues and implement action plan to proactively manage them • Training delivered to business groups on LGOIMA and privacy obligations • Additional senior privacy resource recruited • <i>Mandatory refresher training for all staff covering core compliance modules (P&C leading)</i>
Control component / (current rating)	New mitigations in place and <i>planned (in italics)</i>
<p>Monitoring activities</p>	<ul style="list-style-type: none"> • <i>Reporting to ELT as well as Audit and Risk Committee on status of outstanding recommendations from internal and</i>

(2.0)	<p><i>third-party reviews</i></p> <ul style="list-style-type: none"> • IANZ accreditation oversight of work in place to retain certification <i>with reporting to Audit and Risk Committee</i> • <i>Reporting to Audit and Risk Committee on new strategic risk: Organisation Policies and Controls</i> • <i>Quality assurance review of in-house risk management and assurance functions</i>
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13. When 'Good' is achieved we expect that:

- all of WCC's corporate policies will be systemically reviewed, up to date and accessible. The Office of the Auditor-General's [integrity framework](#) will be in place, understood and role-modelled universally by senior leaders.
- There will be widespread understanding by officers of their roles and core organisational policies.
- Incidents and errors will be rare and not the result of poor policies or lack of control activities. Well used controls identify issues before they eventuate and are appropriately reported. The organisational focus is on prevention of risk.

Development of the risk profile

14. The *Organisational Policies and Controls* risk profile recognises the importance of robust frameworks to support Council officers to do things right.
15. The profile was drafted in 2023 with managers from across Council. It was updated to reflect new mitigations put in place in response to a privacy breach in mid-2023 (refer Attachment 2). The Executive Leadership Team reviewed the profile in early 2024.
16. The risk profile is included as an attachment to this paper. It provides a baseline and target for management as well as further insight about the consequence for WCC if processes and controls are not strengthened.
17. As noted above, in August 2023 this Committee requested that management report back within six months on an internal control systems and process maturity uplift plan. The actions in the uplift plan mirror the mitigations in the risk profile, and with the same intended outcome. Updating the plan and the risk profile would create unnecessary duplication.

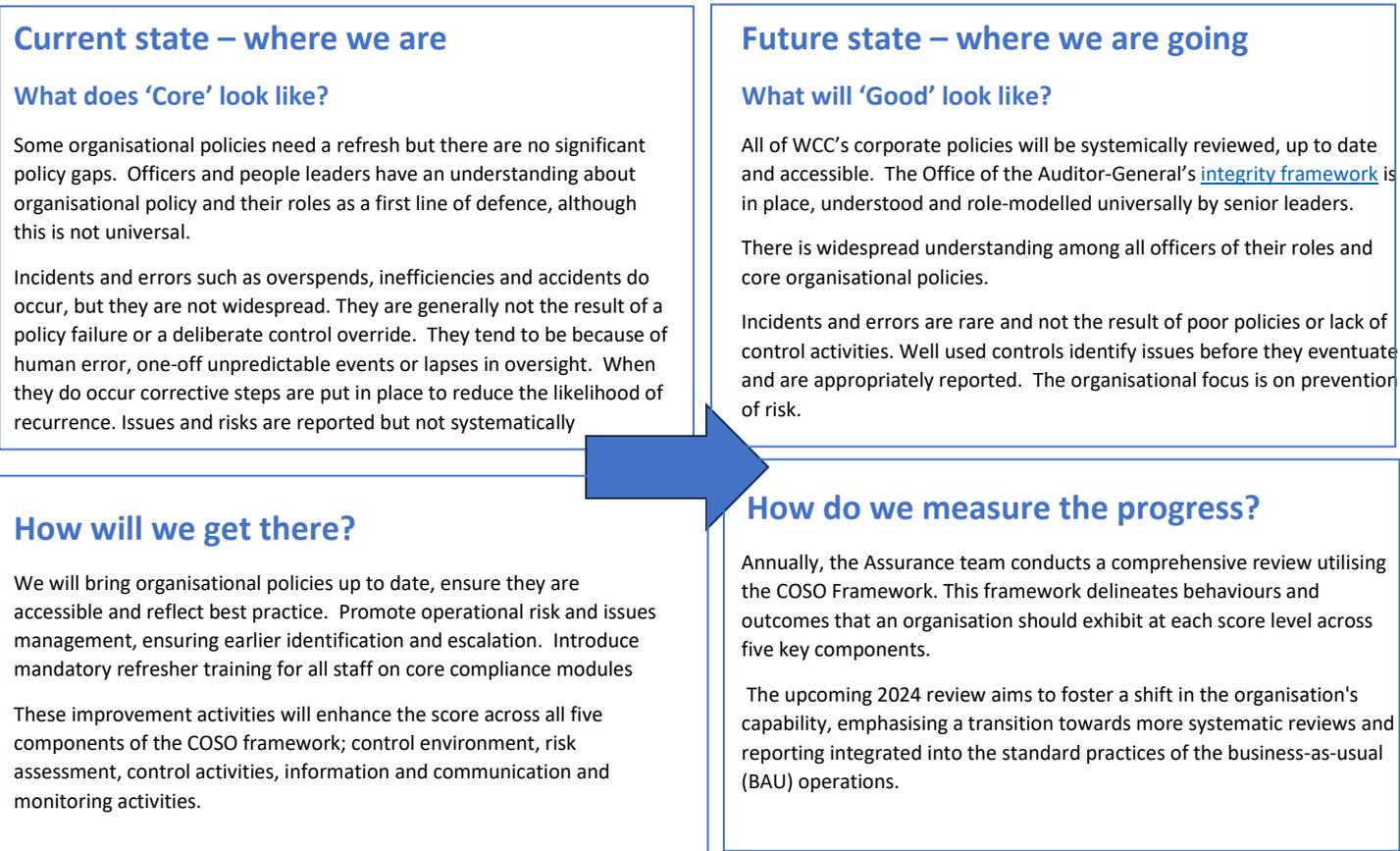
Ngā mahinga e whai ake nei | Next actions

18. Assurance & Business Integrity will report back annually on the internal controls assessment. The next report will be to the August 2024 meeting.

Attachments

- | | | |
|---------------|---|---------|
| Attachment 1. | Plan on a page to get from Core to Good ↓  | Page 66 |
| Attachment 2. | Risk profile - organisational policies and controls ↓  | Page 69 |

Strengthening internal controls: From Core to Good



What is already underway?

- Launched Ara Poutama (development plans) for all officers with clear lines of sight between organisational and personal objectives
- Updated Sensitive expenditure policy and P-Card policy and procedures
- Updated the Delegations Policy and rolled out a statutory legal delegations on-line register
- Developed a new stand-alone strategic risk on organisational policies and controls which will be tracked and monitored.
- Training delivered to business groups on LGOIMA and privacy obligations
- P-Card transactions reviewed and approved by managers. Finance and Business preventative controls in-place to reject incomplete transactions
- Developed a new stand-alone strategic risk on organisational policies and controls which will be tracked and monitored
- Encourage widespread use of operational risk registers by Business Units and as part of Annual Planning
- Implement the Talent Acquisition Policy
- Update and refresh Code of Conduct - all staff to complete refresher training
- Train Business Units to identify, assess and escalate operational risks and issues
- Train teams to identify trends in operational risks and issues and implement an action plan to escalate and proactively manage them
- Embedded consideration of Risk appetite statements into Council papers

What is planned by mid-2025?

- Training delivered to business groups on LGOIMA and privacy obligations
- Introduce regular reporting to ELT on the status of corporate policies when they are due for review
- Publish and roll out Integrity framework, including disclosure and management of conflict of interest, gift disclosure
- Mandatory biennial training for all staff covering core compliance modules
- Raise manager's awareness on their responsibilities when reviewing P-card transactions
- Implement data and information classification to mitigate the risk of privacy breaches and inadvertent sharing of information
- Regular Reporting to ELT on the status of outstanding recommendations from internal and third-party reviews
- Undertake a Quality assurance review of in-house risk management and assurance functions
- Mandated the use of Privacy Impact Assessments when working with big datasets

Risk Profile – ORGANISATIONAL POLICIES AND CONTROLS

Threat Title	ORGANISATIONAL POLICIES AND CONTROLS		
Threat Description	Inadequate policy and control framework and/or implementation of policies and frameworks making Council more vulnerable to errors, inadequate compliance with required or good practice and/or inadequate risks and issues management	Last Review Date	January 2024
Risk Owner	Chief Strategy and Governance Officer	Next Review Date	January 2026

Governance	
Governance Body	Topics Reported On:
Unaunahi Māhirahira Audit and Risk Committee	<ul style="list-style-type: none"> Note: This profile will be superseded by Annual internal controls assessment reporting – as proposed to Committee on 21 February 2024. Legislative compliance and adherence to key governance, health and safety, financial or professional policies Annual assurance/audit plan and significant recommendations from these reviews
Executive Leadership Team (ELT)	<ul style="list-style-type: none"> Exception reporting as appropriate
Monitoring and Exception Reporting	
<ul style="list-style-type: none"> This risk profile was first developed in mid-2023 and further mitigations added through to January 2024. This profile summarises actions to manage the risks from inadequate application of policies and frameworks and/or inadequate implementation of policies and frameworks in place. Audit New Zealand controls assessment included in annual statutory audit and reported to Council Assurance and Business Integrity provides annual internal controls assessment to Unaunahi Māhirahira Audit and Risk Committee 	
Current Risk Treatments/Controls/Mitigations	
<ul style="list-style-type: none"> Policy Working Group in place to review updated and new policies and ensure policies meet key requirements and that policies are kept up to date Internal Policy Governance Framework in place providing structure for the management, development and review of organisational policies Council has a comprehensive range of policies in effect to support compliance, good conduct and good practice. Refer to the references section for key policies. Policies of most importance for risk management are: <ul style="list-style-type: none"> Employer responsibility and worker conduct policies Financial practices policies IT and digital practices policies Delegations – both statutory and operational Legislative compliance attestations and risk-based assurance reviews (audits) as well as ad-hoc in response to emerging issues and management requests provide assurance and recommendations to strengthen controls Government Protective Security Requirements framework driving an improvement in capability across physical, information and personnel security Information technology security and checks e.g., cybersecurity software and monitoring, MySafety reporting and escalation of Health and safety risks and issues Council has enterprise-wide frameworks (non-mandatory) and systems in place to encourage best practice and to support risks management and issues escalation. The Investment Delivery Framework (IDF) and the project assurance framework for projects and programmes and the risk management framework for enterprise-level and operational risks. 	

Document Owner: Risk Management Team
Template last updated: January 2024
Next template review: January 2026

Risk Assessment – Consequences		
Consequence Categories	Consequence Rating	Consequence Rating - Rationale
Democracy and Governance	Minor	If we aren't providing evidence-based advice, leaders will not be able to make appropriate and legally robust decisions.
Partnerships, Relationships and Influence	Moderate	Lack of policies and controls on agreements, SLAs and MoUs may result in occasional strained partnerships and relationships. Impacts the Council's ability to operate in the market. May result in unclear accountabilities with individual CCOs and partners though not across the board. This outcome is possible if procurement policy not followed.
Critical Services Delivery	Minor	Lack of policies and controls will not directly impact the Council's ability to deliver critical services.
Wellbeing Outcomes Services Delivery	Minor	Doesn't directly impact the Council's wellbeing services delivery. Inadequate policies and controls may contribute to process breakdowns and quality of delivery but not significantly so. Possible increase in complaints.
Community Health and Safety	Minor	Similar to above, no direct impact but quality of services could be affected which may result in impacts to community.
Priority Investments, Projects, and Programmes of Work	Major	Inadequate application and execution of policies and controls could have major implications to a very small number of contracts/ programmes/projects. Incorrect/inappropriate planning or delivery of one programme/project results in cascade effect to other projects/programmes. This could lead to impacts to services delivered; legal implications; increased complaints.
Environmental	Moderate	Any breaches of environmental legislation tend to be due to equipment failure, not inadequate policies and controls.
Reputation, Perception and Trust	Major	Recent issues such as streetlights and privacy breaches have resulted in reputational damage; amplified by media coverage. These are exceptions to the norm and policies have tightened in these areas.
Worker Health and Safety	Moderate	We have a comprehensive suite of policies and controls for worker health and safety. Other mitigations, including protective gear and training help reduce the consequence. Significant harm more likely to occur due to a deliberate breach or negligence by an individual than inadequate policies and controls.
Capability and Capacity of Council People	Major	Inadequate policies and controls may contribute to workforce dissatisfaction; retention; reputational damage; poor support, leadership and direction. This will affect high staff turnover and retention.
Critical Assets	Major	<i>While we have implemented Asset Management Plans and Policies, aligning with legislative requirements, the primary concern for WCC remains the potential impact of natural disasters on critical infrastructure. Additionally, degradation may occur due to funding constraints, emphasizing the importance of strategic financial planning to ensure the resilience of our assets</i>
Finances	Moderate	. Mistakes or noncompliance with legislation/policies may result in budget overruns.
Data Information Technology and Tools	Moderate	Controls required to cover disruptive technology and use of artificial intelligence. Cybersecurity roadmap in place. Most of this is governed by legislation such as Privacy Act, Public Records Act, etc. Guidance has been developed and promoted for the use of AI. Would result in temporary outage or release of non-sensitive data
Legal, Regulatory and Compliance	Moderate	The Council conducts an annual compliance survey of legislation. However, there is concern around accuracy due to delegations and its self-assessment nature. There have been isolated instances of litigation and compliance failure resulting in fines.

- Council also uses external providers of Independent Quality Assurance (IQA) and has access to and used the NZ Treasury Targeted Investment Review process for selected significant projects.
- Risks and issues roadshows held with BUs and leadership teams to promote use of risk management systems and the importance of issues-focussed conversations (Quarter 1, 2023-24)
- Official Information team delivering training to BUs on LGOIMA and Privacy to lift capability and compliance across Council
- Updated Sensitive Expenditure, Travel & Accommodation, and P-Card policies published and communicated Nov 2023
- Third party reviews by Waka Kotahi / NZTA and IANZ provide assurance over application of transport funding and of building consent practices

Future Risk Treatments/Controls/Mitigations

- Reporting to ELT to give oversight and drive action on policies overdue for review.
- Publish and roll out an Integrity Framework aligned with Office of the Auditor-General guidance, including disclosure and management of conflict of interest
- Mandatory refresher training for all staff covering core compliance modules
- Lift people leaders' understanding of core policies and application of first line of defence controls
- Implement data and information classification (July 2024) and secure email (February 2024) to mitigate the risk of privacy breaches and inadvertent sharing of information.
- Asset management planning led by the Centre of Excellence introducing best practice approach to all stages of asset management.

Gaps, Issues or Opportunities

- **Issue:** The IDF and risk management frameworks encourage officers to use standardised risk management approaches and provide prompts for escalation of risks and issues. However, these are not mandated or universally applied. **Opportunity:** Mandate use of IDF for Significant projects or contracts over a certain value
- **Issue:** Accepting status quo or resistance to behavioural change or culture **Opportunity:** All officers to complete refresher training on core policies and Code of Conduct. Integrity Framework aligned with OAG good practice
- **Issue:** Low privacy maturity manifesting in high-profile privacy breach **Opportunity:** Implement recommendations from 2023 Privacy breach report and Privacy Maturity Assessment
- **Gap:** Training on policies to improve understanding of accountabilities and responsibilities, specifically implementation of "first line" management controls in financial processes, integrity and privacy **Opportunity:** There is further opportunity to collate and condense some policies. **Opportunity:** Policy Working Group to report status of operational policies to ELT

Document Owner: Risk Management Team
Template last updated: January 2024
Next template review: January 2026

References

Relevant Legislation	Related Plans, Policies, and Strategies
<ul style="list-style-type: none"> Health and Safety at Work Act 2015 Local Government Act 2002 Vulnerable Children Act 2014 Crimes Act 1961 Privacy Act 2020 Local Government Official Information and Meetings Act 1974 Employment Relations Act 2000 Holidays Act 2003 	<ul style="list-style-type: none"> Ngā Tikanga Whanonga Code of Conduct 2019 Receiving Gifts, Hospitality and Koha policy 2022 Sensitive Expenditure Policy 2023 Capital and Operating Expenditure Policy 2022 Procurement Policy 2022 Information and Data Asset Management Policy 2020 Delegations Policy 2023 Children and Young Persons Policy 2023 Protected Disclosures and Whistleblower Policy 2022 Health, Safety and Wellness policy 2023 Security Management Policy 2021 Privacy Policy 2022 Warrants Policy 2023 Cyber and Information & Data Asset Management Policies 2023

Relevant reporting to other Committees
<ul style="list-style-type: none"> Unaunahi Māhirahira Audit and Risk Committee (16 August 2023) – Internal Audit Report for the Year; Legislative non-compliance; Strategic Risk: Inadequate Policies and Controls

Additional Commentary

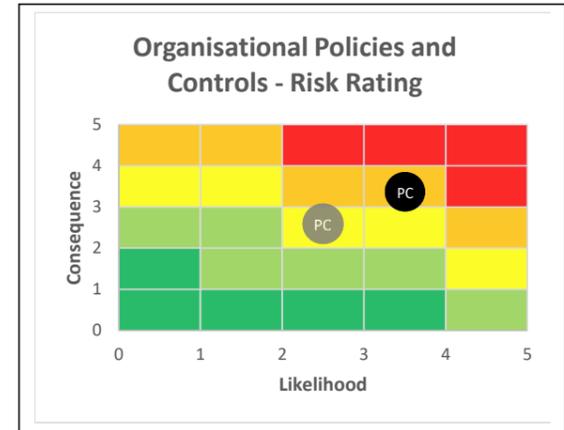
Links to Other Threats and Risks (Controls will be interrelated)

- Council’s policies and controls are in place to ensure good conduct and to reduce errors. Many of the financial controls in place assist with reducing the opportunity for Fraud or corrupt practice and Cyberattack threats. Policies, controls and systems that relate to Council’s role as an Employer and that cover worker conduct are critical for mitigating the Inadequate harm prevention threat. Management of the COVID-19 threat required rapid development of a suite of new polices to support worker safety and comply with government requirements. It is likely any future Pandemic will have a similar impact, although many of the COVID-19 polices will likely form an appropriate basis for future events.

Underlying Trends and Influencers of the Risk

- The pace of societal and workforce change discussed in more detail in the Workforce constraints and the future of work risk profile requires adaptive policies and controls to manage the associated risks. While hybrid and flexible working and the increasing update of Artificial Intelligence provide many opportunities, these the risks must be managed to ensure we are meeting our legal requirements and protecting Council and its workers.

Risk Analysis



Field	Descriptor/Rating
Inherent Risk Rating ●	High
Target Residual Risk Rating ●	Medium
Likelihood	Possible
Consequence	Moderate

Maximum credible scenario (Inherent Risk): The key drivers of risk are systems, polices and their application/implementation. The maximum credible scenario reflects the escalating risk if the current inadequate implementation or insufficient systems is not reversed. There is significant opportunity for errors to arise due to a mix of manual and automated processes and required or intentional workarounds, polices are in place but awareness is not universal; and compliance monitoring is not common except for key areas such as worker health and safety. We are vulnerable to errors in data and financial management.

Document Owner: Risk Management Team
 Template last updated: January 2024
 Next template review: January 2026

BUILDING CONSENT AUTHORITY ACCREDITATION - TOWARDS MAY 2025 ASSESSMENT

Kōrero taunaki | Summary of considerations

Purpose

1. This paper briefly outlines the requirements for Building Consent Authority (BCA) Accreditation and the process Wellington City Council has in place for maintaining this accreditation prior to the next accreditation assessment scheduled for May 2025.

Strategic alignment with community wellbeing outcomes and priority areas

Aligns with the following strategies and priority areas:

- Sustainable, natural eco city
- People friendly, compact, safe and accessible capital city
- Innovative, inclusive and creative city
- Dynamic and sustainable economy
- Functioning, resilient and reliable three waters infrastructure
- Affordable, resilient and safe place to live
- Safe, resilient and reliable core transport infrastructure network
- Fit-for-purpose community, creative and cultural spaces
- Accelerating zero-carbon and waste-free transition
- Strong partnerships with mana whenua

Strategic alignment with priority objective areas from Long-term Plan 2021–2031

Relevant Previous decisions

None.

Significance

The decision is **rated high significance** in accordance with schedule 1 of the Council's Significance and Engagement Policy.

Financial considerations

- Nil Budgetary provision in Annual Plan / Long-term Plan Unbudgeted \$X

Risk

- Low Medium High Extreme

Author	Lloyd Pallesen, Quality Manager
Authoriser	Mark Pattermore, Manager, Consenting and Compliance Liam Hodgetts, Chief Planning Officer

Taunakitanga | Officers' Recommendations

Officers recommend the following motion:

That the Unaunahi Māhirahira | Audit and Risk Committee:

- 1) Receive the information.

Whakarāpopoto | Executive Summary

2. From 31 March 2009, only registered BCAs have been permitted to perform building consenting and certifying functions in terms of the Building Act 2004. Wellington City Council is an accredited BCA. The legislation also allows for private organisations to apply for BCA accreditation.
3. Building Consent Authority (BCA) accreditation was implemented via regulation following the enactment of the Building Act 2004 (BA04), which was a result of a review of the prior Building Act 1991. This followed the leaky homes crisis concerning timber-framed homes built from 1988 to 2004.
4. WCC undergo a bi-annual accreditation process carried out by International Accreditation New Zealand (IANZ). When audits were completed in the past, findings were reported up through the executive and through quarterly reporting to Council. Upon advice from the Risk and Assurance Team these audits will now be reported up through to the Audit and Risk Committee.
5. The most recent audit carried out in May 2023, had only 9 non-conformance matters, (less than the previous audit) all of which has been resolved and accreditation reconfirmed. Ongoing monitoring and improvement processes are in place.

Takenga mai | Background

6. The Ministry for Business, Innovation and Employment (MBIE) has published regulations and criteria for accrediting Building Consent Authorities. IANZ is currently contracted by MBIE to undertake the assessments of BCAs against these criteria for registration by MBIE.
7. The Building (Accreditation of Building Consent Authorities) Regulations 2006 (the regulations) require BCAs to have appropriate policies, systems and procedures in writing that record how it ensures that it implements effective policies, procedures and systems. They also require each BCA to record the key decisions it makes, the reasons for them, and the outcomes and actions of those decisions.
8. The assessment audit is carried out every two years to check compliance against the Regulations.
9. In previous years, BCA accreditation outcomes have not been reported to the Audit and Risk Committee. It is good practice to do so and to provide assurance that outcomes are being managed appropriately. This is consistent with reporting at other Metro Councils.
10. Following the assessment audit, a report is provided to Council with any non-compliances that need to be resolved prior to accreditation being renewed for a further two-year period. Failure to resolve the non-compliances satisfactorily may result in

Council losing its accreditation. A non-compliance is where the BCA has not met the assessment criteria required by the Building Act.

Kōrerorero | Discussion

11. The May 2023 assessment resulted in WCC receiving one 'serious' non-compliance, eight 'general' non-compliances, 15 recommendations and one advisory note. This was an improved performance in comparison with the previous (May 2021) assessment. IANZ have rated us low risk meaning we are likely to remain substantially compliant over the next two years (from May 2023). This was a pleasing result.
12. The non-compliances were all cleared on 7 August 2023. By November 2023, 12 recommendations had been addressed (three remained outstanding) as had the single advisory note. At the writing of this report all outstanding matters have been resolved.
13. Our current process for ensuring that we meet the regulations is documented in our Quality Management System.

To summarise:

1. Management Review Team (MRT) meetings

- Monthly MRT meetings are held to ensure there is a high-level review of measures put in place to satisfy the accreditation regulations. Meetings are chaired by the Quality Manager City Consenting & Compliance (CCC).

2. Annual audits

- Annual audit schedule is in place that covers all the building control functions and all the accreditation regulations. Audits are carried out by the Quality Manager, City Consenting & Compliance (CCC), with technical assistance as required.
- Additional unscheduled audits are undertaken as required following the implementation of new or amended processes or for other reasons such as non-conformances in internal or external audits (IANZ/MBIE) or complaints.
- Audit results are reported to the Management Review Team and the Chief Planning Officer.

3. Technical audits

- Processing and inspection technical audits cover a range of topics across all aspects of processing and inspections. Audits are carried out through the year and reported quarterly to the MRT. These audits are an additional layer of accreditation assurance that have been required by MBIE and IANZ in recent years.

4. Review by Risk & Assurance Team

- Six months prior to our biennial IANZ assessments, a review is undertaken by our Internal Risk & Assurance team. The team reviews the progress made to maintain and improve consenting and compliance activities since the previous assessment. This will be carried out again, ahead of the 2025 audit.

5. Monitoring of other BCAs accreditation assessments and issues raised by IANZ

- Monitoring of other BCAs accreditation assessments is carried out through attendance at meetings with Metro BCAs, and through contacts with other BCAs. These opportunities provide a helpful touchstone on WCC performance against peers, workplace culture and in identifying emerging risks.

6. New measure in place: Establishing a Building Consent Authority Accreditation Oversight Group

- We have recently established a Building Consent Authority Accreditation Oversight Group. The purpose is to provide high level oversight, including consideration of issues of concern that are escalated.
- The agenda focuses on review of a risk based traffic light report which monitors issues of concern, and preparation for the May 2025 assessment.

Kōwhiringa | Options

Whai whakaaro ki ngā whakataunga | Considerations for decision-making

Alignment with Council's strategies and policies

14. This fits within the Council's responsibilities under the Building Act 2004 as a building consent authority.

Engagement and Consultation

15. No specific engagement or consultation is required. The report is highlighting an existing regular external audit process for WCC to achieve central government accreditation.

Māori Impact Statement

16. There is no engagement with Māori reflected in the paper, and no objectives or impacts that are specific to Māori or Tākaī Here partners.

Financial implications

17. There are no financial implications.

Legal considerations

18. The Building Act 2004 and related regulations in particular the Building (Accreditation of Building Consent Authorities) Regulations 2006 relate, this report is about ensuring that we comply with these requirements. Key legal risk is to ensure that we continue to meet requirements as an accredited building consent authority.

Risks and mitigations

19. None.

Disability and accessibility impact

20. The BCA will continue to ensure that the Building Act 2004 and related regulations in particular the Building (Accreditation of Building Consent Authorities) Regulations 2006 continue to be met in relation to disability and accessibility requirements.

Climate Change impact and considerations

21. The BCA will ensure that the Building Act 2004 and related regulations in particular the Building (Accreditation of Building Consent Authorities) Regulations 2006 continue to be met in relation to climate change legislative requirements.

Communications Plan

22. Outcome of the IANZ assessment is communicated internally.

Health and Safety Impact considered.

23. The BCA will continue to ensure that the Building Act 2004 and related regulations in particular the Building (Accreditation of Building Consent Authorities) Regulations 2006 continue to be met in relation to health and safety considerations.

Ngā mahinga e whai ake nei | Next actions

24. Continue with current measures including progressing with establishing the Building Consent Authority Accreditation Oversight group.

Attachments

Nil

HEALTH AND SAFETY PERFORMANCE REPORT

Kōrero taunaki | Summary of considerations

Purpose

1. This report to the Unaunahi Māhirahira | Audit and Risk Committee is to review the Council's health and safety performance for the period 1 October 2023 to 31 December 2023.

Strategic alignment with community wellbeing outcomes and priority areas

Aligns with the following strategies and priority areas:

- Sustainable, natural eco city
- People friendly, compact, safe and accessible capital city
- Innovative, inclusive and creative city
- Dynamic and sustainable economy

- Functioning, resilient and reliable three waters infrastructure
- Affordable, resilient and safe place to live
- Safe, resilient and reliable core transport infrastructure network
- Fit-for-purpose community, creative and cultural spaces
- Accelerating zero-carbon and waste-free transition
- Strong partnerships with mana whenua

Strategic alignment with priority objective areas from Long-term Plan 2021–2031

Relevant Previous decisions

Financial considerations

- Nil Budgetary provision in Annual Plan / Long-term Plan Unbudgeted \$X

Risk

- Low Medium High Extreme

Authors	Thomas Fowler, Principal Advisor Health & Safety Services Wendi Henderson, Health, Safety & Security Manager
Authoriser	Meredith Blackler, Chief People and Culture Officer

Taunakitanga | Officers' Recommendations

Officers recommend the following motion:

That the Unaunahi Māhirahira | Audit and Risk Committee:

1. Receive the information.

Whakarāpopoto | Executive Summary

2. The Report provides information that aligns with the Officer due diligence responsibilities under the Health and Safety at Work Act 2015 (HSWA), specifically having:
 - a. Knowledge of work health and safety matters
 - b. An understanding of the nature of operations and the hazards and associated risks
 - c. Appropriate resources and processes to eliminate or minimise risk
 - d. Appropriate resources to receive and consider information
 - e. Verification of the provision and use of resources and processes
 - f. Processes for compliance with duties or obligations under the HSWA
3. This report comprises qualitative commentary on activities that have occurred in the last three months, and are presented in the following categories:
 - a. Risks
 - b. Relationships
 - c. Resources.
4. It also includes commentary on health and safety monitoring dashboards presented in attachment 1.
5. This style of reporting is based on the Business Leader's Health and Safety Forum: 'Monitoring what matters in Health and Safety' – a guide for CEOs. The Council is a member of the Business Leader's Forum.

Takenga mai | Background

6. Not applicable

Kōrerorero | Discussion

Risks

Critical Risk Workshops

7. Our critical risk workshop programme has continued over the last three months, with 121 workshops (61%) now complete. These workshops have had a total of 605 attendees and generating 383 actions to date to further improve how each business unit manages its health and safety risk.

8. The workshops have already identified some work that needs to happen across all units at the Council to better manage some of the critical risks present. For example, enhancing the understanding and access to lone worker technology for those staff that need to work alone.
9. There are an additional 78 workshops planned to complete this review, which will then be summarised and reported back to this committee.

Relationships

Internal relationships

10. Through a combination of the business partner model, the critical risk review workshops, and the safety management system review, the Health and Safety business unit has continued to grow strong relationships across the organisation.
11. While the safety management system project is still ongoing, already business units are approaching health and safety to integrate their practices with the updated enterprise approach and further enhance their site-specific protocols.
12. More insight into the strength of our internal relationships will be available following the results of this years' bi-annual independent safety culture check-in.

External relationships

13. The Health and Safety Business Unit continues to collaborate with various agencies, businesses, and organisations across New Zealand.
14. In March we will attend the first ecoPortal Government Working Group, providing the opportunity to connect and collaborate with other Government agencies (local and national, in New Zealand and Australia) on further enhancements to the health and safety technology we are using.
15. In May we will be attending an HR forum hosted by Taituarā to present a case study on the development and initial impact of the Wellington City Council's workplace health and safety strategy.

Resources

Safety Management System review

16. More progress has been made on the review and enhancement of the Council's Safety Management System (SMS) – the collection of policy, processes, procedures and guidance that make up how health and safety is managed at the Council.
17. Since our last report, an additional 25 documents have been reviewed, updated, and approved for distribution. This brings the total SMS completion to 50 documents (55% complete).
18. The project purposefully focused on the more significant documents in 2023, meaning the remaining sections to be reviewed and updated are more standard and faster to produce. This means progress will speed up, and we will begin communicating the updates and prepare to publish the updated system in Q3.
19. As mentioned previously, because we are collaborating with relevant staff on the review of each document, there is already significant interest in the updated system, and it has prompted some business units to begin reviewing their local safety

procedures in line with the adjusted enterprise standards. We expect this to continue for the remainder of 2024.

Benestar transition to TELUS Health

20. In December, our EAP provider transitioned formally from Benestar to TELUS Health. This change follows the acquisition of Benestar by TELUS Health part way through 2023.
21. TELUS Health is an international EAP provider based out of Canada, one of the largest of its kind in the world. TELUS has invested a significant amount into its wellbeing technology, and alongside continuing the same counselling service we received through the Benestar network, the Council will now get access to the vastly improved digital tools available as part of the TELUS brand.
22. We will be working with TELUS over the coming months to confirm the launch details of the TELUS Health One application for our staff and the benefits that come with it.
23. It is important to note that the acquisition has not impacted the existing EAP service; our staff are still able to access the same network of counsellors and receive the same level of support with the only difference being the brand name they interact with.

Employee Assistance Programme

24. As we have seen in previous years, usage of EAP rose leading into November and dropped again in December. This is a common pattern, with people reaching out to the service for support to make it through to the end of the year.
25. Personal reasons remain the primary catalyst for the use of EAP, however it is important to recognise that work-related use has increased slightly over the last three months. This may be attributed to the overall higher usage over the same period. There is no categorised usage information prior to April 2023, so it can't be seen whether this is a regular pattern as with overall usage.
26. Our usage remains slightly lower than that of similar organisations within our EAP provider's network. This may rise following the launch of the new TELUS Health One application and increased awareness of resources available (including EAP entitlement).

Wellbeing

27. We continue to embed an integrated approach to wellbeing, focusing on support, protection, and promotion to ensure all WCC staff are looked after. Our wellbeing programme (Being Well at WCC) provides ongoing support for our staff, teams, and leaders. We have continued to evolve Being Well at WCC and recently reviewed the programme and refreshed the branding and content.
28. In September, we ran a campaign for Mental Health Awareness Week, supporting this year's theme of Five Ways Five Days. Each day brought a different focus, and with it resources and insights shared with the organisation – with the executive team also getting involved and sharing their stories via video to staff. TELUS Health also hosted a wellbeing webinar for staff discussing the ways people can check in on their wellbeing, which 136 kaimahi attended.

29. In November, we supported Movember and raised awareness of the some of the biggest health challenges faced by men. Our Absolutely Positively Movember team raised \$1,810 for the charity.
30. We have continued mahi that supports our commitment to building a culture of neuroinclusion at the Council. During 2023, we became a member of BrainBadge and are about to start working through their first Practice Level as part of their three-step certification process. In December we ran a webinar where BrainBadge Founder Rich Rowley provided insights into cognitive diversity; 141 kaimahi attended. All our webinars are open to all kaimahi and recorded for those who can't make it on the day.

Wellbeing support for leaders

31. We are in the process of developing learning for leaders and their teams on Everyday Wellbeing. This will include why wellbeing is important, and strategies and tools that can be used at an individual and team level support our own wellbeing and each other's. Teams will be encouraged take practical steps to boost their individual and team wellbeing further.
32. We will also be working with TELUS to deliver focused webinars for leaders on how to best lead through mental health situations with staff, and what tools and resources are available for support and coaching in complex and sensitive conversations.
33. Enhancing our organisational approach to wellbeing.
34. We are almost ready to launch the Council's updated enterprise approach to wellbeing – building on the work that was done with the development of Being Well at WCC and taking it to the next level for what the needs are of the organisation.
35. Our updated approach is centred on creating a workplace where wellbeing is woven into everything we do – a continuous process that requires the commitment and action from the whole of the Council. It includes what WCC does to support the wellbeing of all kaimahi, what individual employees can do to support their own wellbeing, and how teams can support each other's wellbeing. It takes learnings from Te Ao Māori, focussing on a collective approach that puts 'We' before 'I'.
36. This recommitment to integrating wellbeing into all work practices is in alignment with the strategic outcomes of both the Workplace Health and Safety Strategy, and the Inclusion Strategy, which work together to improve the Council's maturity for safety and wellbeing culture.
37. To clearly demonstrate progress and put focus on areas where there will be the best outcomes, a maturity model has been designed in alignment with the outcomes of our updated wellbeing approach. The model presents clear indicators at each level of maturity which will be measured both against kaimahi perceptions and the actions we take to further integrate wellbeing into our organisation. A baseline was measured through including a wellbeing section in our annual inclusion survey last year.

Dashboard reports

Lead indicators

38. Our target-based measures are mixed this quarter – however as it was the end of the year it is not unsurprising to see some of them down.
39. Both our reporting and assessment delays are on target this quarter; it's worth noting that assessment delay is the lowest it has been since we have records for. This is

largely attributed to the new system, coupled with better support from our business partner team to understand manager responsibilities.

40. We almost achieved target for health and safety recognition (Good Sorts). The business partner team will be working with leaders this quarter to identify and recognise staff who are doing their bit to improve safety every day.
41. Despite there being no safety observations scheduled for December and January, four of the ELT were able to attend a session, as well as six elected members. While this displays as below the average target of 8 per quarter – overall safety observation completion for both elected members and the executive team is up on previous years.

Lag indicators

42. There have been no notable variances of trends in our lag indicators this quarter. Overall event reporting is down compared to last quarter, but this is a common pattern we have seen with previous years. All other lag metric performance remains relatively unchanged from previous quarters (trending in either neutral or positive ways).

Critical risks

43. Given the overall reduction in reporting volume for the quarter, it's not surprising then to see each of the critical risk categories also have reduced numbers compared to last quarter. That is the same too for the focus on personal confrontation and asset failure which both declined this quarter.
44. As we have seen with previous summer periods for personal confrontation, numbers have dropped slightly leading into December. It is expected this will pick up again from February onwards. Ongoing public interest in Council decisions, and it being an LTP year will have impacts on the overall volume of personal confrontation experienced by staff – as was seen last year through the impact of the general election. We continue to work with staff to build their understanding and capability of how to manage potential or actual confrontational interactions.

Ngā mahinga e whai ake nei | Next actions

45. None

Attachments

Attachment 1. [Health and Safety Monitoring Dashboards Q2](#)  

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Wellington City Council | Lead Indicators

Quarter 2

FY23/24

Avg Reporting Delay

This Quarter

1.52

+31.69% | +0.48

Variance from Target (2)

Avg Assessment Delay

This Quarter

4.78

+46.48% | +2.22

Variance from Target (7)

Good Sorts Nominated

This Quarter

29

-3.33% | -1

Variance from Target (30)

Health and Safety Reps

Current Active

157

+46.66% | +50

Variance from Target (1/19)

Induction Completion

Current Completion

79.55%

-10.45%

Variance from Target (90%)

Critical Risk Observations

This Quarter

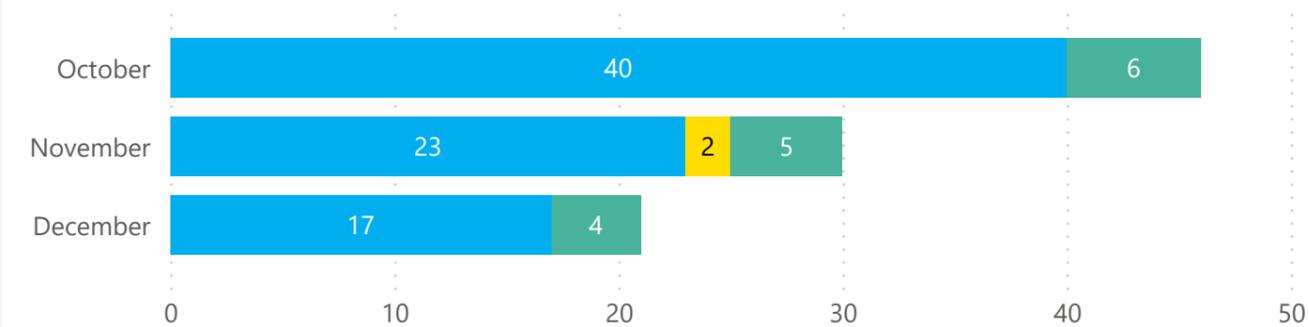
ELT 4 | Cr 6

ELT 0 | Cr -2

Variance from Target (4 and 8)

Action Type by Month (this quarter)

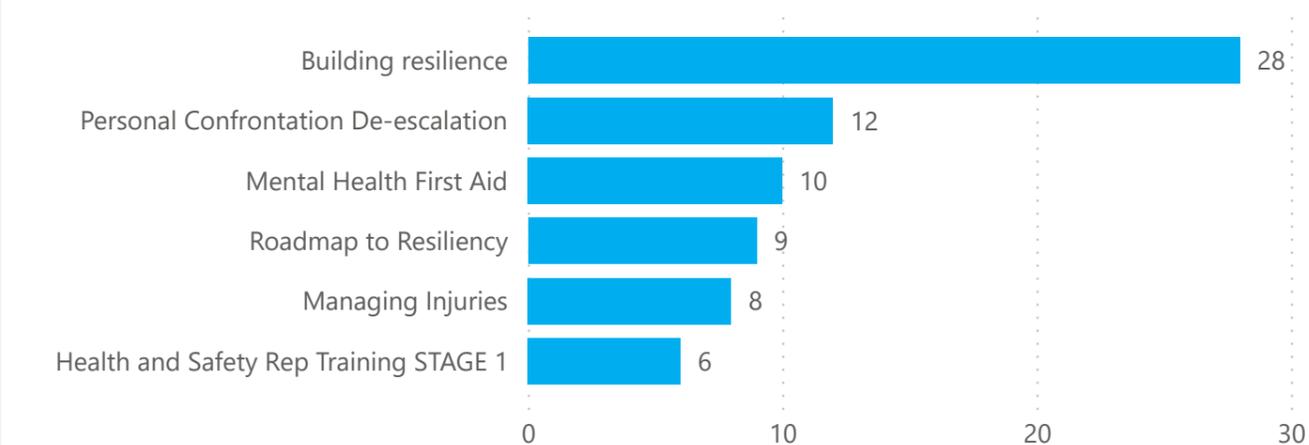
● Improvement Action ● General Action ● Corrective Action



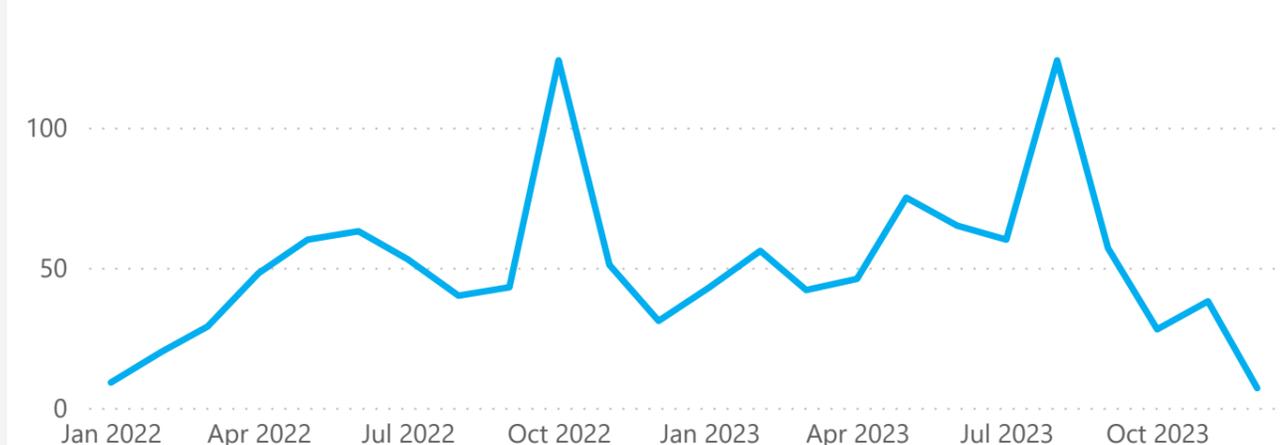
Preventable Events



Courses Completed This Quarter (excl induction and MySafety)



Course Completion Over Time (excl induction and MySafety)



Wellington City Council | Lag Indicators

Quarter 2

FY23/24

Total Incidents



Preventable Incidents



Preventable Staff Injuries



Total Staff Injuries



Non First Aid Staff Injuries*



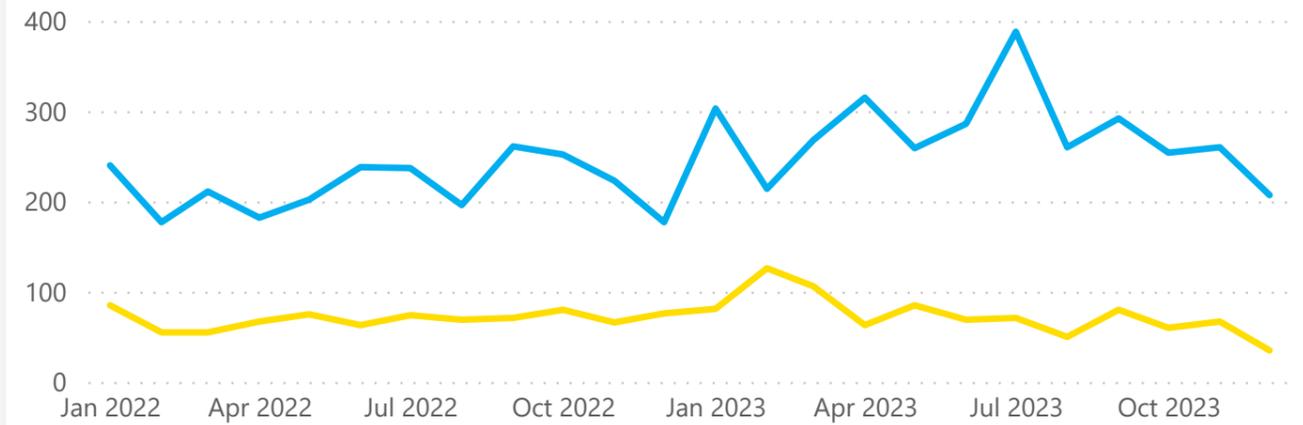
Accepted ACC Claims



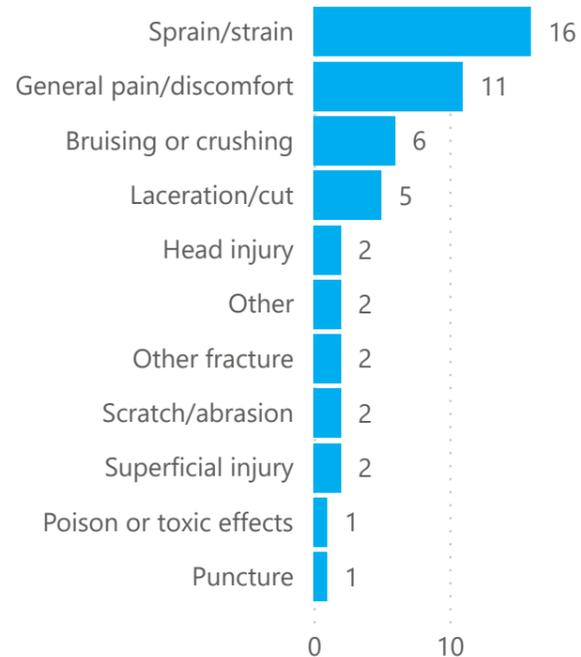
* Non First Aid Staff Injuries are those that required hospital, medical or other specialist treatment.

Event Trend

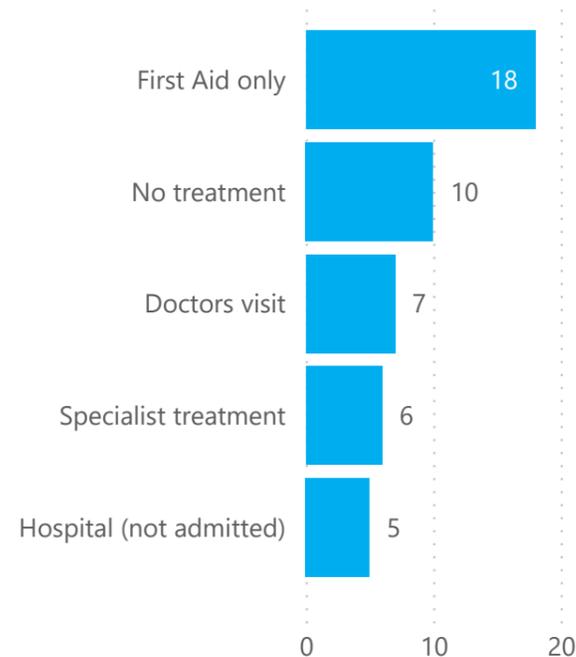
● Incidents ● Near Misses



Staff Injury Types (this quarter)

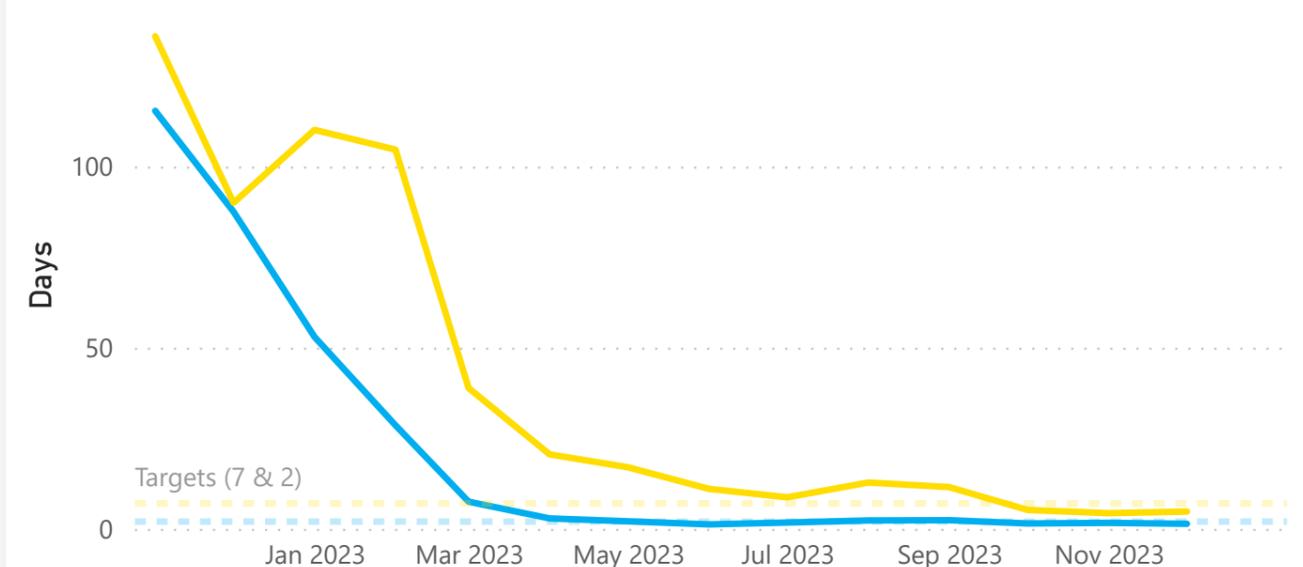


Staff Injury Treatment Types (this quarter)



Average Reporting and Assessment Delays

● Avg Reporting Delay ● Avg Assessment Delay



Wellington City Council | Critical Risks

Quarter 2 ▼ FY23/24 ▼

Personal Confrontation



Health and Impairment



Vehicles and Mobile Equip



Asset Failure



Work at Height



Extreme Natural Events



Work-related Health Hazards



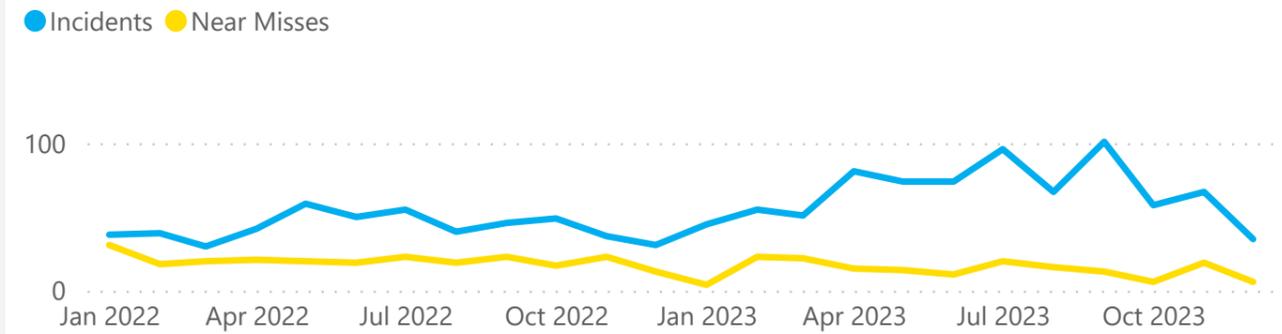
Ignition Sources



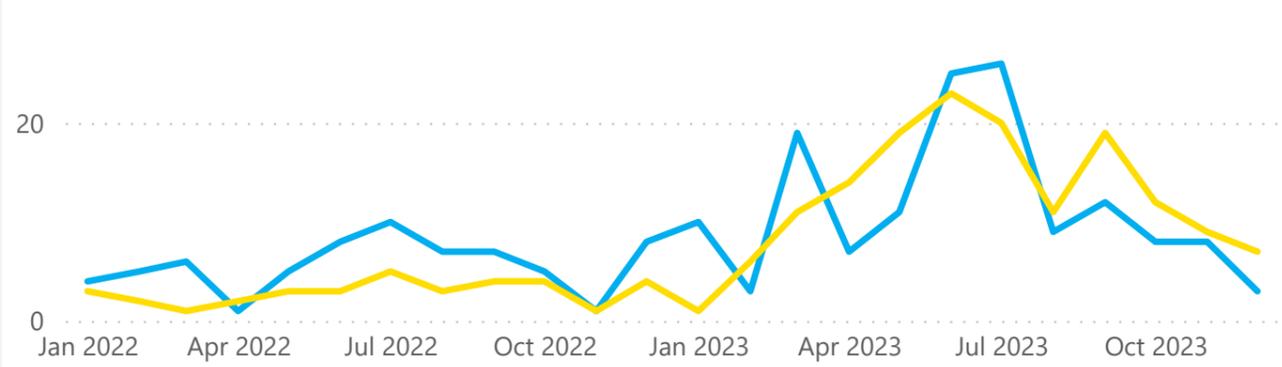
Work w/ or near Services



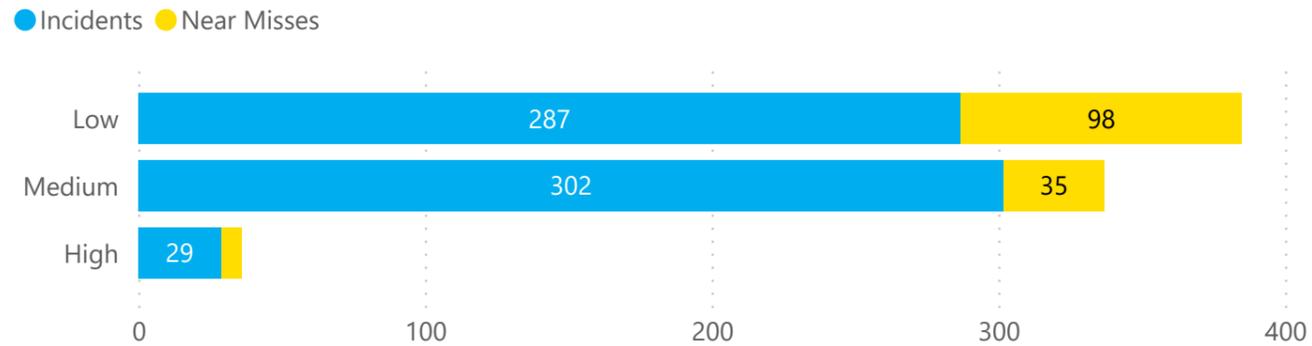
Personal Confrontation Trend



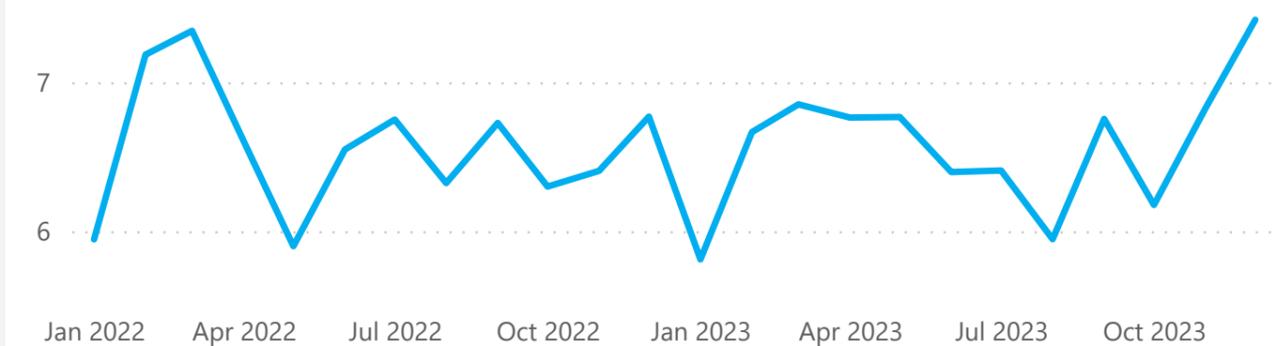
Asset Failure Trend



Risk Rating Breakdown (this quarter)



Average Risk Rating Trend (scale 0 - 25)



ACTIONS TRACKING AND FORWARD PROGRAMME

Kōrero taunaki | Summary of considerations

Purpose

1. This report provides an update on past actions agreed by the Unaunahi Māhirahira | Audit and Risk Committee (the Committee), or its equivalent, at its previous meetings (hui).
2. Additionally, this report provides a list of items that are scheduled to be considered at the next two hui of the Committee.

Strategic alignment with community wellbeing outcomes and priority areas

Aligns with the following strategies and priority areas:

Strategic alignment with priority objective areas from Long-term Plan 2021–2031

- Sustainable, natural eco city
- People friendly, compact, safe and accessible capital city
- Innovative, inclusive and creative city
- Dynamic and sustainable economy
- Functioning, resilient and reliable three waters infrastructure
- Affordable, resilient and safe place to live
- Safe, resilient and reliable core transport infrastructure network
- Fit-for-purpose community, creative and cultural spaces
- Accelerating zero-carbon and waste-free transition
- Strong partnerships with mana whenua

Relevant Previous decisions

Not applicable.

Financial considerations

Nil

Budgetary provision in Annual Plan / Long-term Plan

Unbudgeted \$X

Risk

Low

Medium

High

Extreme

Author	Marcella Freeman, Democracy Advisor
Authoriser	Stephen McArthur, Chief Strategy & Governance Officer

Taunakitanga | Officers' Recommendations

Officers recommend the following motion:

That the Unaunahi Māhirahira | Audit and Risk Committee:

1. Receive the information.

Whakarāpopoto | Executive Summary

Actions Tracking

3. The Committee passed 20 resolutions on 29 Whiringa-ā-rangi 2023 (29 November 2023);
 - 19 are complete, and 1 is still in progress.
4. The Committee had 9 in progress actions carried forward from previous action tracking reports:
 - 3 are now complete and 6 are still in progress.

Forward Programme

5. The following items are scheduled to go to the Committee's next hui:

8 Haratua 2024 (8 May 2024):

- Forward Programme and Workplan Update.
- ARC self-assessment of performance and effectiveness.
- Approval of the following year Assurance work plan.
- Update on current year Assurance work plan.
- Proforma Annual Report (financial statements & accounting policies).
- Fit for purpose review of risk management framework .
- Approval of annual Risk work plan.
- Health and safety performance report.

Public excluded:

- Litigation Matters and Chief Officer Updates.

6. The Proposed Workplan (attachment 3) sets out the areas of interest for the Unaunahi Māhirahira | Audit & Risk Committee for the remainder of this triennium until September 2025. The proposed workplan informs the forward programme.

Takenga mai | Background

Actions Tracking

7. Attachment 1 and 2 lists clauses agreed by the Committee that are still in progress or have been completed since actions were last reported on.
8. For public excluded resolutions, individual clauses will not be reported on in a public hui. An overall status for the item will be given and it will remain in progress until all clauses are complete.
9. Actions will be removed from the list once they have been reported as complete.
10. Where applicable, this report contains actions carried over from the equivalent committee(s) of previous trienniums.
11. The purpose of the actions tracking report is to ensure that all resolutions are being actioned over time. It does not take the place of performance monitoring or full updates. The Committee could resolve to receive a full update report on an item, if it wishes.

Forward Programme

12. The forward programme sets out the reports planned for to go to the Committee for consideration in upcoming hui.
13. It is a working document and is subject to change on a regular basis.

Attachments

Attachment 1.	Actions Tracking Complete ↓ 	Page 92
Attachment 2.	Actions Tracking in Progress ↓ 	Page 93
Attachment 3.	Work Plan 2024-2025 ↓ 	Page 95

Date	ID	Committee	Title	Clause number	Clause	Status	Comment
28 February 2023	1334	Audit and Risk Committee	2.4 Introduction to the WCC Strategic Risks Framework and Strategic Risk Register	2	Agree to the proposed changes to the Strategic Risk Register. Changes include the merging of some risk profiles and development of new risk profiles to reflect WCC's risk management priorities.	Completed	One new risk profile Tupiki Ora will be presented at November meeting. Another on inadequate policies and controls will accompany the plan to get from core to good at the Feb 21 2024 meeting
16 August 2023	2006	Audit and Risk Committee	2.1 Te Aho Marutau Internal Audit Report for the year ended 30 June 2023	4	Request that management reports back to the Committee within 6 months on a internal control systems and process maturity uplift plan.	Completed	Reporting to Feb 21 Committee
29 November 2023	2594	Audit and Risk Committee	2.1 Audit New Zealand Governing Body Report 2022/23	1	Receive the information.	Completed	
29 November 2023	2595	Audit and Risk Committee	2.1 Audit New Zealand Governing Body Report 2022/23	2	Note the content of Audit New Zealand's Report to Council for the year ended 30 June 2023	Completed	
29 November 2023	2596	Audit and Risk Committee	2.2 2024-34 LTP Audit Programme Timeline	1	Receive the information.	Completed	
29 November 2023	2597	Audit and Risk Committee	2.2 2024-34 LTP Audit Programme Timeline	2	Note the LTP Audit programme timetable and that any delays will impact on the adoption date at the end of June 2024.	Completed	
29 November 2023	2598	Audit and Risk Committee	2.2 2024-34 LTP Audit Programme Timeline	3	Note that the Office of the Auditor General will provide a verbal update on 2024-34 LTP audit engagement at the meeting.	Completed	
29 November 2023	2609	Audit and Risk Committee	2.3 Strategic Risks Update	1	Receive the information.	Completed	
29 November 2023	2610	Audit and Risk Committee	2.3 Strategic Risks Update	2	Approve the inclusion of the Risk Profile Inadequate Implementation of Tupiki Ora and Takai Here as one of Council's strategic risks.	Completed	
29 November 2023	2611	Audit and Risk Committee	2.3 Strategic Risks Update	3	Note that the Inadequate Policies and Controls risk profile will be presented to the Committee at its next meeting in February 2024.	Completed	On agenda for February 21 Committee meeting
29 November 2023	2612	Audit and Risk Committee	2.4 CCO risks that impact on Council's Strategic risks	1	Receive the information.	Completed	
29 November 2023	2613	Audit and Risk Committee	2.4 CCO risks that impact on Council's Strategic risks	2	Note the Council Controlled Organisation (CCO) risks that have an implication for Council group risk.	Completed	
29 November 2023	2614	Audit and Risk Committee	2.4 CCO risks that impact on Council's Strategic risks	3	Note that more fulsome CCO risk information is contained in CCO Statements of Intent and regular reporting through the Kōrau Tōtōpū - Long-term Plan, Finance and Performance Committee.	Completed	
29 November 2023	2615	Audit and Risk Committee	2.5 Quarter two Insurance update	1	Receive the information.	Completed	
29 November 2023	2616	Audit and Risk Committee	2.5 Quarter two Insurance update	2	Note the workplan updates and summary.	Completed	
29 November 2023	2617	Audit and Risk Committee	2.5 Quarter two Insurance update	3	Endorse the ongoing execution of the work plan given the challenging economic climate.	Completed	
29 November 2023	2618	Audit and Risk Committee	2.6 Health and Safety Performance Report	1	Receive the information.	Completed	
29 November 2023	2619	Audit and Risk Committee	2.7 Assurance & Business Integrity Update	1	Receive the update on the Assurance Workplan and about integrity activities.	Completed	
29 November 2023	2620	Audit and Risk Committee	2.7 Assurance & Business Integrity Update	3	Receive the update on Elected Members' Register of Gifts and Hospitality.	Completed	
29 November 2023	2621	Audit and Risk Committee	2.7 Assurance & Business Integrity Update	2	Agree the changes to the Assurance and Business Integrity Workplan	Completed	Changes agreed
29 November 2023	2622	Audit and Risk Committee	2.8 Receive the information	1	2.8 Actions Tracking and Forward Programme	Completed	
16 August 2023	2798	Audit and Risk Committee	2.3 Proforma Financial Statements for 30 June 2023 and year-end reporting update	2	Receive an update on the status of non-financial performance and the external audit for the year-ended 30 June 2023.	Completed	

Date	ID	Committee	Title	Clause/Clause	Status	Comment
14 September 2022	1071	Audit and Risk Committee	2.5 Insurance Maturity Roadmap report	3	In progress	Agree that Council officers will report back to the committee on a regular basis as a standing item on the Kāwai Māhirahira Audit and Risk Subcommittee on progress against the workplan The next update regarding the Insurance Roadmap is planned to come to Audit and Risk Committee midyear 2024.
14 September 2022	1072	Audit and Risk Committee	2.5 Insurance Maturity Roadmap report	4	In progress	Receive periodic updates against the project plan and risk assessments over the life of the roadmap project. The next update regarding the Insurance Roadmap is planned to come to Audit and Risk Committee midyear 2024.
14 September 2022	1071	Audit and Risk Committee	2.5 Insurance Maturity Roadmap report	3	In progress	Agree that Council officers will report back to the committee on a regular basis as a standing item on the Kāwai Māhirahira Audit and Risk Subcommittee on progress against the workplan The next update regarding the Insurance Roadmap is planned to come to Audit and Risk Committee midyear 2024.
14 September 2022	1072	Audit and Risk Committee	2.5 Insurance Maturity Roadmap report	4	In progress	Receive periodic updates against the project plan and risk assessments over the life of the roadmap project. The next update regarding the Insurance Roadmap is planned to come to Audit and Risk Committee midyear 2024.
10 May 2023	1525	Audit and Risk Committee	2.2 Strategic Risks update, Risk Appetite Statements development and approval of the Risk Manager	4	In progress	Agree to support future work on expanding the range of Risk Appetite statements at an appropriate time, including after supporting LTP level of service work has been completed (likely Q2 2023-24). No further updates still planned to build off LTP work. LTP levels of service work is ongoing and will underpin further risk appetite statements. InfoCouncil template updated to require consideration of risk appetite.
11 October 2023	2284	Audit and Risk Committee	2.1 Speed Management Data Breach and Assurance Review of Benefit Cost Ratio Calculation	2	In progress	Note that the recommendations from both of the reviews will be tracked and reported back to this Committee. Recruitment of risk resource underway
29 November 2023	2608	Audit and Risk Committee	3 Public Excluded	2	In progress	Direct officers to consider the release of the public excluded information in 3.1 Te Kāinga Update when commercial negotiations are complete.

Unaunahi Māhirahira | Audit & Risk Committee: Proposed Workplan

	21 Feb 2024	8 May 2024	14 Aug 2024	2 Oct 2024	20 Nov 2024	5 Feb 2025	30 Apr 2025	10 Sep 2025
Committee Governance								
○ Forward programme and workplan update	◆	◆	◆	◆	◆	◆	◆	◆
○ ARC self-assessment of performance and effectiveness		◆					◆	
Assurance and Business Integrity (Internal Audit)								
○ Approval of the following year Assurance work plan		◆					◆	
○ Update on current year Assurance work plan		◆			◆		◆	
○ Update on Protected Disclosures and investigations	◆		◆			◆		◆
○ Status of internal and third-party audit recommendations	◆		◆	◆		◆		◆
○ Update on fraud risk	◆							
○ Annual legislative compliance attestation report			◆					
○ Review Internal Audit Charter			◆					
○ Elected member gifts & hospitality and pecuniary interests		◆					◆	
External Audit and Statutory Reporting								
○ Audit plan and engagement letter	◆					◆		
○ Progress to address matters of emphasis in 21/22 audit opinion								
○ Proforma Annual Report (financial statements & accounting policies)		◆					◆	
○ Draft Annual Report and letters of representation			◆	◆				◆
○ Year-end management letter			◆		◆			◆
○ Committee briefing with no mgmt present (+ as req'd)				◆				
Risk Management								
○ Strategic Risk Management Framework - profile update	◆		◆	◆		◆		◆
○ Fit for purpose review of risk management framework		◆					◆	
○ Approval of annual Risk work plan		◆					◆	
○ Risk Maturity update						◆		
○ Group Risk Management – Chief Officer updates								
• Chief Executive (as required)	◆	◆	◆	◆	◆	◆	◆	◆
• Chief Planning							◆	
• Chief People and Culture							◆	
• Chief Customer and Community			◆					◆
• Chief Māori								
• Chief Infrastructure								

Unaunahi Māhirahira | Audit & Risk Committee: Proposed Workplan

	21 Feb 2024	8 May 2024	14 Aug 2024	2 Oct 2024	20 Nov 2024	5 Feb 2025	30 Apr 2025	10 Sep 2025
<ul style="list-style-type: none"> Chief Financial Chief Strategy & Governance Chief Digital 		◆		◆	◆	◆		
Council Controlled Organisations								
○ CCO annual reports on risk impacting Council's group risk			◆		◆			◆
Finance								
○ Insurance roadmap update						◆		
Health and Safety								
○ Performance report	◆	◆	◆		◆	◆	◆	◆
Legal Risk								
○ Litigation matters update (Public excluded)	◆	◆	◆	◆	◆	◆	◆	◆
Long Term Plan								
○ 2024 LTP Development Programme – project plan								
○ LTP forecasting assumptions								
○ Asset Management Planning – assurance								
○ Audit New Zealand LTP assurance plan								
○ Audit NZ LTP Management letter			◆					
Focus Topics								
○ Building Consent Authority accreditation assurance	◆							

3. Public Excluded

Recommendation

That the Unaunahi Māhirahira | Audit and Risk Committee:

1. Pursuant to the provisions of the Local Government Official Information and Meetings Act 1987, exclude the public from the following part of the proceedings of this meeting namely:

General subject of the matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
3.1 Legal and Risk Updates	<p>7(2)(g) The withholding of the information is necessary to maintain legal professional privilege.</p> <p>7(2)(i) The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p>	<p>s48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7.</p>
