



Meeting of the Finance Audit & Risk Sub-committee

Date: Wednesday 11 November 2020
Time: 9.00am
Venue: Council Chamber
Hawke's Bay Regional Council
159 Dalton Street
NAPIER

Agenda

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HAWKE'S BAY REGIONAL COUNCIL
FINANCE AUDIT & RISK SUB-COMMITTEE
Wednesday 11 November 2020

Item 4

Subject: RISK MATURITY ROADMAP

Reason for Report

1. This item and accompanying bowtie analysis demonstration presentation updates the Sub-committee on the Regional Council's implementation of the risk maturity roadmap activities.

Officers' Recommendations

2. Council Officers recommend that the Sub-committee notes:
 - 2.1. the risk maturity progress as being on track
 - 2.2. the bowtie analysis as being an appropriate tool providing clarity on the scope of each enterprise risk, that will enable Council to set the risk appetite by mid-2021
 - 2.3. the bowtie analysis as being a useful tool to strengthen visibility of the Regional Council's control environment to better protect against material operational incidents, and
 - 2.4. how bowtie analysis expands the visibility of critical controls enabling better ELT oversight and improved assurance to Council that operational risks and operational decisions are managed within the Council's risk appetite.

Background

3. At the Corporate and Strategic Committee meeting held on 10 June 2020 the Committee endorsed a risk maturity roadmap for the Regional Council. At that meeting it was agreed that the FARS would oversee progress of the risk maturity roadmap to ensure that the evolving risk management system was on track and providing value to the organisation. Therefore, this paper and accompanying presentation aims to provide the FARS with oversight and details of progress to date.

Discussion

4. The Regional Council's risk maturity roadmap has targeted mid-2021 for the development of the Regional Council's risk appetite statement. The risk appetite statement will set out the Council's willingness and tolerance levels to accept risk across its key risk areas. The levels of acceptable risk will inform management to what extent activities can be undertaken in order to manage outcomes and execute on the strategy and strategic objectives.
5. Central to setting of the risk appetite is ensuring that key enterprise risks are identified and that the scope of each of those enterprise risks is clear. The scope of the enterprise risks includes identifying the:
 - 5.1. main risk event
 - 5.2. risks causes
 - 5.3. risk exclusions
 - 5.4. risk impacts, and
 - 5.5. critical controls.
6. There are a few risk methods available to synthesise risk to ensure the full scope of the risk is clear and well understood. Within the Regional Council's risk management framework that was endorsed by the FARS at the 12 August 2020 meeting the preferred methodology is noted as bowtie analysis.

7. The FARS members asked that for the 11 November 2020 risk maturity update staff provide a demonstration of a bowtie in motion. The objective of the session is to validate how the application of the bowtie methodology will better protect the organisation against material risk incidents. And, also how Council will gain greater level of assurance that risks are being managed within their approved risk appetite.
8. After reviewing the current 13 Regional Council enterprise risks it was agreed with management that enterprise risk 12 – Asset and Infrastructure - be used to demonstrate the bowtie analysis to the FARS. The asset and infrastructure risk was identified as a good risk to demonstrate the use of bowtie analysis as asset and infrastructure has both an operational and strategic risk component. Operationally assets and infrastructure must be maintained to ensure that the lifecycle is optimised. However, strategically climate change is testing the relevance of historical strategic assumptions in today's disrupted world. In addition, unlike other enterprise risks the asset and infrastructure risk in recent years has not been subject to S17a review or a review as a consequence of a material incident being realised. Therefore, any areas for improvement identified through application of the bowtie analysis can be used in real time by the Regional Council to prioritise asset and infrastructure initiatives.

Strategic Fit

9. Maturity of HBRC's risk management system contributes towards achieving all strategic goals/vision by protecting the organisation. A mature risk system provides consistent risk intelligent decision making enabling the efficient prioritisation of finite organisational resources to deliver on strategy.

Financial and Resource Implications

10. Maturity of the risk management system is phased to minimise budgetary implications. Some facilitated workshops will be required to establish the risk appetite with Council.

Next Steps

11. Continue progressively applying the bowtie methodology to each enterprise risk through a series of workshops with the business. As a bowtie is completed for an enterprise risk the enterprise risk report 'one-pager' for that enterprise risk will be updated to capture the revised risk scope.

Decision Making Process

12. Council and its committees are required to make every decision in accordance with the requirements of the Local Government Act 2002 (the Act). Staff have assessed the requirements in relation to this item and have concluded:
 - 12.1. The decision does not significantly alter the service provision or affect a strategic asset, nor is it inconsistent with an existing policy or plan.
 - 12.2. The use of the special consultative procedure is not prescribed by legislation.
 - 12.3. The decision is not significant under the criteria contained in Council's adopted Significance and Engagement Policy.
 - 12.4. The decision of the sub-committee is in accordance with the Terms of Reference and decision-making delegations adopted by Hawke's Bay Regional Council 25 March 2020, specifically the Finance, Audit and Risk Sub-committee shall have responsibility and authority to:
 - 12.4.1. Review whether Council management has a current and comprehensive risk management framework and associated procedures for effective identification and management of the council's significant risks in place
 - 12.4.2. Undertake periodic monitoring of corporate risk assessment, and the internal controls instituted in response to such risks
 - 12.4.3. report on the robustness of risk management systems, processes and practices to the Corporate and Strategic Committee to fulfil its responsibilities.

Recommendations

That the Finance, Audit and Risk Sub-committee:

1. Receives and considers the “*Risk Maturity Roadmap*” staff report and accompanying presentation.
2. Confirms that management actions undertaken and planned for the future adequately respond to the risk maturity roadmap that was approved by the Corporate and Strategic Committee at the June 2020 meeting.
3. Confirms that the bowtie analysis is an appropriate tool to drive risk maturity as defined by the risk maturity road map.

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Approved by:

Jessica Ellerm
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Attachment/s

There are no attachments for this report.

HAWKE'S BAY REGIONAL COUNCIL
FINANCE AUDIT & RISK SUB-COMMITTEE

Wednesday 11 November 2020

Subject: HBRC COVID-19 RESPONSE REVIEW REPORT

Item 5

Reason for Report

1. This item provides the learnings and findings of the internal review of the Regional Council's organisational response to the Covid-19 pandemic.
2. When an organisation has operated under business continuity arrangements it is deemed good practice to review the response. The review's purpose is to identify learnings and areas for improvement that better prepare the organisation to respond to similar, or other, disruptive events in the future.

Officers' Recommendation

3. Council officers recommend that Finance Audit and Risk Sub-Committee (FARS) members consider and note the attached 'HBRC Covid19 response debrief and learnings' report and note the extended timeframe likely to be required to enhance the Regional Council's continuity suite of documents.

Executive Summary

4. Overall, the report notes the Regional Council's response to the Covid19 alert level three and alert level four lockdown was commendable. No material issues were identified for immediate corrective action. A highlight of the response was feedback from staff that rated the Regional Council's internal response 8.49 percent positive on a scale of 1 being poor and 10 being excellent.

Background

5. In December 2019 an outbreak of Coronavirus disease (Covid19) was detected in Wuhan, China. The virus rapidly spread across the globe. On 11 March 2020 the World Health Organisation (WHO) declared a global pandemic. Shortly after this declaration, on 19 March 2020, the NZ government began implementing a series of actions in response to the global pandemic declaration.
6. Actions by the NZ government included implementing a four-tiered pandemic alert system. Each alert level requires a different series of actions to be taken by the public and by business. Except for staff that undertake essential services, at alert level three and four an organisation is required to send staff home and operate remotely. Therefore, at alert level three and four many organisations operated under business continuity arrangements, as was the case for the Regional Council.
7. When an organisation operates under business continuity arrangements it is deemed good practice to review the effectiveness of the response. The objective of a review is to identify improvement opportunities to ready the continuity plans to respond to future events more efficiently.

Discussion

8. The report was split into five key themes, being:
 - 8.1. continuity documents (business continuity plan (BCP), pandemic plans, disaster recovery plans)
 - 8.2. communication (internal and external)
 - 8.3. technology
 - 8.4. health, safety and wellbeing, and

- 8.5. work distribution.
9. A 'low' priority rating that primarily related to formalising documentation was given to the following three themes:
 - 9.1. communication (internal and external)
 - 9.2. technology, and
 - 9.3. health, safety and wellbeing
10. While a 'medium' priority rating was given to:
 - 10.1. continuity documents (BCP, pandemic plans, disaster recovery plans), and
 - 10.2. work distribution.
11. The medium finding within the continuity documents (7.1) relates to the Regional Council pandemic safety plan not explicitly being linked to the Regional Council's continuity suite of documents for use when responding to future pandemics. However, in the review it was noted that pandemic specific health and safety processes instigated to respond to the Covid19 pandemic were progressively recorded into the pandemic safety plan as they were implemented. In addition, while not specific to a pandemic response, the review highlighted that the various suite of continuity documents did not always integrate. For example, the maximum tolerable downtime of various critical processes identified in the BCP's are not necessarily informing the restoration and prioritisation of systems and applications in the disaster recovery plan.
12. The medium finding for work distribution (7.2) primarily related to tensions between the Regional's Council's need to contribute staff to run the CDEM GECC, and the Regional Councils requirement to deliver on its own business processes. Robust and documented guidelines did exist and effectively directed staff to their primary activity, but it appears the rostering system to support this may have been less effective. The Covid19 pandemic event was a slower moving long burn event with lockdown extending over a period of nearly two months which may have also been a contributing factor. Many other disruptive events are often sudden, one off and hard hitting. Due to the slow but sustained nature of the pandemic event there was an expectation that the Regional Councils business processes extended beyond just sustaining those deemed critical.
13. Specific details relating to each finding can be found under section two 'Detailed Observations' in the attached full Covid19 response debrief and learnings report.
14. The approach to obtain necessary information to undertake the BCP review included: an organisational wide staff survey, a facilitated workshop with organisational leaders using outputs from the staff survey, other key stakeholder insights, and a desktop review of relevant documentation such as the Regional Council's BCP, pandemic plan and response team structure.
15. The scope of the review specifically excludes Hawke's Bay CDEM response. However, did include Hawke's Bay CDEM requests for Regional Council staff time required to staff the Group Emergency Coordination Centre. In addition, the scope of the review excludes additional business activities required under alert level one and alert two. The additional practices under alert level one and two were not deemed extensive and did not require the Regional Council to respond under BCP arrangements.

Financial and Resource Implications

16. Remediation of findings relating to the continuity documents, that includes enhancing the BCP to enable better integration of all continuity suite of documents, will take either extended time or additional resource. To spread the cost of remediation it is suggested that these documents be refreshed and integrated over a period of two years.

Decision Making Process

17. Council and its Committees are required to make every decision in accordance with the requirements of the Local Government Act 2002 (the Act). Staff have assessed the requirements in relation to this item and have concluded:

- 17.1. The decision does not significantly alter the service provision or affect a strategic asset, nor is it inconsistent with an existing policy or plan.
- 17.2. The use of the special consultative procedure is not prescribed by legislation.
- 17.3. The decision is not significant under the criteria contained in Council's adopted Significance and Engagement Policy.
- 17.4. The decision is in accordance with the Finance, Audit and Risk Sub-committee Terms of Reference, specifically to report to the Corporate and Strategic Committee to fulfil its responsibilities for:
 - 17.4.1. receiving the internal and external audit report(s) and review actions to be taken by management on significant issues and recommendations raised within the report(s).
 - 17.4.2. undertaking systematic reviews of Council operational activities against Council stated performance criteria to determine efficiency/effectiveness of delivery of Council services.
 - 17.4.3. ensuring that recommendations in audit management reports are considered and, if appropriate, actioned by management.

Recommendations

That the Finance, Audit and Risk Sub-committee:

- 1. receives and considers the "HBRC Covid-19 Response Debrief and Learnings Report"
- 2. notes the extended timeframe required to enhance the Regional Council's suite of business continuity and recovery documents
- 3. agrees support for the improvements proposed by staff.

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Attachment/s

- [!\[\]\(564903337f30b845a5f6979939a95fe6_img.jpg\) 1](#) HBRC Covid-19 Response Debrief Report

Hawke's Bay Regional Council Covid-19 Response Debrief Learnings

September 2020
Hawkes Bay Regional Council Publication No. 1



ISSN 2703-2051 (Online)
ISSN 2703-2043 (Print)



Version

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Risk and Assurance

Hawke's Bay Regional Council Covid-19 Response Debrief Learnings

September 2020

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ISSN 2703-2051 (Online)
ISSN 2703-2043 (Print)

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1 Executive summary

1.1 Background

In December 2019 an outbreak of Coronavirus disease (Covid-19) was detected in Wuhan, China. The virus rapidly spread across the globe. On 30 January 2020 the World Health Organisation (WHO) declared the Covid-19 outbreak a 'public health emergency of international concern'. On 11 March 2020 WHO declared Covid-19 a 'global pandemic'.

In New Zealand the first case of Covid-19 was announced on 28 February. The first locally transmitted case was announced exactly one week later on 5 March 2020.

On 19 March 2020 New Zealand's borders were closed to all non-residents. In addition to the border closures any returning citizen, permanent resident, or non-residents with border exemptions were required to self-isolate for 14 days.

To complement the border restrictions and to control the Covid-19 outbreak in New Zealand the Government in conjunction with the NZ Ministry of Health (MOH) updated the pandemic New Zealand response plan and four tier alert system. On 21 March 2020, at the time of the alert level system announcement the Government also confirmed New Zealand would enter alert level 2 in a 'go hard and go early' strategy that attempted to eliminate the disease. With the alert level system confirmed New Zealand Covid-19 response has taken the following path.

Date	Response
21 March 2020	alert level 2 (whole country)
23 March 2020	alert level 3 (whole country)
25 March 2020	alert level 4 (whole country)
27 April 2020	alert level 3 (whole country)
13 May 2020	alert level 2 (whole country)
8 June 2020	alert level 1 (whole country)
12 August 2020	alert level 3 (Auckland region only)
12 August 2020	alert level 2 (rest of country outside the Auckland region)
30 August 2020	alert level 2.5 (Auckland region only)
20 September 2020	alert level 1 (rest of the country outside the Auckland region)
23 September 2020	alert level 2 (Auckland region only)

Each alert level impacts the way in which organisations can operate. With the most significant impacts to organisations being at alert level three and four where non-essential staff are required to work from home. For a period of nearly two months (from 23 March 2020 to 13 May 2020) all of New Zealand operated under either alert level three or four. During this time Hawke's Bay Regional Council (the Regional Council) operated by activating its Business Continuity Plan (BCP). Therefore, a review has been undertaken to capture the learnings and possible improvements to the Regional Council's BCP.

1.2 Scope and Objective

When an organisation operates under business continuity arrangements it is deemed good practice to review the effectiveness of the response. The objective of a review is to identify improvement opportunities to ready the continuity plans to respond to future events more efficiently. At the FARS meeting on 12 August 2020 the Committee requested that a review of the Regional Council's BCP activated in response to the Covid-19 lockdown be undertaken internally by staff rather than by Crowe through the 2020-21 Internal audit plan.

The scope of the review was to look solely at the Regional Council's internal BCP response to lockdown at alert level three and four. The scope specifically excluded Hawke's Bay Civil Defence Emergency Management (CDEM) response. However, it has included the Hawke's Bay CDEM Group's requests for the Regional Council staff time required to staff the Group Emergency Coordination Centre. In addition, the scope of the review excluded additional business activities required under alert level one and alert two. The additional practices under alert level one and two were not deemed extensive and managed as part of BAU without needing the Regional Council to respond under BCP arrangements.

1.3 Approach

The approach to obtain necessary information to undertake the BCP review included:

- an organisational wide staff survey
- a facilitated workshop with organisational leaders using outputs from the staff survey
- other key stakeholder insights, and
- a desktop review of relevant documentation such as HBRC's BCP, pandemic plan and response team structure.

1.4 Summary of Observations

The Regional Council's response to both alert level three and four was commendable. The organisation acted quickly and appropriately adapted when required, and staff felt well supported and informed. No material issues were immediately apparent that highlighted concerns regarding the safe execution of HBRC's critical processes over that time. The final report has not identified any 'high' findings for urgent action that if remained unresolved could jeopardise HBRC's execution of critical processes should the region need to revert back to an alert level three or four lockdown.

In total two findings were assessed as 'medium' with three findings assessed as 'low'. All low findings related to the formal documentation of protocols, activities and procedures implemented to specifically respond to Covid-19. Although, it is acknowledged that specific pandemic health and safety related procedures and protocols were progressively recorded in a Covid-19 safety plan as they were implemented. The report does suggest that specific pandemic safety information along with any newly implemented manual and technical workarounds or communication practices be documented and accessible through the Regional Council's central suite of continuity documents.

The assessment that the Regional Council's BCP response was effective was supported by staff feedback obtained through a council wide staff survey, and a facilitated Regional Council leaders' session. It was noted that the average overall rating for the Regional Council's response to Covid-19 by staff was 8.49 positive on a scale of 1 being poor to 10 being excellent. And that, staff consistently rated the Regional Council's response positive (greater than 80%) across all survey areas.

The final report has been split across five key themes being: continuity documents (BCP, pandemic plans, disaster recovery), communications (internal and external), technology, health and safety and wellbeing, and work distribution. An overview of these observations are summarised following.

1) Continuity Documents

- 1.1 A Group Pandemic Plan (2019) existed for the Hawke's Bay CDEM Group including the Hawke's Bay Regional Council as a statutory member. This was available to provide some clarity on leadership, coordination and agency roles and responsibilities. Processes around staff isolation, segregation and pandemic supplies initiated as part of the Regional Council's Covid-19 response were documented in a Regional Council safety plan as these evolved. Having captured these details, the response will be repeatable should a near-term Covid-19 resurgence lockdown occur in the region. However, to maintain a holistic risk-based response for future pandemics or epidemics and to ensure the Regional Council remains ready to respond to future pandemics or epidemics the Regional Council pandemic safety plan should be explicitly linked to the Regional Council's suite of business continuity documents.
- 1.2 The Regional Council's documented business continuity plan identified the Regional Council's critical processes that enabled an effective pandemic response by prioritising those processes. However, work arounds for critical processes in the BCP could be strengthened using a 'denial' focus: i.e. denial of staff, systems, facilities, and suppliers/services. Rather than the current external hazard approach. This should ensure critical process work arounds respond to a variety of situations including internal operational failing or a localised event e.g. technology/data issues, sabotage that impacts staff availability or building accessibility etc. The recommendation does however acknowledge that there are different ways organisations can approach continuity planning and therefore only suggests a review of the current business continuity structure to determine if there would be business value in adopting a denial-based approach.
- 1.3 While reviewing the continuity documents for the Covid-19 response it was observed that the Regional Council's BCP and disaster recovery plans (DRP) are maintained separately. While this recommendation is not specific to strengthening the Regional Council's Covid-19 response ensuring the BCP and DRP's are connected is important to strengthen the Regional Council's overall business interruption resilience for 'denial of systems' events. Therefore, it is recommended that a review of the Regional Council's DRP be undertaken to assess the significance of any gaps between the BCP's and businesses expectations on the maximum tolerable downtime for availability of ICT services and applications. The gap would be assessed for executing critical processes as identified in the current BCP's in a 'denial of systems' interruption. Corrective actions to close any gaps would be prioritised using a risk-based approach against other business priorities.

2) Communication (Internal and External)

- 2.1 Internal Communication - Staff feedback through both the survey and facilitated session on the effectiveness of internal communication during alert levels three and four was strongly favourable. Staff scored the effectiveness of internal communication as 88% positive. Internal communication channels included: formal Chief Executive Zoom meeting updates, regular HBRC online newsletter (Snappy), regular Line Manager meetings and check-ins via Microsoft Teams, and informal staff catchups through Microsoft Teams. To ensure that the knowledge and process successes of the Regional Council's approach used to communicate with staff while they worked remotely should be formally documented in the Regional Council's suite of continuity documents, for future reference.
- 2.2 External Communication - It was noted that during alert level three and four Covid-19 lockdown the Regional Council were also a lead agency for the Hawke's Bay regional drought response. Responding to two significant regional events simultaneously stretched resources. However, despite this The Regional Council's external communications responding to both situations remained largely effective.

Consistent with this observation only one service level complaint was formally received over the alert level three and our lockdown period. The Regional Council utilised several already established external communication channels for reaching the regional community that included print, social and radio. In addition, for targeted key groups zoom meetings were also

used. This included the governance functions of Council and Council Committee meetings. To assist with future crisis communication preparations, it is recommended that a key stakeholder wheel be developed and contained within the Regional Council's suite of continuity documents so that the wheel is regularly reviewed and updated.

The root cause of the one associated complaint was linked to the aging telephony system which did not allow for calls to be serviced remotely. This issue was subsequently addressed during the lockdown period by diverting all phonelines to the Palmerston North Contact Centre who operate the Regional Council's afterhours BAU calls. This work around requires documenting in the business continuity plan. It is however noted that HBRC are currently upgrading their telephony system which would mitigate the potential for reoccurrence of this type of complaint.

3) Technology

Staff feedback through both the survey and facilitated session with regards to the Regional Council's technology; use, capacity, availability, and support during alert levels three and four was favourable. Staff felt that transition to working from home was smooth. The availability of IT equipment and help desk support was commendable. Therefore, the Regional Council should update the business continuity plans to sufficiently cover this approach.

4) Health, Safety and Wellbeing

Overall, the additional pandemic health and safety processes worked well. These processes included isolation, remote working, cleaning and cleansing, segregation, contact tracing, and pandemic PPE use. However, some improvement to the design-flow of where the work activities were undertaken at the Guppy Road site to ensure 'work bubbles' remained separated was required. This improvement was proactively identified and remediated during the lockdown three and four alert level response. A particular emphasis was on ensuring site visitors were not a source of cross contamination to work bubbles through 'casual contact'. The corrective actions taken should be documented into the BCP suite of documents for future reference.

5) Work Distribution Including BCP and CDEM Response Resource Tensions

Through the facilitated debrief session with the Regional Council's leaders it was identified that the dependency on Regional Council staff to man Hawke's Bay CDEM (GECC) created some tension with regards to maintaining the Regional Council's processes. It appears this may be due to the rostering system as robust and documented guidelines do exist to direct staff to their primary activity being either CDEM (GECC) response or Regional Council's critical processes. The extended nature of the event may have caused some of the tension as some BAU type activities became a priority for the Regional Council that are not necessarily deemed critical processes when responding to shorter duration events.

Internally some staff felt the work distribution between individual staff was not always equitable. The review of the Regional Council's continuity plans noted under 1) above should consider, where practicable, equity in distribution of process execution.

2 Detailed observations

The tables following provides the detailed assessment findings of the observations made regarding the Regional Council's BCP response to the Covid-19 alert level three and alter level four lockdown.

The Regional Council's response to Covid-19 exceeded staff expectations with feedback from the staff survey strongly evidencing that staff felt well informed and were able to work effectively and safely whether at work or working remotely. Through this Covid-19 experience the Regional Council has been able to test and identify areas to improve BCP, policies and processes to prepare for future crisis events even better.

1.0 Business Continuity and Pandemic Plans		Finding overall rating
Current situation	Improvement opportunity	Medium
<p>1.1 At the time WHO declared a 'global pandemic' (11 March 2020) a Group pandemic plan (2019) existed for the Hawke's Bay CDEM Group, including Hawke's Bay Regional Council as a statutory member. Through guidance from the Group plan it was observed that at the time of WHO's declaration, the Regional Council had already initiated a structured Covid-19 response. Therefore, by the time the NZ Government responded to WHO's declaration and activated a New Zealand wide alert level three and four lockdown the Regional Council specific pandemic response processes were well advance and being implemented. The Regional Council's pandemic response processes included: staff isolation, segregation, remote working, pandemic PPE and general pandemic supplies. The processes were documented in a pandemic safety plan that now needs linking into the Regional Councils continuity suite of documents to ensure a holistic approach to business continuity and future readiness.</p>		<p>Actions Review the current continuity suite of documents to identify improvement opportunities. Develop an implementation plan to prioritise any remediation to the high impact areas.</p> <p>Responsible person Risk and Assurance and ICT</p> <p>Date of implementation Risk assessment and development of an implementation plan to assign remediation responsibilities March 2021</p>
<p>Processes that the Regional Council implemented in response to NZ alert level three and four have been captured within a Safety Plan. This document therefore ensures information is readily available for the Regional Council to efficiently respond, even at short notice, to the Hawke's Bay region reverting back to an alert level three or four Covid-19 resurgence lockdown. However, to confirm that a holistic risk-based response for future pandemics or epidemics is maintained and that the Regional Council remains ready to respond to future pandemics or epidemics the Regional Council pandemic safety plan should be linked to the key business continuity suite of documents such as the business continuity plan (BCP). This integrated planning approach will safeguard the Regional Council's Health and Safety risks from the pandemic/epidemic while managing other business risks that arise through the business disruption from the pandemic/epidemic. Pandemic plans integrated with the continuity plan will ensure: a holistic approach, require regular review, and oversight that critical pandemic PPE stocks etc. are effectively maintained.</p>		

1.0 Business Continuity and Pandemic Plans		Finding overall rating	Medium
Current situation	Improvement opportunity	Management Comments	
1.2 The Regional Council's documented business continuity plan had identified the Regional Council's critical processes. This enabled the Regional Council to respond with an effective pandemic response by prioritising those processes. However, work-arounds for critical processes within the BCP could be strengthened using a 'denial' focus: i.e. denial of staff, systems, facilities, and suppliers/services rather than an external hazard approach. This should ensure critical process work-arounds respond to a variety of situations including internal operational failing or a localised events e.g. technology/data issues, sabotage that impacts staff availability or building accessibility etc. By way of example working through the Regional Council's Covid-19 response, the initial response was focused on staff safety and wellbeing and not being able to come to their usual place of work referred to as 'denial' of facilities. However, if the situation worsened and many staff became ill with Covid-19 this situation could require an additional response known as 'denial' of staff. Or, if key suppliers were impacted the additional response required would be known as 'denial of suppliers'.	There are many ways organisations can approach the development continuity plans. It is also acknowledged the Regional Council's current documented continuity plans appear to be effectively identifying the Regional Council's critical processes. However, while not a high priority the Regional Council's should review its current approach to developing the continuity plans to determine whether there is value in the Regional Council adopting a more holistic risk based 'denial' approach. This approach could be adopted as continuity plans are up for review and renewal.	Remediation to integrate Continuity document TBC based on risk assessment but likely to occur over a 2-year time period. With higher risk areas prioritised first.	

1.0 Business Continuity and Pandemic Plans		Finding overall rating
Current situation	Improvement opportunity	Medium
<p>1.3 While not specific to the Covid-19 review while data gathering for the review it was identified that the Regional Council's BCP's and DRP are maintained separately. Therefore, this recommendation will strengthen the Regional Council's overall business interruption resilience but does not specifically improve the Regional Council's Covid-19 response. Ensuring the BCPs and DRP are connected is important to strengthen the Regional Council's overall business interruption resilience for 'denial of systems' events. For example, the DRP needs to be informed by the BCP's on the maximum tolerable downtime, given the practicalities of the BCP manual work-arounds, so that the business can ensure its IT systems and applications are able to be restored within the tolerable time for all critical processes. To close any gaps between the business expectations and the IT capability either: additional resilience and redundancy may need to be added to the IT architecture to reduce the time of the outage, or, manual workarounds for critical processes within the BCPs will need to be improved so they are sustainable over a longer period. The decision would need to apply risk-based thinking.</p>		Management Comments

2.0 Communication (internal and external)		Finding overall rating	Low
Current situation	Improvement opportunity	Management Comments	
<p>2.1 Internal Communication</p> <p>Staff feedback regarding internal communication during alert level three and four lockdowns was favourable. Staff scored the effectiveness of internal communication as 88% positive. Internal communication channels included: formal Chief Executive Zoom meeting updates, regular the Regional Council online newsletter (Snappy), regular Line Manager meetings and check-ins via Microsoft Teams, and informal staff catchups through Microsoft Teams positive.</p>	<p>Ensure the successful approach used to communicate with staff while working remotely is formally documented in either the Regional Council's suite of continuity documents.</p>	<p>Actions</p> <p>Update Continuity suite of documents</p> <p>Responsible person</p> <p>Marketing and Communications supported by Risk and Assurance</p> <p>Date of implementation</p> <p>March 2021</p>	
<p>2.2 External Communication</p> <p>It was noted that during alert level three and four of Covid-19 lockdowns the Regional Council was also one of the lead agencies for the Hawke's Bay Regional drought. Responding to two significant regional events simultaneously stretched resources. However, despite this the Regional Council's external communications were assessed as largely effective. The Regional Council communicated externally with the mass market using several mediums that include print, social and radio. In addition, during the Covid-19 alert level three and four lockdown and regional drought key stakeholder groups were successfully targeted remotely using technology such as Zoom and Microsoft Teams. Key stakeholder groups included governance (Council and Council Committees) and other strategic partners. Developing a key stakeholder wheel may assist with oversight and assurance that external communications are effectively tailored in response and reach for specific future crises, and that, the impacted stakeholder groups are promptly communicated with.</p> <p>A review of the complaints database supported the conclusion that that external communications were largely effective, with only one associated complaint received. That complaint related to the timeliness of servicing public phone calls. The root cause of the complaint linked to the aging telephony system which did not allow for calls to be serviced remotely. As an immediate and interim work around all calls went to voicemail. Voicemails were then emailed to customer service staff for same day</p>	<p>Formalise a key stakeholder wheel to assist with identifying key group and tailoring messaging for those groups that are relevant to the specific crisis. The key stakeholder wheel should be contained within the business continuity suite of documents. Ensure the newly implemented work-around for the Regional Council's aging phone system is documented. It is noted that the Regional Council is already upgrading the telephony system which when implemented will negate a need for the current telephony work-around. Continuity documentation will need to be updated to reflect the upgraded telephony crisis processes.</p>		

2.0 Communication (internal and external)		Finding overall rating	Low															
Current situation	Improvement opportunity	Management Comments																
<p>follow up. However, the delay in servicing of phone calls did not in all cases meet customer expectations resulting in a complaint. A more permanent work around was implemented, where phonelines were diverted to Palmerston North Contact Centre. The Contact Centre manages the Regional Council BAU after hours calls.</p> <p>Throughout alert level three and four lockdown Facebook was effectively used as the Regional Council’s main medium to interact with the mass market. Comments were monitored and where needed responded to by using the most appropriate channel. Below is an extract of the top target communications via Facebook for April 2020. During the month of April, the Regional Council initiated 61 posts that had a combined total reach of 212009 that resulted in 8270 post engagements. Post engagements increased between March 2020 and April 2020 by 60% as a proportion of initiated posts.</p>																		
<table><tr><th colspan="3">Extract of the Regional Council’s Top Social Media Posts For the Month of April 2020</th></tr><tr><th>Top Posts</th><th>Reach</th><th>Reactions, Comments, Shares</th></tr><tr><td>We caught this motorcyclist hooning down Awatoto towards Waitangi this week. Our parks and trails are only open for walkers and cyclists; no vehicles or motorcyclists are allowed.</td><td>22,467</td><td>713</td></tr><tr><td>As we settle into the third week of the COVID-19 Alert Level 4 lockdown, some of our Councillors have shared their own messages of support, from within their bubbles to yours...</td><td>10,791</td><td>300</td></tr><tr><td>The Hawke’s Bay Rural Advisory Group is urging drought-stricken farmers to seek advice and plan ahead for the winter, particularly as the severe drought deepens in Central Hawke’s Bay</td><td>10,371</td><td>225</td></tr></table>				Extract of the Regional Council’s Top Social Media Posts For the Month of April 2020			Top Posts	Reach	Reactions, Comments, Shares	We caught this motorcyclist hooning down Awatoto towards Waitangi this week. Our parks and trails are only open for walkers and cyclists; no vehicles or motorcyclists are allowed.	22,467	713	As we settle into the third week of the COVID-19 Alert Level 4 lockdown, some of our Councillors have shared their own messages of support, from within their bubbles to yours...	10,791	300	The Hawke’s Bay Rural Advisory Group is urging drought-stricken farmers to seek advice and plan ahead for the winter, particularly as the severe drought deepens in Central Hawke’s Bay	10,371	225
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3.0 Technology		Finding overall rating	Low
Current situation	Improvement opportunity	Management Comments	
3.1 Staff feedback on the: usability, availability and technological support during the alert level three and four lockdowns was positive. Staff felt the transition from being office based to working from home was smooth. The availability of IT equipment and IT helpdesk support was noted as commendable in the staff survey and at the facilitated workshop with leaders. The only area where improvement was noted was switch-over of customer calls that was constrained by aged technology (refer finding noted above under 2.2 external communication).	Ensure the business continuity suite of documents are updated to capture IT processes and hardware requirements identified to implement an effective work from home strategy.	Actions Refer comments in 1 – this will form part of the BCP and DR integration plan Responsible person Risk and Assurance and ICT Date of implementation See action 1 above	

4.0 Health, Safety and Wellbeing		Finding overall rating	Low
Current situation	Improvement opportunity	Management Comments	
4.1 Overall, the additional pandemic health and safety processes to protect the Regional Council's essential workers operated well, these processes included isolation, remote working, cleaning and cleansing, segregation, contact tracing, and pandemic PPE use. Work bubbles operated efficiently. However, some improvement to the design-flow of where the work activities were undertaken at the Guppy Road site to ensure 'work bubbles' remain separated was required. This improvement was proactively identified and remediated during the lockdown three and four alert level response. The improvement ensured site visitors were not a source of cross contamination to work bubbles through 'casual contact'. The corrective actions taken to improve the work bubble concept at Guppy Road should now be documented into the BCP suite of documents through the linked pandemic safety plan for future reference.	Ensure the pandemic safety that links to the continuity suite of documents is updated to incorporate any additional processes and actions undertaken to ensure 'work bubbles' were not subject to cross-contamination	Actions Ensure the pandemic safety plan is up to date with the most recent pandemic response processes Responsible person Senior Health and Safety Advisor and Team Leader – Hazard Reduction Date of implementation February 2021	

5.0 Work Distribution Including BCP and CDEM Response Resource Tensions		Finding overall rating	Medium
Current situation	Improvement opportunity	Management Comments	
<p>Through the facilitated debrief session with the Regional Council's leaders it was identified that the dependency on Regional Council staff to man Hawke's Bay CDEM (GECC) created some tension with regards to maintaining the Regional Council's processes. It appears this was due to the rostering system as it was noted that robust and documented guidelines to effectively direct staff to their primary activity CDEM (GECC) response or Regional Council's critical processes does exist. The extended nature of the event may have also contributed to some of the tension as some BAU type activities became a priority for the Regional Council e.g. planning and policy development that would be less likely in a one off significant event that was shorter in duration. Due to the protracted nature of the event a conscious decision was made to manage the response using a BAU ELT structure rather than Coordinated Incident Management System (CIMS) structure. This meant that while ELT were meeting on a weekly basis Tier 3 people manager representatives were not necessarily contributing directly into those meetings.</p> <p>It was identified through the staff survey that internally some staff felt the work distribution between individual staff was not always equitable.</p>	<p>Review the rostering system for prolonged and slow-moving events (such as a pandemic) to identify modifications.</p> <p>Actions being undertaken to review the continuity plans under finding 1.0 above should also consider whether critical process work-arounds can be assigned more broadly across staff. With the aim to ensure a more equitable distribution of those tasks.</p>	<p>Actions Improved rostering system to better manage staff resourcing requirements.</p> <p>Responsible person Team Leader – Hazard Reduction</p> <p>Date of implementation December 2020</p>	

3 Acknowledgements

To undertake the review and debrief of The Regional Council's Covid-19 response several staff were required to input into the creation of this document. Those staff include:

- All staff
 - For completing the staff Covid-19 response survey
- The Regional Council people leaders
 - For participating in a facilitate Covid-19 response debrief session
- Lisa Pearse
 - prepared, distributed, collated and analysed the staff survey
 - facilitated the leaders debrief session, and
 - provided documentation and insight on documentation including, The Regional Council's continuance plan, CDEMs pandemic plan, CDEM and The Regional Council's CIMS response structure
- Natasha Blunden
 - Note taker at the facilitated The Regional Council people leaders debrief session
- Drew Broadley
 - Information and statistics on The Regional Council's Facebook use for April 2020 and general overview of external communications
- Stacey Rakiraki
 - Information and statistics on The Regional Council's customer service and complaints register during the lockdown period
- Kirsty McInnes
 - High level update on health and safety processes implemented in response to Covid-19

HAWKE'S BAY REGIONAL COUNCIL
FINANCE AUDIT & RISK SUB-COMMITTEE

Wednesday 11 November 2020

Subject: INTERNAL AUDIT WORK PROGRAMME UPDATE

Item 6

Reason for Report

1. This item updates the Finance Audit and Risk Sub-committee (FARS) on the internal audit work programme. And, seeks feedback from the Sub-committee on any changes to the newly formatted internal audit programme update dashboards.

Officers' Recommendation

2. Council officers recommend that Finance Audit and Risk Sub-Committee (FARS) members consider and note the internal audit updates and the newly formatted internal audit programme update dashboards.

Executive Summary

3. As part of the Regional Councils risk maturity, improvements to the internal audit reporting to the FARS was considered with an emphasis on:
 - 3.1. tracking of corrective actions for previously reported internal audit findings, and
 - 3.2. tracking on the progress of the FARS approved annual internal audit programme
4. Two internal audit dashboards are attached to this paper. These dashboards are populated with current data to provide an update to the FARS on:
 - 4.1. the status of annual internal audit programme that was approved by the FARS at the August 2020 Sub-committee meeting (dashboard 1), and
 - 4.2. corrective action progress for internal audits findings that have been previously reported to the FARS (dashboard 2).

Discussion

5. Reporting to the FARS on the Regional Council's internal assurance programme consists of four components, these include:
 - 5.1. tracking of the annual internal audit programme approved by the FARS
 - 5.2. reporting to the FARS any completed internal audits that formed part of the approved annual internal programme, and
 - 5.3. tracking progress of agreed management corrective actions from internal audit findings previously reported to the FARS
 - 5.4. Continuous auditing monitoring – complement the above with regular updates from staff / project managers regarding changes that are or have been implemented through either delivery of transformational projects (ie FUSE, HRIS, AMIS), process or structural changes to ensuring that 'change' has been embraced, adopted and utilised.
6. As part of the Regional Councils risk maturity, risk and internal audit reporting to the FARS was reviewed. Improvements to the risk report were provided to the FARS at the August 2020 meeting. For the November 2020 meeting the focus has been to improve internal audit reporting to the FARS with an emphasis on:
 - 6.1. tracking of progress on the FARS approved annual internal audit programme, and
 - 6.2. corrective action progress of previously reported internal audit findings

7. Benefits of the newly formatted corrective actions dashboard, referred to as the 'Issues and Actions' dashboard include:
 - 7.1. for material audit findings where, corrective actions span an extended period the dashboard provides visibility that full remediation is on track through prominence of key interim milestones actions.
 - 7.2. action owners are assigned responsibility for updating their own corrective action in the dashboard each reporting period. Therefore, improving oversight of corrective action progress for audit findings to the Risk and Assurance function, and improving visibility of corrective action progress to the FARS.
 - 7.3. through improved oversight early indications that corrective actions are falling behind can be proactively managed through risk-based decisions to reprioritise resourcing.
 - 7.4. as the risk system matures an opportunity for continuous improvement to expand the issues and action tracking dashboard to incorporate critical control remediation from risk and control assessments or other reviews reported to the FARS, can be easily implemented.
8. Benefits of tracking the progress of the FARS approved annual internal audit programme through a dashboard provides improve visibility on the programme's status. Therefore, when appropriate, the FARS can modify the programme as the year progresses to respond to emerging risks.

Internal Audit 2020-2021 Work Programme Status Update (dashboard 1)

9. At the FARS meeting on August 2020 the annual internal audit programme was approved. A status update on the progress of the approved annual internal audit programme is outline in the attached dashboard 1. It is noted in the dashboard that the People, Retention, Recruitment and Wellbeing review commencement date is yet to be confirmed and was on hold pending the commencement of the People and Capability Manager.

Internal Audit Issues and Actions Tracking (dashboard 2)

10. The attached issues and actions tracking dashboard 2 provides a status update on audits previously reported to the FARS that have open audit findings with corrective actions in progress. The dashboard includes action updates for the following audits:
 - 10.1. Risk Management Maturity – original audit report dated June 2020
 - 10.2. Procurement and Contract Management – original audit report dated May 2018
 - 10.3. Health and Safety – original audit report dated September 2018, and
 - 10.4. Cyber Security – original audit report dated August 2019

Financial and Resource Implications

11. There are no financial implications or additional resource requirements resulting from this internal audit programme update.

Decision Making Process

12. Council and its committees are required to make every decision in accordance with the requirements of the Local Government Act 2002 (the Act). Staff have assessed the requirements in relation to this item and have concluded:
 - 12.1. The decision does not significantly alter the service provision or affect a strategic asset, nor is it inconsistent with an existing policy or plan.
 - 12.2. The use of the special consultative procedure is not prescribed by legislation.
 - 12.3. The decision is not significant under the criteria contained in Council's adopted Significance and Engagement Policy.

- 12.4. The decision is in accordance with the Finance, Audit and Risk Sub-committee Terms of Reference, specifically to report to the Corporate and Strategic Committee to fulfil its responsibilities for:
- 12.4.1. receiving the internal and external audit report(s) and review actions to be taken by management on significant issues and recommendations raised within the report(s).
 - 12.4.2. Ensuring that recommendations in audit management reports are considered and, if appropriate, actioned by management.
 - 12.4.3. Given the nature and significance of the issue to be considered and decided, and also the persons likely to be affected by, or have an interest in the decisions made, Council can exercise its discretion and make a decision without consulting directly with the community or others having an interest in the decision.

Recommendations

That the Finance, Audit and Risk Sub-committee:

1. Receives and notes the 'Internal Audit Work Programme Update' staff report and accompanying dashboards.
2. Confirms that management actions undertaken or planned for the future adequately respond to the findings and recommendations of the internal audits.
3. Confirms that the dashboard reports provide adequate information on the progress of corrective actions and the progress of the approved annual internal audit programme

Authored by:

Helen Marsden
RISK AND ASSURANCE LEAD

Approved by:

Jessica Ellerm
GROUP MANAGER CORPORATE SERVICES

Attachment/s

- [!\[\]\(5950fde355bafc747b20583b30242b59_img.jpg\) 1](#) Internal Audit Work Programme Status Update Dashboard
- [!\[\]\(2ba4b990a9f2ed1d09a614c2477547e9_img.jpg\) 2](#) Internal Audit Issues and Actions Tracking Dashboard

Dashboard 1

Internal Audit Work Programme Status Update

Approved Audit FY20-21	Provider	Quarter Due	Date Commenced	Management Comments	Reported to FARS
Data Analytics	Crowe	Q3 20-21	Not Started		
People, Recruitment, Retention & Wellbeing	Crowe	TBC - pending commencement of People & Capability Manager	Not Started		
Retained Audit Capacity - 40 hours	Crowe				

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Attachment 1

Internal Audit – Risk Management Maturity – June 2020						
Finding / Theme	Priority Rating	Action and Owner	Due Date	Milestone Achieved Since Last Report	Milestone For Next Report	Tracking Status
Risk, Governance, Policy and Accountabilities - to improve risk and assurance challenge. With clearer risk escalation.	Not Stated	Develop risk management policy and framework that includes roles and responsibilities. Risk & Assurance Lead	September 2020	Council approved single Regional Council risk management policy and framework.		Closed
Leadership and Direction - Improve linkage of risk informed decision making to strategy. Improving clarity of boundaries for decision making.	Not Stated	Develop a comprehensive risk appetite statement that defines tolerance levels for individual enterprise risks. ELT	March 2021	Redefine Regional Councils enterprise risks context to the new risk policy and framework.	Complete bowties for six enterprise risks and update the FARS risk report one pagers accordingly.	At risk – borders may limit access to trainer / facilitator. Viability of Zoom v delay will be analysed
Leadership and Direction - Risk system continuous improvement.	Not Stated	Incorporate into the risk policy and framework a risk vision. Tailor the Council's risk policy and framework to align to the strategy. Develop a risk maturity roadmap to execute the risk vision. Risk & Assurance Lead	September 2020	Council approved risk policy includes a risk vision that aligns to the C&S approved risk maturity roadmap. And, the risk policy and framework tailored based on HBRC's strategy.		Closed
People and Development - Risk roles and responsibilities beyond the risk and assurance lead were not defined. With no risk related training.	Not Stated	Develop a competency framework to upskill staff on risk and embed the risk policy. Communicate and train BU on the risk policy and framework. Provide targeted training to specialist risk roles e.g. risk champions. ELT and Risk and Assurance Lead	October 2021		In conjunction with Group Managers identify a Risk Champion in each Group.	On track
Processes and Tools - For risk assessment and mitigation.	Not Stated	Through a single risk management policy and framework ensure that clear risk and control identification and assessment criterion exists. Risk and Assurance Lead	September 2020	Council approved risk framework includes a criteria of risk and control identification and assessment. With recommended tools.		Closed

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Internal Audit – Risk Management Maturity – June 2020						
Finding / Theme	Priority Rating	Action and Owner	Due Date	Milestone Achieved Since Last Report	Milestone For Next Report	Tracking Status
Processes and Tools - For assurance.	Not Stated	Develop a formal assurance framework based on the 'three lines of defence model'. Framework should ensure assurance targets critical council functions and activities applying a risk based approach. Risk and Assurance Lead	July 2021		Develop a Regional Council assurance framework for Council adoption and approval. Develop a targeted approach to implement subject to framework approval.	On track
Process and Tools - For risk monitoring and reporting.	Not Stated	Reformatted risk reporting to enhance visibility can be developed when the risk policy and framework is approved by Council. However, risk reporting will be subject to continuous improvement as the risk system matures e.g. the incorporation of key risk/control indicator trend reporting. Risk and Assurance Lead	September 2021	Frequency and minimum criteria for risk reporting incorporated into the risk management policy and framework. Phase one 'new look' risk report presented to the FARS for endorsement.	Update risk reporting to reflect insights from risk bowties as these are completed.	On track
Business Performance – Strategic risk management.	Not Stated	Strategic planning cycle to include a review of enterprise risks to better link and integrate the risk register and LTP. Risk & Assurance Lead & Strategy and Governance Manager	September 2021		Complete bowties for six enterprise risks and update the FARS risk report one pagers accordingly.	On track
Business Performance – Managing Risk in Partnerships.	Not Stated	Develop risk and performance monitoring of key third parties. Ensure contingency planning is included. Risk & Assurance Lead	December 2020		Complete bowtie analysis for the third party risk. In the risk workshop identify the top 20 highest risk third parties.	At risk – this enterprise risk is not prioritised for bowtie pre Xmas

Internal Audit – Risk Management Maturity – June 2020						
Finding / Theme	Priority Rating	Action and Owner	Due Date	Milestone Achieved Since Last Report	Milestone For Next Report	Tracking Status
Business Performance – Business resilience ensure continuity planning is sufficient to cover HILP events.	Not Stated	Develop a process to assess disruptive and extreme events (low probability high impact ‘HILP’ events). Risk & Assurance Lead	December 2021		Develop a roadmap to enhance continuity plans include business impact risk assessments based on HILP events. Stress test on a ‘denial’ premise.	On track
Business Performance – Change and transformation.	Not Stated	Develop a change management framework to ensure a portfolio view of risks related to significant change is managed. Marketing & Communications Manager	September 2021		Recruit fixed term Change Management Resource to focus on corporate maturity / readiness that can develop a change management framework and strategy while managing current change projects. It is expected to transition the role into a permanent position through the LTP.	On track

Internal Audit – Procurement & Contract Management – May 2018						
Finding / Theme	Priority Rating	Action and Owner	Due Date	Milestone Achieved Since Last Report	Milestone For Next Report	Tracking Status
Lack of evidence for procurement decisions.	High	Procurement plan template designed based on MBIE/NZTA best practice guidelines; implemented Procurement Lead	Sept 2020	Completed as part of amendments to procurement manual, approved by Council Sept 2020.		Closed
Lack of contract evaluation.	Medium	Policy and manual updated; evaluation criteria included in selection and post contract performance evaluation Procurement Lead	Sept 2020	Policy and manual amendments approved by Council Sept 2020 - Completed.		Closed

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Internal Audit – Health and Safety – Sept 2018						
Finding / Theme	Priority Rating	Action and Owner	Due Date	Milestone Achieved Since Last Report	Milestone For Next Report	Tracking Status
Improve indicator risk control reporting.	High	Bow tie analysis for identified critical risks to ensure hierarchy of controls To enhance lead indicators. Senior Health, Safety & Wellbeing Advisor and Risk & Assurance Lead	March 2021	Draft Bowtie created.	Finalise bowtie with critical controls.	On track
Update of Health and Safety Manual.	Medium	Review Manual Senior Health, Safety and Wellbeing Advisor	October 2020	Health and Safety Manual in final draft.	Health and Safety Manual scheduled for Executive Leadership Team final sign off.	On track
Move towards Lead Indicators.	Medium	Health and Safety Manual to include Lead Indicators Senior Health, Safety & Wellbeing Advisor	June 2021	Lead/Lag narrative included in Health and safety Manual update. Lead indicators identified.	Reporting on lag/lead indicators as part of ELT Dashboard reporting.	On track
Improve Incident reporting detail to include Root Cause Analysis (5 Why's).	High	Update incident reporting form to include root cause analysis (5 Why's) Senior Health, Safety & Wellbeing Advisor	June 2021	Update to incident form underway to include 5 Why's.	Finalise update and improvement to incident reporting across the organisation.	On track
Increased reporting to ELT.	High	Create dashboard report for health and safety reporting. Senior Health, Safety & Wellbeing Advisor	March 2021	Improved draft dashboard created for ELT.	Dashboard delivered to ELT and Council.	On track
Increased visibility of health and safety activity by ELT.	High	ELT representative attends quarterly Health and Safety Committee Meeting Senior Health, Safety & Wellbeing Advisor	March 2021	Regular and minuted ELT attendance at quarterly meetings.	Continued attendance of ELT at quarterly meetings.	On track

Internal Audit – Health and Safety – Sept 2018						
Finding / Theme	Priority Rating	Action and Owner	Due Date	Milestone Achieved Since Last Report	Milestone For Next Report	Tracking Status
Improvement in Contractor Inductions.	Medium	Review induction process of contractors and service providers Senior Health, Safety and Wellbeing Advisor	September 2020	High risk contractors identified for site observation visits overseen by the Senior Health, Safety and Wellbeing Advisor..	Review of induction process via survey developed, delivered and corrective outcomes identified.	Behind – initial indication was a CI only. However remediation is wider and now linked to action below due 08/21
Improvement in Contractor Engagement process.	Medium	A full review of contractor inductions across all risks Senior Health, Safety & Wellbeing Advisor	August 2021	Initial discussions with Procurement Team initiated regarding wider project.	Develop a contractor management audit programme.	On track

Internal Audit – Cyber Security – August 2019						
Finding / Theme	Priority Rating	Action and Owner	Due Date	Milestone Achieved Since Last Report	Milestone For Next Report	Tracking Status
Asset management – Software & application inventory– IT oversight and value as a service.	High	Automate as many software updates as possible. Chief Information Officer	Sept 2020	Software updates now automated.		Closed
As above	High	Update and review software list annually. Chief Information Officer	Sept 2020	2020 Annual Review completed		Closed
Asset management – Software & application inventory – Legacy Systems.	High	Develop an architecture strategy that considers long term phased replacement of legacy systems, including documenting the legacy software components and systems. Chief Information officer	December 2021 – if funding request accepted	Catalogued legacy systems. Reviewed ICT roles to ensure legacy system support.	Requested resourcing in LTP to develop enterprise architecture and IT Strategy. Requested resourcing in LTP for projects to modernise remaining legacy systems.	On track Note action is defining the strategy – implementation for legacy systems will take over 10 years with current resourcing

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Internal Audit – Cyber Security – August 2019						
Finding / Theme	Priority Rating	Action and Owner	Due Date	Milestone Achieved Since Last Report	Milestone For Next Report	Tracking Status
Asset management – Software & application inventory– Inventory	High	Reviewed and documented all software used at HBRC. Chief Information officer	Oct 2019	Documented software inventory reviewed.		Closed
Asset management – Software & application inventory – Legacy Systems.	High	High-level documentation of software components. Chief Information officer	Dec 2019	High level documentation complete.		Closed
As above.	High	Review software versions in use and compare to latest available. Chief Information officer	Mar 2020	Implemented a system to capture all software and versions.	IT Support team are reviewing the list of active software, and updating old versions – starting with areas of highest risk.	Behind
As above.	High	Finance System Replacement Chief Information officer	June 2021	Completed Enterprise Budgeting. Work commenced on HR & Payroll plus Financials.	Payroll planned to go live 1/4/21.	On track
Access Control – Principle of least privilege – Periodic Review.	High	Perform an annual review of access to HR and Regulatory systems (adding this to the current AuditNZ reviews of core and finance systems). Chief Information officer	Sept 2019		Review access of HR and Regulatory systems. Request for new HR system in LTP. This would include HR access review.	Behind
Access Control – Principle of least privilege – Enforce the principle of least privilege.	High	Reviewed and reduced domain administrator access. Chief Information officer	Oct 2019	Domain administrator access reviewed and reduced.		Closed

Internal Audit – Cyber Security – August 2019						
Finding / Theme	Priority Rating	Action and Owner	Due Date	Milestone Achieved Since Last Report	Milestone For Next Report	Tracking Status
Access Control – Principle of least privilege – Legal & Regulatory requirements.	High	Identified systems containing confidential data and tightened up processes for assigning access rights for new users Chief Information officer in conjunction with Risk and Assurance Lead	Oct 2019	Information Management Advisor recruited- due to commence in role on 30 November 2020.	Stocktake with business to assess what information and records are held and where including PII. With Information re-baseline due date based on scope of remediation and linkage to ICT Governance below.	Behind - Date needs rebaselining. Part of wider information management project – dedicated resource to strengthen data management now recruited
Access Control – Principle of least privilege – Periodic Review.	High	Reviewed Active Directory Accounts – archiving accounts by last logon date > 60 days Chief Information officer	Oct 2019	Accounts directory reviewed with >60days archived.		Closed
Access Controls – External Information Systems – Password Managers.	Medium	Investigate and evaluate solutions for single sign-on / password management. Chief Information officer	Sept 2020		Requested resourcing to evaluate solutions for implementation.	Behind
Business Environment – Resilience requirements — IT Disaster Recovery Plan – resilience requirements.	High	Implement DR Technology Changes and Test Disaster Recovery processes and environment. Chief Information officer	Dec 2021	Request funding for ICT Disaster Recovery Project.	Scope and design a Disaster Recovery solution when funding is available.	On track
As above.	High	Develop cybersecurity incident management processes based on CERT NZ guidelines. Including, developing templates for incident response and post incident review. Chief Information officer	Mar 2020	Response process drafted and response templates complete.		Closed

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Internal Audit – Cyber Security – August 2019						
Finding / Theme	Priority Rating	Action and Owner	Due Date	Milestone Achieved Since Last Report	Milestone For Next Report	Tracking Status
Governance – Information security policy framework – Policy Review Required.	Medium	ICT Governance - firstly, assess the quality of Councils ICT policy framework against good practice including the development of a RACI matrix for cybersecurity roles outlined in the matrix. Chief Information officer in conjunction with Risk and Assurance Lead	June 2020	Identified all ICT Policy documents and checked their review dates and the review process.	Define Council's risk appetite for enterprise risk 5 'information security'. Assess gap to systemise, develop business case and project plan that incorporates updating ICT governance documentation.	Behind – broader Information security strategy – also links to PII, DR and third parties
Anomalies & events, Security Continuous Monitoring & Detection Processes – Monitoring/Detection – Alerts.	Medium	Setup a central mailbox for system alerts. Chief Information officer	Oct 2019	Central mailbox activated for alerts.		Closed
As above.	Medium	Add critical alerts to our monitoring dashboard. Chief Information officer	Mar 2020	Central mailbox above is sufficient.		Closed
Information Protection Processes & Procedures – Third parties – Contractors Responsibilities.	Medium	As part of policy review , ensure risk based decision is made around contractors including system access by contractors and third parties are covered by policy. Chief Information officer in conjunction with Risk and Assurance Lead	June 2020		Define Council's risk appetite for enterprise risk 5 'information security'. Assess gap to systemise, develop business case and project plan that incorporates managing information risks from third parties.	Behind – refer update under ICT governance due date needs rebaselining as the solution requires integration with other key management systems.
Maintenance – remote access is managed (third parties) – Maintenance.	Medium	Implement 'enable on demand' access for third party providers. Chief Information officer	Oct 2019	Accounts disabled by default, and enabled when requested for a fixed period.		Closed

Internal Audit – Cyber Security – August 2019						
Finding / Theme	Priority Rating	Action and Owner	Due Date	Milestone Achieved Since Last Report	Milestone For Next Report	Tracking Status
Access control – Remote access is managed (mobile devices)– Mobile device management.	Low	Continue the planned deployment of asset management tools for mobile devices. <i>Chief Information officer</i>	Ongoing	Implemented Microsoft Intune to manage mobile devices. Completed June 2020.		Closed

Tracking Status	Key
On track	Milestones on track to meet due date
At risk	Milestones falling behind putting at risk delivery on due date
Behind	Milestones outstanding due date will not be met
Closed	Corrective action fully implemented

Item 6

Attachment 2

HAWKE'S BAY REGIONAL COUNCIL
FINANCE AUDIT & RISK SUB-COMMITTEE

Wednesday 11 November 2020

Subject: SUB-COMMITTEE WORK PROGRAMME NOVEMBER 2020 UPDATE

Item 8

Reason for Report

1. In order to ensure the sub-committee's ability to effectively and efficiently fulfill its role and responsibilities, an overall update on its work programme is provided following.

Task	Item	Scheduled / Status
Internal Audits	Cyber Security follow-up for FARS	Status of management actions now tracked in a dashboard and reported as a separate paper to 11 November FARS
	Risk Management Maturity Assessment	Status of management actions now tracked in a dashboard and reported as a separate paper to 11 November FARS
	Internal Audit Follow-up (Audit of Audits) including Contracts Management, Water Management, Procurement, Health & Safety	Status of management actions for Contracts Management, Procurement and Health and Safety now tracked in a dashboard and reported as a separate paper to 11 November FARS meeting. Note no outstanding actions were reported for Water Management.
	2020-21 internal audit plan	Status of 2020-21 internal audit plan now tracked in a dashboard and reported as a separate paper to the 11 November FARS meeting.
Risk Assessment & Management	Risk Maturity Roadmap	Bowtie analysis for Tier 1 enterprise risks ongoing. Bowtie analysis demonstration presented to the FARS at the 11 November meeting.
Insurance	Placement of insurance required within timeframes	In June, along with Councils from Hawke's Bay, Manawatu-Wanganui and Bay of Plenty, HBRC conducted an RFP for insurance brokers. This resulted in the Hawke's Bay councils changing insurance brokers for its above-ground insurances to AON NZ Ltd from Marsh. AON has conducted an Insurance Risk Profile to better inform the insurance placement and to develop an Insurance Maturity programme. We are waiting for this report. Placement for 1 November is underway.
Annual Report	Completion of the Annual Report and the adoption prior to the statutory deadline with an unqualified audit option	Scheduled for 'recommendation to 16 December 2020 Council for adoption' at extraordinary FARS meeting on 2 December
LGA S17a Efficiency Reviews	Works Group	Review completed and subject of 11 November FARS meeting agenda item
	Biosecurity	Review report completed and presented to 10 September Environment & Integrated Catchments Committee, with progressing of actions in response to recommendations under way through the LTP process.

Decision Making Process

2. Staff have assessed the requirements of the Local Government Act 2002 in relation to this item and have concluded that, as this report is for information only, the decision making provisions do not apply.

Recommendation

That the Finance, Audit and Risk Sub-committee receives and notes the "*Sub-committee Work Programme November 2020 Update*" staff report.

Authored by:

Leeanne Hooper
TEAM LEADER GOVERNANCE

Helen Marsden
RISK AND ASSURANCE LEAD

Bronda Smith
CHIEF FINANCIAL OFFICER

Approved by:

Jessica Ellerm
GROUP MANAGER CORPORATE SERVICES

Attachment/s

There are no attachments for this report.

HAWKE'S BAY REGIONAL COUNCIL
FINANCE AUDIT & RISK SUB-COMMITTEE

Wednesday 11 November 2020

Subject: SECTION 17A REVIEW OF THE HBRC WORKS GROUP

That Hawke's Bay Regional Council excludes the public from this section of the meeting, being Agenda Item 9 Section 17a Review of the HBRC Works Group with the general subject of the item to be considered while the public is excluded; the reasons for passing the resolution and the specific grounds under Section 48 (1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution being:

GENERAL SUBJECT OF THE ITEM TO BE CONSIDERED	REASON FOR PASSING THIS RESOLUTION	GROUNDS UNDER SECTION 48(1) FOR THE PASSING OF THE RESOLUTION
Section 17a Review of the HBRC Works Group	<p>s7(2)(f)(ii) The withholding of the information is necessary to maintain the effective conduct of public affairs through the protection of such members, officers, employees, and persons from improper pressure or harassment.</p> <p>s7(2)(a) That the public conduct of this agenda item would be likely to result in the disclosure of information where the withholding of the information is necessary to protect the privacy of natural persons.</p>	The Council is specified, in the First Schedule to this Act, as a body to which the Act applies.

Authored and Approved by:

Chris Dolley
GROUP MANAGER ASSET MANAGEMENT