

Absolutely Positively
Wellington City Council

Me Heke Ki Pōneke

Ordinary Meeting of Unaunahi Māhirahira | Audit and Risk Committee Minutes

1:30pm Tuesday, 28 February 2023

Ngake (16.09)

Level 16, Tahiwī

113 The Terrace

Wellington



PRESENT

Mayor Whanau
Councillor Apanowicz
Councillor Chung
Councillor Pannett
Councillor Randle (Deputy Chair)
Pouwi Liz Kelly

IN ATTENDANCE

Deputy Mayor Foon
Councillor Abdurahman
Councillor Free
Councillor Matthews
Councillor McNulty

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1. Meeting Conduct

1.1 Karakia

The Chairperson declared the meeting open at 1:29pm and read the following karakia to open the meeting.

**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

1.2 Apologies

Moved Bruce Robertson, seconded Councillor Apanowicz

Resolved

That the Unaunahi Māhirahira | Audit and Risk Committee:

1. Councillor Brown for lateness.

Carried

(Pouiwi Kelly joined the meeting at 1:30pm.)

1.3 Conflict of Interest Declarations

No conflicts of interest were declared.

1.4 Confirmation of Minutes

There were no previous minutes to confirm

1.5 Items not on the Agenda

There were no items not on the agenda

1.6 Public Participation

There were no public participants

2. General Business

2.1 Assurance and Business Integrity update

Moved Councillor Randle, seconded Councillor Apanowicz

Resolved

That the Unaunahi Māhirahira | Audit and Risk Committee:

1. Receive the update on the Assurance & Business Integrity Workplan for 2022-23.
2. Agree the addition of two responsive reviews to the Assurance & Business Integrity Workplan.
3. Receive the update on management's progress to address recommendations from internal audit and other independent sources of assurance.
4. Receive the information about integrity activities.
5. Receive the statement on the completeness of the quarterly update of the Elected Member Gifts and Hospitality register.

Carried

2.2 2023 Audit New Zealand Audit Plan

Moved Councillor Randle, seconded Councillor Pannett

Resolved

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 Council and Group for the year ended 30 June 2023.
3. Note the draft Engagement letter prepared by Audit New Zealand (attachment 2).
4. Delegate the authority to finalise the Audit Plan to the Chief Financial Officer and Chair of the Unaunahi Māhirahira | Audit and Risk Committee.
5. Delegate the authority to finalise the audit fee for the year ended 30 June 2023 to the Chief Financial Officer, **Chair of the Unaunahi Māhirahira | Audit and Risk Committee** and Mayor.
6. **Recommend that the Mayor signs the Engagement letter prepared by Audit New Zealand.**

Carried

Moved Councillor Randle, seconded Liz Kelly, the following amendment

6. Recommend that the Mayor signs the Engagement letter prepared by Audit New Zealand.

2.3 Health, Safety and Security Performance Report

Moved Councillor Chung, seconded Liz Kelly

Resolved

That the Unaunahi Māhirahira | Audit and Risk Committee:

1. Receive the information.

Carried

2.4 Introduction to the WCC Strategic Risks Framework and Strategic Risk Register

Moved Councillor Chung, seconded Councillor Apanowicz

Resolved

That Unaunahi Māhirahira | Audit and Risk Committee:

- 1) Receive the information.
- 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.
- 3) Agree that the approach for developing a risk appetite statement is appropriate.
- 4) Note that a risk appetite statement workshop will be scheduled for all WCC Councillors and the Executive Leadership Team.

Carried

The meeting adjourned at 2:39pm

The meeting resumed at 2:54pm

2.5 2022 Insurance Update

Moved Councillor Chung, seconded Councillor Randle

Resolved

That the Unaunahi Māhirahira | Audit and Risk Committee:

1. Receive the information outlined in this paper
2. Note the workplan updates
3. Note officers will engage further on the risk appetite relating to insurance workstreams via the *Introduction to the WCC Strategic Risks Framework and Strategic Risk Register* on the agenda of this meeting of Unaunahi Māhirahira | Audit and Risk Committee **and bring a paper back to the Committee on a plan for implementing Aon's recommendations.**

Carried

Moved Councillor Pannett, seconded Councillor Randle

Resolved

Councillor Pannett Amendment

3. Note officers will engage further on the risk appetite relating to insurance workstreams via the *Introduction to the WCC Strategic Risks Framework and Strategic Risk Register* on the agenda of this meeting of Unaunahi Māhirahira | Audit and Risk Committee and bring a paper back to the Committee on a plan for implementing Aon's recommendations.

Carried

(Mayor Whanau left the meeting 3:35pm.)
(Mayor Whanau joined the meeting 3:37pm.)

2.6 Long-term Plan 2024-2034 - Programme plan, and risk management approach

Moved Councillor Randle, seconded Councillor Pannett

Resolved

That the Unaunahi Māhirahira | Audit and Risk Committee:

1. Receive the information.
2. Note the risk management and assurance approach for the preparation of the Long-term Plan 2024-34.

Carried

(Mayor Whanau left the meeting 3:44pm.)

2.7 Maturity in Project Management across Council - update

Moved Councillor Randle, seconded Councillor Pannett

Resolved

That the Unaunahi Māhirahira | Audit and Risk Committee:

1. Receive the information.

Carried

Attachments

- 1 PMO Update

2.8 Maturity in Asset Planning across Council - update

Moved Councillor Chung, seconded Councillor Pannett

Resolved

That the Unaunahi Māhirahira | Audit and Risk Committee:

1. Receive the information.

Carried

Attachments

- 1 Asset Planning Maturity Update

2.9 Actions Tracking

Moved Liz Kelly, seconded Councillor Randle

Resolved

That the Unaunahi Māhirahira | Audit and Risk Committee:

1. Receive the information.

Carried

2.10 Forward Programme and Workplan Update

Moved Liz Kelly, seconded Councillor Randle

Resolved

That the Unaunahi Māhirahira | Audit and Risk Committee:

1. Receive the information.

Carried

3. Public Excluded

Moved Bruce Robertson, seconded Councillor Randle

Resolved

That the Unaunahi Māhirahira | Audit and Risk Committee:

- 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>
3.2 Attachment to 2.4 - Introduction to the WCC Strategic Risks Framework and Strategic Risk Register - Attachment 4 WCC sensitive Strategic Risk Profiles collated - Jan 2023	<p>6(a) The making available of the information would be likely to prejudice the maintenance of the law, including the prevention, investigation, and detection of offences and the right to a fair trial.</p> <p>6(b) The making available of the information would be likely to endanger the safety of a person.</p> <p>7(2)(a) The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.</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 6 and 7.</p>

7(2)(d)

The withholding of the information is necessary to avoid prejudice to measures protecting the health and safety of members of the public.

7(2)(e)

The withholding of the information is necessary to avoid prejudice to measures that prevent or mitigate material loss to members of the public.

Carried

The meeting went into public-excluded session at 4.17pm.

The meeting returned from public-excluded session and concluded at 4.47pm with the reading of the following karakia:

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

Authenticated: _____
Chair

Ordinary Meeting of Unaunahi Māhirahira | Audit and Risk Committee

Minute item attachments

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Project Management Maturity Update

Audit and Risk Committee 2023

The PMO – an enterprise service delivered by Infrastructure and Delivery
Andrew Cowie, Manager PMO

Strategic Risk



Strategic Risk - Inadequate Planning and Prioritisation.

Defined as: Inadequate planning, scoping and prioritisation resulting in an inability to plan for the resources, workforce and dependencies required to deliver our quantum of strategic projects and programmes and our business-as-usual work.

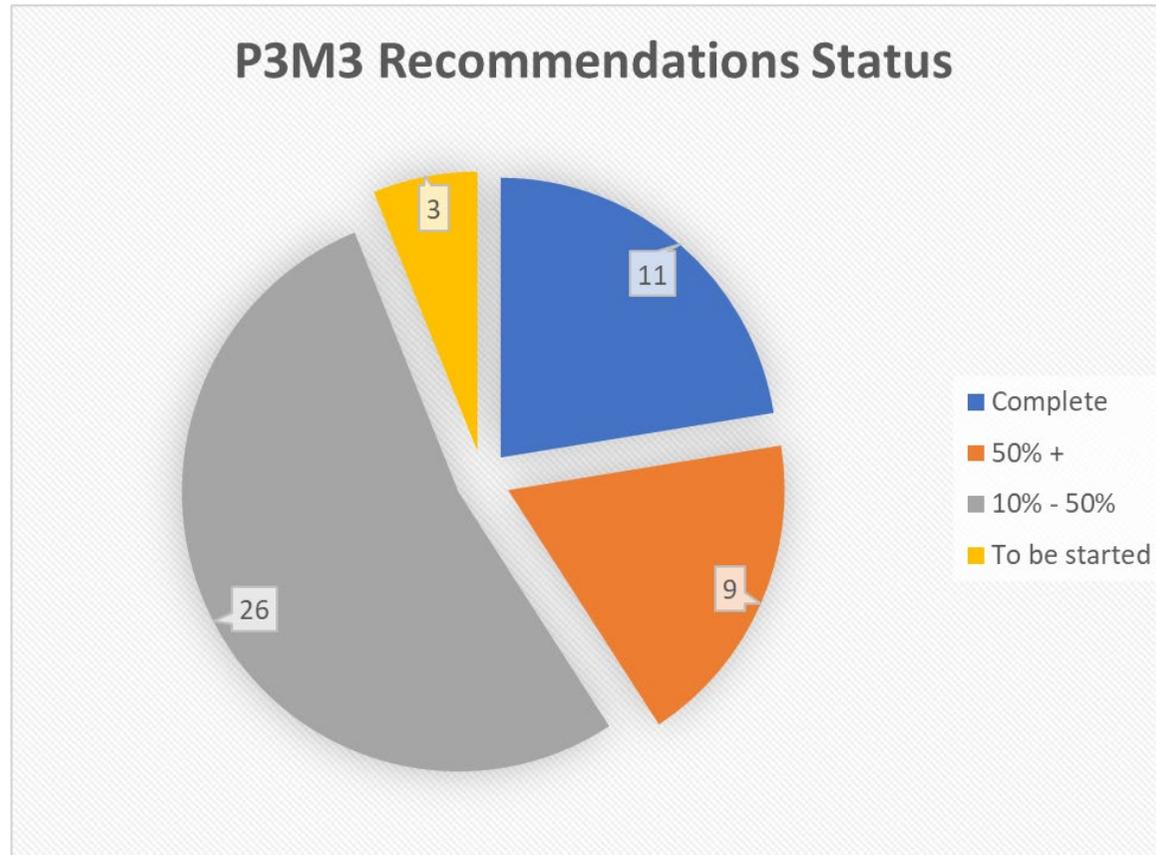
Action: Phased improvement maturity of Project systems and increase the human capability and capacity applied to task

Review History of WCC PMO Service



- September 2020 – Audit NZ review identified following areas
 - Project Governance Structures
 - Senior Management Commitment
 - Project Management process and systems
- Sept 2021 – P3M3 assessment executed by Outcome Insights
 - 49 Recommendations across 4 categories.
 - Overall score 1.0 out of 5.0 (exponential scale like Richter Scale)
 - The NZ and Worldwide average is 1.5
- Oct 2022 – Follow up by Audit NZ
 - Actions considered closed – report 5 Dec 2022.

P3M3 Assessment 49 actions update



- Items in the 10-50% complete will unlock with Paiaaka go live

The P3M3 Perspective Interventions

Basis of the Outcome Insights Report



Perspective

	Org Governance	Management Control	Benefits	Risk	Stakeholder	Finance	Resource
Capability Lift	Governance training Investment Cmtees	Governance Training PM Fdmtls	Benefits quantified, identified & tracked	Assurance Reviews MoR training	Stakeholder Case in Business Cases	Forecasting Phasing	PDCF roles in place
Accountability Lift	SRO realignment 3 or less Projects Tier 3 preferable	Clear deliverables in Warrants	Business Case and SRO letters	Scrutiny RIC and ROC \$\$	Stakeholder rep sign out	Financial Case Paiaka Finances	Assign right roles right tasking
Interventions	SRO letters Sponsors and SROs	PD, PM Warrants	Paiaka and assurance reviews	Risk is No1 agenda QRA is used	Introduce Comms case where required	PMO finance exp Earned Value Mgmt	Standard Paiaka roles
Outcomes	Accountable SRO with time to deliver	Delivery to SRO expectations	Benefits banked / realised	Risk is consciously considered	Identified and focussed stakeholders	Forecast and Actuals within tolerance	Able to see the roles needed to deliver

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PMO Focus Areas



- **Risk management** – identify cross cutting trends / education
- **Governance approach** – design dedicated investment governance structures, SRO role clarity
- **Project Planning** – foundation course, use lessons and apply standard steps to be taken
- **Workforce planning** – Paiaka unlock and Capability Framework
- **Financial forecasting and reforecasting / Portfolio analysis / Project reporting** – Paiaka is about to deliver realtime project data leaving time to analyse finances when provided by TechOne

Phased PMO Model

Next key unlock is Paiaka go live



Project Profession / PMO Treatments



- Continue the work underway to introduce the phased PMO model
- Identify WCC Project professionals and career pathways
- Identify and upskill Project Governance professionals
- Enhance enterprise reporting and management information
- Introduce an enterprise-wide tool for all projects that incorporates the IDF stages and allows total visibility

Capability and Systems uplift so far



- Project Management capability and systems (bottom up)
 - 62 staff trained in PM Fundamentals Course
 - Paiaka Initial Operating Capability (IOC) in load up
 - Targeted Investment Reviews (TIR) and Critical Friend Reviews underway
 - Integrating Better Business Case structure – same as G20 countries
- Project Governance Structures (top down)
 - 59 staff - T2,3,4 attended Governance Masterclass
 - SRO letter (draft) provided to ELT for initial feedback
 - Standardising Terms of Reference for Governance Boards

Next steps to drive maturity improvement

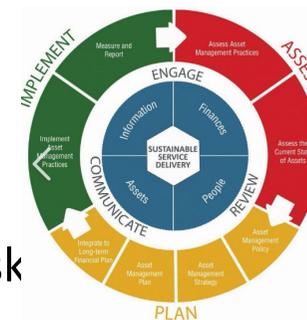


- Paiaka go-live for all significant projects and then begin to incorporate all other projects
- Integrated Assurance and Approval Plans for all projects
- Design, approve and promulgate the investment management structures ready for new FY
- Prepare for Portfolio Management with a PfMO framework and agree a set of enterprise criteria with ELT to align to strategy
- Next P3M3 self-assessment will be done June 2023

Asset Planning Maturity Update

Audit and Risk Committee 2023

Prepared by Rob Ashley – Asset Planning Manager



The new Asset Planning Team’s challenge is to respond to the strategic risk identified by the Audit and Risk Committee that stated.

“Inadequate all of life forecasting and planning, and management of our key assets. And that the management of our key assets is insufficiently aligned with strategic outcomes and is not co-ordinated across the organisation”.

WCC 2022 Audit and risk summary statement

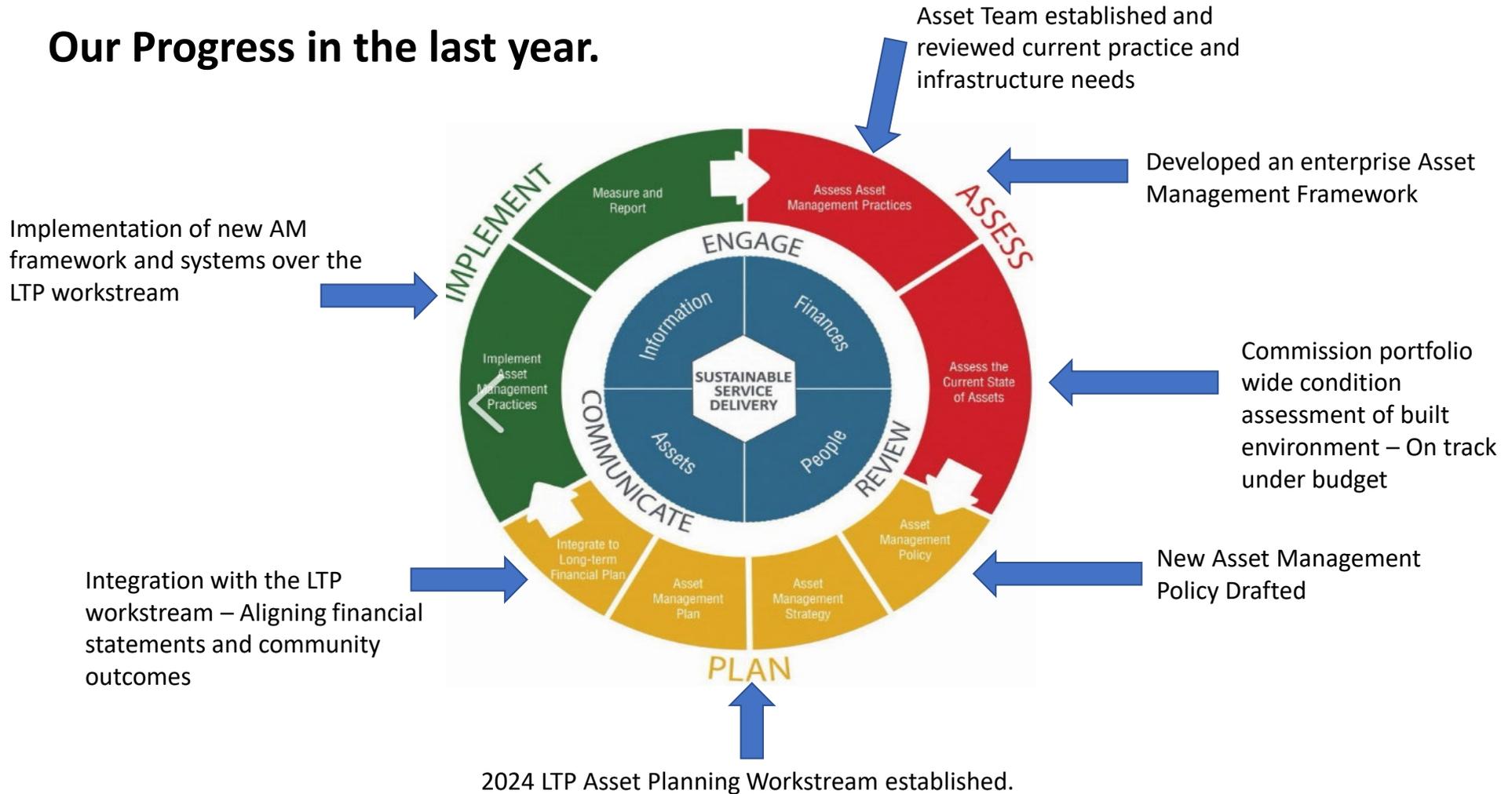
The 2021 Aecom report and assessment of asset management for Wellington City Council recommended 13 focus areas for improvement and actions. These, and other improvements are included in the Asset Planning workstream which has already made a notable step-change in risk mitigation to Council and the Community.



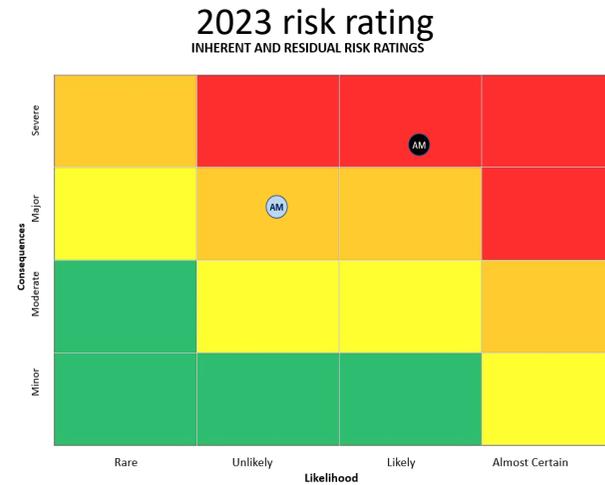
Asset Planning Teams, key prioritisation & focus areas are:

- Develop a centre of excellence for Infrastructure Asset Management for WCC
- Develop a new Asset Management Policy
- Develop a systematic repeatable Asset Management framework
- Data improvements – condition assessments and survey of our assets.
- Reduce risk to the business through improved Asset Planning

Our Progress in the last year.



WCC strategic risk register tracks and reports key strategic risks to the business. Comparison of the risk heat map within a calendar year demonstrates considerable asset practice maturity improvements.



Additional maturity improvements will materialise as we move through the LTP, and Asset management delivery.

Our leadup to the LTP, - and still to achieve.

- Deliver a full suite of Asset Management Plans that align with the 2024 LTP, community outcomes, and best practice in Asset Management.
- With condition assessments for the built environment nearing completion, evidence based asset renewals will support robust life cycle forecasting and scenario modelling.
- Facilitate Level of Service workshops across all asset classes, better aligning cost, service, and risk scenarios for consideration by Council
- Continue to lift overall Asset Management maturity for the organisation



Risks – threats or events	Risks consequence areas affected	Rating	Mitigation
Recruitment of suitably qualified members to the Asset Management Team	Budget	Medium	Should high street vendors (Consultants) be required to support the business, professional services budget may be impacted considerably.
	Capability and capacity of WCC people	High	Professional services can be engaged to deliver on the Asset Management workstream to meet gaps in the AM workstream
	Our staff health and safety and wellbeing	Medium	Risk is that one or two members may shoulder a significant burden of workload and responsibility.
That growth projections and legislative changes may make future infrastructure unaffordable	Budget	High	Phasing within the Infrastructure strategy will require careful consideration to ensure infrastructure needs are met, and are in line with a holistic city infrastructure strategy and affordability
	Internal services delivery	High	Infrastructure capacity investment driven by growth may require rationalisation of existing budgets to accommodate future needs. This may well impede on current LOS and operational delivery.
Complex conflicting business systems and priorities prevent meaningful engagement resulting in poor AM outcomes	Partnerships, relationships and influence	Medium	Establishing trust in the business is a main priority for AM planning manager.
	Internal services delivery	Medium	Failure to appropriately plan for future infrastructure across all of WCC may leave gaps in some areas where priority is given to teams that can demonstrate good asset planning.
That current three waters reform is reversed by a change of government.	Legal regulatory and compliance	High	Three waters reform may (may) change as a result national election. TA's may have little influence in this. The consequence of a reform reversal is significant and needs to be considered. Should this eventuate a 3W investment & viability team would be required to work with Wellington Water and WCC
	Budget.	Extreme	Financial consequence of reform reversal would be significant to WCC community. May well trigger LTP amendment.



The Asset Planning Team is focused on the importance of long-term funding projections, improved data maturity, and confidence in lifecycle programs. This will assist Council in improving the management of its assets, and ensuring that they are sustainable, affordable, and meet the needs of the community. Greater confidence in WCC’s infrastructure asset data and practices will provide the best opportunity to balance asset stewardship and community affordability for the upcoming 2024 LTP.