



Meeting of the Finance Audit & Risk Sub-committee

Date: Wednesday 7 March 2018
Time: 9.00am
Venue: Council Chamber
Hawke's Bay Regional Council
159 Dalton Street
NAPIER

Agenda

ITEM	SUBJECT	PAGE
1.	Welcome/Notices/Apologies	
2.	Conflict of Interest Declarations	
3.	Confirmation of Minutes of the Finance Audit & Risk Sub-committee meeting held on 4 December 2017	
4.	Follow-ups from Previous Finance Audit & Risk Sub-committee Meetings	3
Decision Items		
5.	Six-Monthly Risk Assessment and Management Update	7
6.	Procurement Internal Audit Scope and Water Management Internal Audit Progress Update	21
Information or Performance Monitoring		
7.	HBRC Works Group Update	33
8.	Resource Management Information System Implementation Update	35
9.	Local Government Act Section 17a Reviews	39
10.	March 2018 Update on the Sub-committee Work Programmes	41

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

Wednesday 07 March 2018

SUBJECT: FOLLOW-UPS FROM PREVIOUS FINANCE AUDIT & RISK SUB-COMMITTEE MEETINGS

Item 4

Reason for Report

1. In order to track items raised at previous meetings that require follow-up, a list of outstanding items is prepared for each meeting. All follow-up items indicate who is responsible for each, when it is expected to be completed and a brief status comment. Once the items have been completed and reported to the Committee they will be removed from the list.

Decision Making Process

2. Council is required to make every decision in accordance with the Local Government Act 2002 (the Act). Staff have assessed the in relation to this item and have concluded that as this report is for information only and no decision is required, the decision making procedures set out in the Act do not apply.

Recommendation

That the Finance, Audit and Risk Sub-committee receives and notes the report "***Follow-ups from Previous Finance Audit and Risk Sub-committee Meetings***".

Authored by:

**Leeanne Hooper
GOVERNANCE MANAGER**

Approved by:

**Jessica Ellerm
GROUP MANAGER CORPORATE
SERVICES**

Attachment/s

- [!\[\]\(54a282d3ed55c9b1ac66d6fb81d5de2b_img.jpg\) 1](#) Follow-ups from 4 Dec 2017 FA&R meeting

Follow-ups from Finance, Audit & Risk Sub-committee Meetings

4 December 2017

	Agenda Item	Follow-up / Request	Person Responsible	Status Comment
1	Risk Management Update	Include a summary page of what has changed in future reports	M des Landes	This has been included in Risk Management paper.

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

Wednesday 07 March 2018

Subject: SIX-MONTHLY RISK ASSESSMENT AND MANAGEMENT UPDATE

Item 5

Reason for Report

1. To provide the Sub-committee with a six monthly review of the risks that Council is exposed to and the mitigation actions in place to manage Council's risk profile.

Background

2. The Sub-committee last considered the risk management report at its meeting held 4 December 2017. The updated risk register is attached.
3. Following on from a series of risk management workshops held in January/February and executive interrogation of findings, high consequence risks and upwards trending risks, attached is the latest risk management update for Councillors review.
4. At the previous meeting, Councillors requested an update on anything that has "moved" in the risk register, along with a request for a report on consideration of project risks **(attached)**.

Key Changes

5. While not exhaustive, commentary around most significant changes has been provided below of any major changes or action points to the risk register for Councillors attention. Items listed below are in addition to risk management strategies already reported on previously.
6. All key strategic level risks now have a dedicated "risk owner" is to remain accountable for action points and follow ups.
7. Consideration of education of non ICT staff of ICT risks due to potential high causation factor as well as consideration of independent audit of our ICT security and backups.
8. Recognition of Joint Drinking Water Groups is proving effective. Some additional work required in clarity of responsibility of monitoring small scale/self-supply bores - to be addressed during upcoming group meetings.
9. Recognition of stress and fatigue as a Health and Safety issue that may affect staff's wellbeing and performance. To be covered by executive during their next "away day".
10. Staff have requested shorter/higher frequency Civil Defence training to ensure the knowledge of their roles is current in how to respond to an emergency. This is to be reviewed as part of a Civil Defence training review.
11. Due to the current LTP process underway, it has been recognised that the failure to meet public expectations risk should be elevated to high. These are being mitigated through open and effective communication strategies.
12. Due to the proposal of several new highly skilled/experience staff, the ability to retain and attract appropriately skilled staff risk has also been elevated to "high". While Council provides good training and is proud of its culture, it also recognised the ability to attract staff to both Hawke's Bay and a Council environment may be a challenge.
13. It has been recognised that Council's current contract engagement and monitoring could provide for extra efficiencies. A procurement audit is scheduled with results to be available in June whereby Council will review and enact any recommendations from the findings it deems viable.

Project Risks

14. During the recently conducted risk management workshops, specific project risks were added as an additional element to discussions. Five topical/high risk projects were identified and discussed along with what potential risks we may face with the execution of these projects.
15. Projects reported on are Plan Change 6, TANK, Iris Implementation, Coastal Strategy and Hot Spots (FIF's). In addition to this, discussions were held as to what Council is doing to mitigate any risks that may arise as a result of these projects.
16. It is important to note that this is in addition to the risk mitigation strategies Council already conducts as an organisation. Project risk mitigation methods have been listed as specific to each project and is an additional layer to what is already recorded in the risk register.
17. Budgeting and planning regarding an organisational project management system including common methodologies and a consistent approach to project management has been initiated. It has been decided that this sits under the Corporate Services function and there is sufficient budget in the LTP to allow for this.
18. It is intended that project risks are to be embedded in future risk management discussions and strategies in the future.

Decision Making Process

19. Council is 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:
 - 19.1. The decision does not significantly alter the service provision or affect a strategic asset.
 - 19.2. The use of the special consultative procedure is not prescribed by legislation.
 - 19.3. The decision does not fall within the definition of Council's policy on significance.
 - 19.4. The persons potentially affected by this decision are staff or persons in the community that rely on Council services.
 - 19.5. Options for Council in regard to this paper are to defer or not consider risks that this Council is exposed to. This paper adopts the option of Council reviewing the risk profile.
 - 19.6. The decision is not inconsistent with an existing policy or plan.
 - 19.7. 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

1. That the Finance, Audit and Risk Sub-committee:
 - 1.1 Receives and considers the **"HBRC Risk Assessment and Management"** staff report.
2. The Finance, Audit and Risk Sub-committee recommends that the Corporate and Strategic Committee:
 - 2.1. Agrees the decisions to be made are not significant under the criteria contained in Councils' adopted Significance and Engagement Policy, and that Council can exercise its discretion and make decisions on this issue without conferring directly with the community.
 - 2.2. Confirms the Finance Audit and Risk Sub-committee's confidence that the risk assessment processes are appropriate processes to identify and assess organisational risks.

Authored by:

**Melissa des Landes
MANAGEMENT ACCOUNTANT**

Approved by:

**Jessica Ellerm
GROUP MANAGER CORPORATE
SERVICES**

Attachment/s

- [↓1](#) HBRC Risk Register March 2018
- [↓2](#) March18 Key HBRC Projects Risk Management

Risk Descriptor - details the main component and provides an example of a risk(s) that may be attributable	Risk Type	Gross Risk (no effective measures in place)			Current Practice/Strategy (Avoidance and mitigation measures)	Effectiveness	Residual Risk (considering measures in place)			Management Options	Risk Owner	Trend
		Consequence	Likelihood	Factor			Consequence	Likelihood	Factor			
Human Health impacts from contamination of drinking water - death or illness as a result of render water unusable to consume and/or use for food preparation. Further impacts may include impacts to agricultural and pastoral activities	Public Health Organisational Reputational Environmental Financial	Extreme	Likely	Extreme	<ul style="list-style-type: none"> * Increased monitoring of bores and testing of water supply - targeted testing of consents situated within area near known municipal drinking water bores * Operation of regional Joint Working Group & Joint Governance Group for drinking water * Enforcement of consents (including wastewater, stormwater, drinking water & other consents) * Focus on on going open communication between relevant authorities * Increasing staffing proposed in LTP for consents/compliance to address need for greater physical monitoring of bores (also recommended by compliance review) * Voluntary bore owner assessment/remediation - supply of report of security to HBRC * Internal audit on critical water infrastructure assets monitoring currently underway with results scheduled to be presented in June 	Effective	Extreme	Highly Unlikely	Moderate	<ul style="list-style-type: none"> * Continue with better collaboration and communication between relevant stakeholders (including District/City Councils and Health Boards) * Potential for advocacy role and clarification is established between all stakeholders as to where responsibility lies * Review of HBRC disclaimers and consents to ensure clarity * Review of risk based approach to water monitoring * Review resourcing/contractors to aid in monitoring * Set up a contingency fund to contract in resource to help with monitoring if needed * Review of regional plan to provide for monitoring for ongoing life of bore * Additional surveying of bores - proposal of environmental officer dedicated solely to water * Application of NES for drinking water (additional control of activities that may have an affect on public drinking water supplies) * Clarity of responsibility of monitoring of self supply and small scale bores 	Group Manager - External Relations	↑
ICT Failure - Business Wide. Risk being loss of data and/or inability to access ICT systems. Causes could include cybersecurity attack, intentional and malicious behaviour by staff or a significant hardware failure.	Organisational Reputational	Extreme	Near Certain	Extreme	<ul style="list-style-type: none"> * Server refresh cycles and server room restrictions * Antivirus software and Firewalls * Back ups (including off site backups) * ICT acceptable use policy * Access control * Generator * Robust vendor selection process * Independent cyber security audit * Staff training including regular reminders to staff * Cyber security insurance implemented 2017 (also covers Cloud) 	Satisfactory	High	High	High	<ul style="list-style-type: none"> * Cyber security risk is increasing - ensuring staff are aware of the risks and how to detect any scam activity * Formalised incident reporting and assessment * Repeat of previously held "phishing training" * Independent audit on appropriate controls in place (to include penetration testing) * Improved staff wide understanding of ICT backup plans * Improved staff consultation when implementing or altering an ICT system or process 	Group Manager - Corporate Services	↑
Health and Safety of Staff and Public - staff working in the field or otherwise. Staff working alone and/or in potentially dangerous locations and terrain. Aggressive people and animals.	Health and Safety Organisational Reputational	Extreme	Likely	Extreme	<ul style="list-style-type: none"> * E-Road. Vehicle management and GPS system * Improved structure and formality around working alone including buddy system * Provide appropriate emergency location devices for staff working in remote locations or other high risk work situations * Regular Health and Safety training and policies in place. Working alone policy has been modified. * Appropriate PPE always provided * Site safety plans - to be filled out on a daily basis * Liability Insurance * Development, and regular review of Codes of Practice (COP) for safe work practices across the full range of Council work * Corporate Risk Management Framework (H&S Committee) 	Effective	High	Unlikely	Moderate	<ul style="list-style-type: none"> * Staff to consider the use of on person recording devices * Option to capture training and an 'action register' to be created when staff are required to upgrade/renew training * Investigate benchmarks to ensure we are meeting standards as a minimum (i.e. 4WD training) * Creation of organisation wide "risk averse culture" * Consider the replacement of ATV's with LUV's for various field staff use as an alternate option * Regular review and updating of COP's * Training to assist staff recognise signs of stress and/or fatigue, particularly for those where it may impact their duties 	Human Resources Manager	↑
Preparedness of CDEM and HBRC staff to respond effectively in a regional emergency - communication, resources and capability being adequate	Public Health and Safety Organisational Reputational	Extreme	Likely	Extreme	<ul style="list-style-type: none"> * Trained staff on how to respond in an emergency to ensure safety of others and themselves * Activation exercises * Joint approach with other local Council's * Relationships with business who have resources that could be borrowed in an emergency * Regular testing of buildings and equipment to ensure minimum requirements are met, and will function as expected during an emergency * Relationship development with other agencies * Alterations of current response facility to commence in May to ensure 100% Level 4 Building Standards 	Effective	Moderate	Unlikely	Moderate	<ul style="list-style-type: none"> * Continue to build on relationship management with other stakeholders * Investigate resourcing options for dedicated CDEM communications advisor * Continue to educate public using social media and other forums on what to do in case of an emergency * Enact any findings from post exercise/event * Review CDEM funding model * Progress community resilience plans across high risk communities * Shorter but higher frequency of training to ensure that staff are still relevant and able to attend training sessions * Continue with targeted training (currently underway Napier/Napier South) * CDEM considerations to be understood and included in various projects 	Group Manager - Civil Defence	↑
Infrastructure Failure - flood control and drainage assets failure resulting in loss and/or hardship to community and assets	Organisational Financial Reputational Public Health	Extreme	Likely	Extreme	<ul style="list-style-type: none"> * Ongoing data collection to enable return period estimates to be improved over time * Professional engineers and hydrologists * Best design practice followed * Review of levels of service undertaken when required * Disaster damage reserves held in line with Council policy * Asset management plans currently being finalised 	Effective	High	Unlikely	Moderate	<ul style="list-style-type: none"> * Continue with asset management plans * Continuing staff development * National guidelines for asset risk and condition - standardised flood protection * Consider secondments or national pool of qualified engineers for high demand times when specialist knowledge is required 	Group Manager - Asset Management	↑
Risk of contaminated site infecting aquifer - Pollutants spilling out into aquifer resulting in compromised water safety	Public Health Organisational Reputational Environmental Financial	Extreme	Unlikely	Extreme	<ul style="list-style-type: none"> * Maintenance of 'HAIL' register * Strategic monitoring and review * Control of contaminated soils through consents * Enforcement of consents with provision of certain actions to be addressed * Physical remediation with site monitoring and enforcement * Compliance team review completed and additional resourcing requested through LTP 	Effective	High	Unlikely	Moderate	<ul style="list-style-type: none"> * Review of hazards management programme * Education and encouragement of correct disposal methods * Create a pamphlet on good storm water guidance practice * Engage in a collaborative approach with other TLA's * Monitoring reports 	Group Manager - External Relations	↑
Disruption to Business Continuity - Inability to perform business functions due to staff, building or equipment loss, or system failure	Organisational Reputational	High	Likely	High	<ul style="list-style-type: none"> * Appropriate insurance cover * Contingency in place for provision of office space and equipment * RMG wide quality management system * ICT backups * Business Continuation Plan in place (reviewed annually) * Cyber security insurance implemented 2017 	Satisfactory	High	Highly Unlikely	Moderate	<ul style="list-style-type: none"> * Regular review of Business Continuation Plan * Improved staff wide training * Creation of 'one pager' go to guide that staff can refer to in the incidence of risk to Business Continuation * Centralised database of staff personal contact details in the event of a business outage 	Group Manager - Corporate Services	↑

Item 5

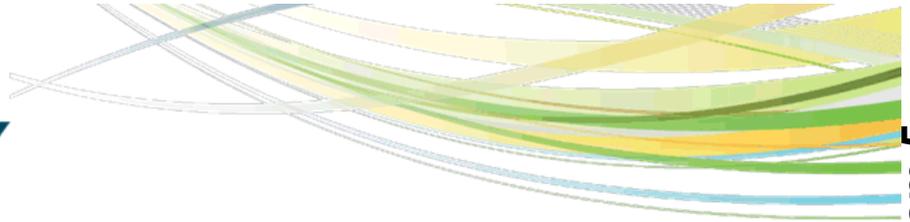
Attachment 1

Risk Descriptor - details the main component and provides an example of a risk(s) that may be attributable	Risk Type	Gross Risk (no effective measures in place)			Current Practice/Strategy (Avoidance and mitigation measures)	Residual Risk (considering measures in place)			Management Options	Risk Owner	Trend	
		Consequence	Likelihood	Factor		Effectiveness	Consequence	Likelihood				Factor
Co-governance of natural resources - may not meet objectives and/or expectations of public	Environmental Organisational Reputational	High	Likely	High	<ul style="list-style-type: none"> * Work programme - resource in place with responsibilities for progressing co-governance issues * A collaborative process with Council working to improve relationship with Treaty Claimant Groups and Tangata Whenua * Strategic overview of how "nuts and bolts mesh" 	Effective	Moderate	Unlikely	Moderate	<ul style="list-style-type: none"> * Continue to build on relationship management with relevant stakeholders to ensure collaboration * Recognition of 80% voting rule may allow for delays in decision making processes * Code of Conduct to be extended to non-elected members 	Group Manager - External Relations	↔
Investment Portfolio - ability to receive expected dividends. Financial reliance on Napier Port in time of planned expansion	Financial Reputational	High	Likely	High	<ul style="list-style-type: none"> * Treasury Policy * Funding strategy development * Work Programme - Capital structure review * Napier Port holds insurance for material damage and business interruption 	Satisfactory	High	Unlikely	Moderate	<ul style="list-style-type: none"> * Continue with capital structure review * Alter funding mix to reduce reliance on Napier Port Dividend * Continue with communications strategy 	Group Manager - Corporate Services	↑
HBRIC Limited - Failure to meet objectives and performance measures as set out in approved SOI. Forecasted RWSS project now ceased to commence, resulting in "funding gap"	Financial Organisational Reputational	High	Likely	High	<ul style="list-style-type: none"> * Council control over appointment of Directors * Council approves SOI * Regular reporting from HBRIC to Council * Capital Structure Review 	Satisfactory	High	Unlikely	Moderate	<ul style="list-style-type: none"> * Continue with capital structure review * Clarity required over HBRIC's role and investment strategy * Continue with communications strategy 	Group Manager - Corporate Services	↑
Failure to establish and maintain relationships with key stakeholders/partners - TLA's, government, ratepayers, business partners, funding providers, media, Maori	Organisational Reputational	High	Likely	High	<ul style="list-style-type: none"> * Development of protocols/guidelines for staff * Establishment of scheduled reporting and meeting appointments with key stakeholders * Appointment of Maori Liaison Officer * Agreement to Memoranda of Understanding where appropriate and mutually agreed * Formation of joint working groups * Additional Tangata Whenua funding requested in LTP 	Effective	Moderate	Unlikely	Moderate	<ul style="list-style-type: none"> * Regular and proactive communication with stakeholders to maintain and build trust and enhance two way communication * Networking/relationship building training to be provided to staff * Additional staff visibility at relevant events * CRM (customer relations database) * Ensuring stakeholders (i.e. suppliers) understand our business and it's requirements 	Chief Executive Officer	↔
Failure to meet public expectations - insufficient clarity around organisation's financial position, priorities and strategy. Diffusion of resourcing and capability	Reputational	High	Likely	High	<ul style="list-style-type: none"> * Regular media releases * Strategic plan refresh * Public consultation on LTP - LTP process currently underway * Engagement with Councillor's (and other stakeholders) on specific issues to ensure clear communication strategy * Proactive information sharing i.e. media releases and reporting, publication of Works Group work programme in public spaces * Continuous improvement of internal alignment of strategy and purpose 	Effective	Moderate	Unlikely	Low	<ul style="list-style-type: none"> * Cross organisational engagement plan * Provision of clear breakdown of costs and resource implications to Councillors * Communications team to promote "good news stories" * General work programme to better engage with stakeholders 	Group Manager - Strategic Development	↑
Implementation of National Policy for Freshwater Management (NPSFM) - risk that aspects of policy do not meet minimum standards	Organisational Environmental Reputational	High	Likely	High	<ul style="list-style-type: none"> * Annual Report and Implementation Plan * Liaison with other councils and agencies (MFE and MPI) for guidance on NPSFM implementation * Long Term Plan and Annual Plan * On-going monitoring programme * Heavy involvement in relevant stakeholder groups 	Effective	Moderate	Unlikely	Moderate	<ul style="list-style-type: none"> * Continue with regular monitoring to ensure that minimum requirements are being met * Ensuring that planning processes are robust and fit for purpose * Have an adaptive cycle to ensure that changes can be made if required 	Group Manager - Strategic Development	↔
Implementation of new software - ensuring investment in RMIS allows for a successful and efficient installation, and ongoing maintenance	Organisational Reputational	Moderate	Likely	High	<ul style="list-style-type: none"> * Well-trained and adequately resourced staff - including employment of fixed term staff to assist with project implementation * Robust procurement plans * In-depth project implementation plans including ample software testing * Knowledge sharing with other Council's 	Effective	Low	Unlikely	Low	<ul style="list-style-type: none"> * Continue to monitor project status * Staff to investigate insurance for any BAU loss 	Group Manager - Corporate Services	↑
Ability for Council to deliver on planned projects - Annual Plan/LTP, "Hot spot" tidy up projects are delivered on time and to standard. Deliverance of gravel strategy.	Environmental Organisational Reputational	Moderate	Likely	High	<ul style="list-style-type: none"> * Ensuring appropriate project plan is in place * Strategic and suitably qualified staff to ensure projects are executed properly * Ensuring risks are adequately managed so staff time isn't diverted elsewhere * Regular communication to stakeholders including public to ensure expectations are met * Dedicated programme manager * Consideration of impact or influence of 3rd parties who may be misaligned with project goals 	Effective	Moderate	Unlikely	Moderate	<ul style="list-style-type: none"> * Continue to monitor projects to ensure deadlines are being met * Consider formalising project management discipline/training to all staff involved in projects * Full clarity of ownership on projects 	Group Manager - Corporate Services	↑
Ability to maintain awareness and understanding of relevant legislation - inability to comply with consents, statute and national standards.	Organisational Reputational	High	Likely	High	<ul style="list-style-type: none"> * Regular training and monitoring of legislation. * Ability for staff to make submissions on legislation changes * Independent advice provided when needed * LGNZ membership. Other relevant professional/government body memberships * RMG Improvement register logs and prioritises impending legislative changes 	Effective	Moderate	Unlikely	Low	<ul style="list-style-type: none"> * Ensure staff obtain advice when and where required * Ensure training is provided * Model and extend RMG improvement register to cover business wide legislative changes * Cross organisational ownership * Central database that provides updates on relevant legislation changes 	Group Manager - Strategic Development	↔

Risk Descriptor - details the main component and provides an example of a risk(s) that may be attributable	Risk Type	Gross Risk (no effective measures in place)			Current Practice/Strategy (Avoidance and mitigation measures)	Residual Risk (considering measures in place)				Management Options	Risk Owner	Trend
		Consequence	Likelihood	Factor		Description	Effectiveness	Consequence	Likelihood			
Social media - Ability to meet public expectations on timely and effective communication. Offensive language or comments.	Reputational	High	Likely	High	<ul style="list-style-type: none"> * Trained communications staff * New social media policy to cover policy on dealing with offensive language/comments * External Relations review * LGOIMA request protocols - policy last reviewed June 2017 and communicated to staff * Livestreaming of public Council meetings 	Effective	Moderate	Unlikely	Low	<ul style="list-style-type: none"> * Enact recommendations from External Relations review * Ensure staff are aware of policies in place * Emphasis on reporting of "good news" stories 	Group Manager - External Relations	↕
Ability to retain and attract appropriately skilled staff - several roles require highly technical skills. Required service levels may be impacted as a result of not being able to fill roles and/or staff resignations	Financial Organisational Reputational	Moderate	Likely	Moderate	<ul style="list-style-type: none"> * Remuneration at market rates * Regular professional development training provided to staff where applicable * Advertisement of roles outside of region to attract staff with specific skills. Recruitment consultants engaged where required * Strong staff culture including flexible working hours, open door policies * Ensuring ongoing training and staff advancement, and promote internally where possible * Cross skilling of staff where possible 	Satisfactory	Moderate	Unlikely	Low	<ul style="list-style-type: none"> * Emphasis on maintaining strong staff culture * Staff satisfaction and engagement survey to be conducted * Ensuring ongoing competitiveness in remuneration by using market surveys * Reward staff where possible and invest in their training and wellbeing * Establish clarity of roles * Provide flexibility in roles where possible * Branding and image opportunities * Remuneration flexibility (i.e. training, benefits etc.) 	Human Resources Manager	↑
Risk of staff providing incorrect or sensitive information to stakeholders - Either intentionally or unintentionally. Litigation arising as a result	Financial Organisational Reputational	Moderate	Unlikely	Moderate	<ul style="list-style-type: none"> * Ensuring staff are adequately trained before providing information * Peer review of public documents * Critical documents to be externally reviewed * Professional indemnity and Public liability insurances are held * Quality control of information held (i.e. passwords) 	Effective	Low	Unlikely	Low	<ul style="list-style-type: none"> * Implement privacy awareness training so staff are aware of their roles and responsibilities, including document management training and negligence 	Group Manager - External Relations	↕
Biosecurity Incident - Examples include a large scale biosecurity incident in Hawke's Bay such as foot and mouth outbreak. Beetle infestation. Pest control toxins leaked into agricultural food chain. Risk of failure of other organisations to fulfil their responsibilities.	Public Health Organisational Reputational Environmental Financial	High	Unlikely	High	<ul style="list-style-type: none"> * HBRC to act in a support role (MPI) however good relationships maintained with Central Government with regard to possible incident responses * Approved contractors to undertake biosecurity work * Auditing of farmers handling and distributing their own bait stations * Posion handling and bait distribution specification standards * Cape to City project - elimination of pests 	Effective	Moderate	Unlikely	Moderate	<ul style="list-style-type: none"> * Continue to maintain good relationships with Central Government * Investigate training of staff on how to respond to biosecurity incident * Proactive agreement with MPI. Regional biosecurity forum * Communication to staff regarding proper protocols in the event of an outbreak (i.e. location of stock) 	Group Manager - Asset Management	↕
Accuracy and integrity of financial information - ensuring statutory returns are filed accurately. Information provided to stakeholders is factual.	Financial Reputational	Moderate	Unlikely	Moderate	<ul style="list-style-type: none"> * Internal and External audit held routinely * Training of finance staff held frequently * Training sessions held with non-finance staff by finance staff * Fraud policy and training * Segregation of duties and correct authorisation levels in place - reviewed annually * Peer review of work 	Effective	Moderate	Unlikely	Low	<ul style="list-style-type: none"> * Peer reviews to be conducted when non-finance staff are responsible for producing financial information * Continue with internal and external audits and ensure recommendations are implemented and followed * CRM database 	Group Manager - Corporate Services	↕
Inadequate Contractor Management - resulting in unnecessary costs and/or insufficient output or quality. Poor or unsafe contractor performance.	Organisational Reputational	Moderate	Unlikely	Moderate	<ul style="list-style-type: none"> * Appropriate contracts in place as per procurement policy * Regular and increasing audits of contractor performance and safety * SiteWise to help ensure quality and compliance of contractor * Standardised contract available for staff to use 	Effective	Low	Unlikely	Low	<ul style="list-style-type: none"> * Ensure staff continue to follow correct procurement procedures * Continue to ensure contractors are inducted as per HBRC policies * Implement formalised contractor performance assessment process * Review of procurement processes - procurement internal audit scheduled for mid 2018 * Assessment of opportunities to have a "preferred supplier" where possible * Consider a procurement/contract manager role or HBLASS opportunity 	Group Manager - Corporate Services	↕

Item 5

Attachment 1



KEY PROJECT RISK EVALUATIONS

PROJECT Coastal Strategy

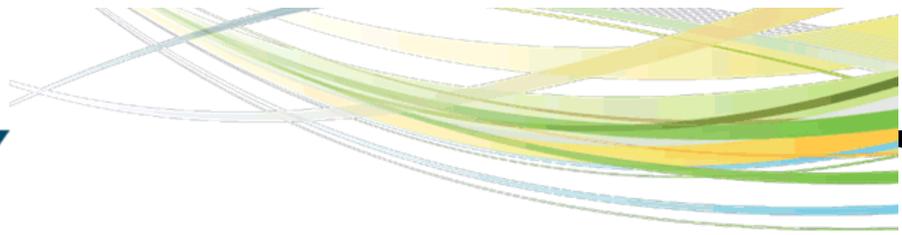
CATEGORY	RISK	PREVENTION/MITIGATION
HEALTH & SAFETY	<ul style="list-style-type: none"> Risk of Contractors performing work to an unsafe standard which may cause injury to themselves or public 	<ul style="list-style-type: none"> Requirement for Contractors to use SiteWise
FINANCIAL	<ul style="list-style-type: none"> Risk of budget exceeding expectations Funding of Coastal Strategy may cause pushback from relevant parties 	<ul style="list-style-type: none"> Regular budget monitoring Cost sharing with 2 x other Councils Consultation with ratepayers
SERVICE DELIVERY	<ul style="list-style-type: none"> Risk of project not proceeding to deliver pathways and purpose 	<ul style="list-style-type: none"> Consultation with correct stakeholders including partner Councils and Joint Committee structure 10 year review to monitor performance
LEGAL COMPLIANCE	<ul style="list-style-type: none"> Risk of breach of legislation such as the rating Act and LGA 	<ul style="list-style-type: none"> Professional legal advice sought where required
REPUTATIONAL	<ul style="list-style-type: none"> Risk of pushback from ratepayers and/or affected residents 	<ul style="list-style-type: none"> Special consultative process Panels/Joint committee set up to consider best possible options Partnership with 3 x Councils
OTHER	<ul style="list-style-type: none"> Risk of not doing something soon enough (doing nothing is not an option) 	<ul style="list-style-type: none"> Balance of timing and requirement to consult properly and consider and implement the best possible option

Residual Risk (considering measures in place)		
Consequence	Likelihood	Factor
Moderate	Unlikely	Moderate

PROJECT Hot Spot Projects (FIF's)

CATEGORY	RISK	PREVENTION/MITIGATION
HEALTH & SAFETY	<ul style="list-style-type: none"> Risk of staff member or contractor injuring themselves and/or members of the public 	<ul style="list-style-type: none"> Every project lead is to ensure that H&S format is followed Contractors have to be Site Wise registered H&S professional reviewing our plans for major projects (Whakaki and Tutira)
FINANCIAL	<ul style="list-style-type: none"> Risk of funding applications getting rejected Risk of budget exceedances 	<ul style="list-style-type: none"> Ongoing budget monitoring by dedicated project manager HBRC still has a minimum contribution of funds set aside so opportunity to still do work in these areas
SERVICE DELIVERY	<ul style="list-style-type: none"> Risk of funding may mean that service levels won't be as high as originally indicated 	<ul style="list-style-type: none"> Ability to still contribute to clean up projects albeit on a lower level Media releases re funding wins and challenges
LEGAL COMPLIANCE	<ul style="list-style-type: none"> Risk of landowners creating legal/compliance challenges for projects 	<ul style="list-style-type: none"> Working with landowners and keeping them informed Asking landowners for their feedback Getting landowners to sign to state that they agree to work being completed Ongoing maintenance plan in place to reassure stakeholders that work done will be kept to a standard
REPUTATIONAL	<ul style="list-style-type: none"> Risk of planned projects not being completed to standards expected by public/stakeholders 	<ul style="list-style-type: none"> Proactive media releases and updates Setting of realistic expectations (Central govt funding 'not guaranteed') Addition of works to asset register to ensure accountability and ongoing maintenance of asset
OTHER	<ul style="list-style-type: none"> Stakeholder groups may conflict on decisions Project scope creep 	<ul style="list-style-type: none"> Working with other agencies where possible to mitigate any potential roadblocks Adequately trained project managers using best practice methodology (Prince2) for managing projects

Residual Risk (considering measures in place)		
Consequence	Likelihood	Factor
Moderate	Unlikely	Low



PROJECT *Iris Implementation*

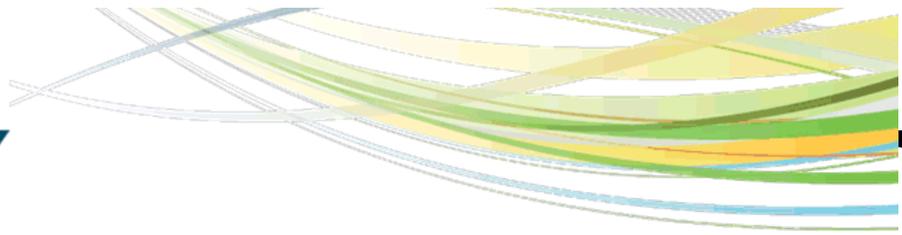
CATEGORY	RISK	PREVENTION/MITIGATION
HEALTH & SAFETY	<ul style="list-style-type: none"> Added pressure to staff and their roles 	<ul style="list-style-type: none"> Most roles have been backfilled with fixed term contracts Clear expectations set and understood from all parties
FINANCIAL	<ul style="list-style-type: none"> Ongoing costs of project implementation may cause project to exceed budget 	<ul style="list-style-type: none"> Regular budget reviews Ability to push back other work if staff required on implementation longer than expected
SERVICE DELIVERY	<ul style="list-style-type: none"> Staff who have been diverted to implementation roles may deviate from their planned BAU. product may not perform as expected 	<ul style="list-style-type: none"> Backfilling of roles Reassessment of work loads Additional input from SME's (subject matter experts) Revised project team Ability to adjust scope to better suit HBRC's requirements and standards
LEGAL COMPLIANCE	<ul style="list-style-type: none"> Product may not perform as expected with risks of compliance not being met 	<ul style="list-style-type: none"> Rigorous quality control and testing
REPUTATIONAL	<ul style="list-style-type: none"> The longer the time to implement, staff may lose credibility over process 	<ul style="list-style-type: none"> Regular status updates to staff Training and retraining closer to "go live"
OTHER	<ul style="list-style-type: none"> Risk of stakeholder relationship breakdown 	<ul style="list-style-type: none"> Regular contact, meetings, and training with relevant stakeholders (RSHL, Datacom etc.) Internal superuser training to build internal knowledge

Residual Risk (considering measures in place)		
Consequence	Likelihood	Factor
Low	Unlikely	Low

PROJECT TANK

CATEGORY	RISK	PREVENTION/MITIGATION
HEALTH & SAFETY	<ul style="list-style-type: none"> Possible stress and strain on staff due to being a high profile project 	<ul style="list-style-type: none"> Monitoring and review of staff work levels
FINANCIAL	<ul style="list-style-type: none"> Risk of costs exceeding budget 	<ul style="list-style-type: none"> Regular budget monitoring
SERVICE DELIVERY	<ul style="list-style-type: none"> Risk of scope creep Reliance on external stakeholders Reliance on other groups to provide information 	<ul style="list-style-type: none"> Regular status monitoring Build and maintain good relationship with stakeholders Proactive communication with other groups to receive information required Flexible and adaptive planning
LEGAL COMPLIANCE	<ul style="list-style-type: none"> Risk of breaching legislative requirements 	<ul style="list-style-type: none"> Legal review and advice sought where needed
REPUTATIONAL	<ul style="list-style-type: none"> Risk of lack of understanding of project – several years of collaboration over complex issues 	<ul style="list-style-type: none"> Proactive education Acknowledgement of controversial project Collaboration with approx. 30 stakeholder groups Ensuring a professional job is conducted

Residual Risk (considering measures in place)		
Consequence	Likelihood	Factor
Moderate	Unlikely	Moderate



PROJECT *Plan Change 6 (PC6)*

CATEGORY	RISK	PREVENTION/MITIGATION
HEALTH & SAFETY	<ul style="list-style-type: none"> Potential for under resourcing creating pressure for staff 	<ul style="list-style-type: none"> Additional staff requested in LTP
FINANCIAL	<ul style="list-style-type: none"> Risk of inability to recover costs from monitoring 	<ul style="list-style-type: none"> Funding to be sourced from rates - and consents can also be charged
SERVICE DELIVERY	<ul style="list-style-type: none"> Risk of failing to meet regulatory timelines 	<ul style="list-style-type: none"> Assisting farmers realise the significance of their requirements Ensuring compliance as easy as possible for farmers Compliance or enforcement action where required Proactive communication with regulators
LEGAL COMPLIANCE	<ul style="list-style-type: none"> Large number of legal obligations may expose HBRC to judicial review Risk of content being challenged/disputed Definitions/interpretations may be misleading 	<ul style="list-style-type: none"> Seek legal advice where required Example setting early on for those who fail to comply Interpretation guidelines to ensure clarity and consistency in approach
REPUTATIONAL	<ul style="list-style-type: none"> Farmers may not take PC6 seriously and fail to comply 	<ul style="list-style-type: none"> Requirement for HBRC to set precedent and enforce if and when required Proactive engagement with farmers and communications strategy
OTHER	<ul style="list-style-type: none"> Risk of farmers undermining/misleading system 	<ul style="list-style-type: none"> Accreditation process to ensure high quality plans

Residual Risk (considering measures in place)		
Consequence	Likelihood	Factor
High	High	High

Hawke's Bay Regional Council

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

Wednesday 07 March 2018

**Subject: PROCUREMENT INTERNAL AUDIT SCOPE AND WATER
MANAGEMENT INTERNAL AUDIT PROGRESS UPDATE**

Item 6

Reason for Report

1. To confirm the scope for the upcoming Procurement Internal Audit, and to provide the Sub-committee with an update on the status of the Water Management internal audit currently under way.

Background

2. At its meeting on 19 September 2017, the sub-committee agreed to internal audit work programme for the 2017-18 financial year to include Data Analytics, Water Management, and Procurement.
3. At its meeting 4 December 2017 the sub-committee received internal audit report on first audit in agreed work programme, "Data Analytics". Water Management scope has been agreed to and work is currently underway, Procurement scope to be reviewed at this meeting and work will commence following.

Data Analytics

4. The report on data analytics highlighted that Council has strong transactional processes for both payroll and accounts payable, however identified some possible improvements in its procedures.
5. Council has now applied the changes to controls by training staff on using a consistent approach when creating new supplier accounts thus reducing the possibility of entering a duplicate vendor. In addition to this process, staff are now performing a Companies Office search when setting up a new supplier to ensure supplier existence. Duplicate vendors have also been minimised by blocking any current duplicate suppliers. Staff have implemented an additional step of searching by IRD number before entering new suppliers to reduce the risk of multiple vendors being created in the future.
6. Another gap identified was a handful of invoices paid twice (albeit of minimal value) which was caused by a large volume of invoices being issued to staff. Council has worked with suppliers to ensure credits/refunds of these payments have been issued. Council has also negotiated with our catering suppliers to provide us with one weekly invoice, as opposed to several each week. This hasn't reduced payment frequency to these suppliers, however has reduced both time and paperwork for both parties, along with reduced risk of duplication of transactions.

Water Management

7. At its meeting on 4 December, the sub-committee agreed to "water management" internal audit scoping document. This assignment was originally intended to proceed immediately, however after this document was provided to Corporate & Strategic Committee 11 December, there were concerns raised around the breadth of the assignment.
8. It was agreed to refine the scope to cover local authority consent holders, and water sources that specifically affect the health and safety of the community. This scope was refined and presented to Council 31 January 2018, whereby the scope was agreed to by resolution. The internal audit fieldwork commenced immediately following.
9. The Water Management internal audit was originally scheduled to be presented to this sub-committee meeting, however due to alterations in the scope causing a delay of 8 weeks, this report will now be pushed out to the following sub-committee meeting scheduled for 6 June 2018.

Procurement

10. At its meeting held 19 September, the subcommittee agreed to its work programme for the 2017-18 financial year, the final audit for this period being procurement. A scoping document is attached for the sub-committees review, it is noted that the scope has been extended to include a review of payment of “living wage” to contractors.
11. Following resolution of the Procurement Scoping document, fieldwork is scheduled to commence immediately with findings to be presented at 6 June 2018 sub-committee meeting.

2018-19 Internal Audit Programme

12. At its meeting scheduled for 6 June, the sub-committee will receive a proposed work programme for the 2018-19 financial year, which will again consist of three separate audits spaced out over the financial year.
13. It is intended that relevant Group Manager is to review any future scoping documents prior to their presentation to the Finance, Audit and Risk Sub-committee to allow for specialist input. This will ensure that scoping documents are fit for Council’s purpose and operating environment, and will ensure efficiency in the process in future.
14. It is also planned for Council to speak with other HB LASS Council’s regarding their own internal work programme and maximise on information sharing opportunities where possible.

Decision Making Process

15. Council is 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:
 - 15.1. The decision does not significantly alter the service provision or affect a strategic asset.
 - 15.2. The use of the special consultative procedure is not prescribed by legislation.
 - 15.3. The decision does not fall within the definition of Council’s policy on significance.
 - 15.4. The decision is not inconsistent with an existing policy or plan.
 - 15.5. 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

1. That the Finance, Audit and Risk Sub-committee receives and notes the “Procurement Internal Audit Scope and Water Management Internal Audit Progress Update” staff report.
2. The Finance, Audit and Risk recommends that the Corporate and Strategic Committee:
 - 2.1. Agrees that the decisions to be made are not significant under the criteria contained in Council’s adopted Significance and Engagement Policy, and that the Committee can exercise its discretion and make decisions on this issue without conferring directly with the community and persons likely to be affected by or to have an interest in the decision.
 - 2.2. Approves the scope for the Procurement internal audit, including agreed amendments, and the initiation of the Audit.

Authored by:

**Melissa des Landes
MANAGEMENT ACCOUNTANT**

Approved by:

**Jessica Ellerm
GROUP MANAGER CORPORATE
SERVICES**

Attachment/s

[↓](#) 1 Procurement and Purchasing Audit scope



Item 6

Attachment 1

Hawke's Bay Regional Council Procurement and Purchasing Audit Planning Memorandum

25 February 2018

Draft for Discussion

Commercial in Confidence

Audit | Tax | Advisory



Commercial in Confidence

Contents

1	Objectives	3
2	Scope	3
3	Approach	4
4	Deliverable	4
5	Estimated hours	4
6	Acknowledgement and Acceptance	5

Draft for Discussion

The relationship you can count on

1 Objectives

The objective of this audit will be to assess the the current procurement procedures and strategies in place at Hawke's Bay Regional Council and to identify potential improvements to the efficiency and effectiveness of procurement activities.

2 Scope

The scope of the audit will cover three key areas of procurement and purchasing practice as follows:

- A benchmark of the Council's policies and procedures with regard to procurement contract tendering, selection and awarding against relevant sections of the following good practice guidelines and rules:
 - The NZ Government Rules of Sourcing
 - The OAG's good practice guide Procurement guidance for public entities.
 - The NZ Government Guide to Mastering Procurement.
 - Our own experience with local government and other public sector entities.
- A review of a sample of major procurement activities will be undertaken to assess compliance with the Council's policies and procedures covering tendering, supplier selection and the completion of contract documents and will include:
 - Assessing whether appropriate procurement planning has been undertaken to identify the optimum solutions for the Council and the local economy considering the size, complexity and risks of the proposed procurement.
 - Assessing whether quoting and tendering methods, polices and procedures have been adhered to and decisions made in line with delegated authorities.
 - Assessing whether tender evaluations have been performed appropriately and in line with expectations, including sustainability considerations.
 - Assessing the procedures in place to identify, manage and monitor potential conflicts of interest in the procurement process.
 - Assessing whether exemptions applied or other exceptions to standard policy have been appropriately documented, justified and approved.
 - Assessing whether formal agreements are in place or purchase orders with appropriate terms and conditions have been approved and issued prior to the commencement of procurement activities.
 - Assessing whether documentation of all stages of the procurement process has been appropriately obtained and retained to ensure transparency and integrity of the procurement, tender evaluation and contractor selection processes.
- A review of procurement processes for lower value/direct purchases including:
 - Assessing the policies and procedures for the creation, management and review of supplier lists (e.g. all of government, registered suppliers, pre-qualified suppliers and panel of suppliers).
 - A review of purchase order requirements and monitoring of adherence to those requirements including delegated levels of authority.



Commercial in Confidence

- Review of the use and monitoring of procurement cards and emergency procurement practices.
- Assessing the processes in place to identify, manage and monitor potential conflicts of interest in the procurement process.

3 Approach

The review will be conducted primarily by applying discussion, observation and review techniques, with limited testing being undertaken, focusing on:

- Review of relevant policies, procedures and other documentation.
- Understanding through discussion and observation the management processes in place.
- Evaluating the methods associated with monitoring, control and management.
- Sample testing of major procurement activities.

4 Deliverable

We will provide you with a detailed report of our findings and recommendations we consider appropriate to mitigate any further risks identified.

5 Estimated hours – Procurement and Purchasing Audit

We estimate that 50 hours will be required to complete this audit.

6 Extension to scope – Living wage considerations

The Council's remuneration policies ensure that all employees are paid at a minimum the nationally determined living wage. We have been requested by management to extend the scope of our review to consider and provide advice on the implications and practicalities of implementing living wage conditions in its agreements with contractors.

We will provide a memorandum highlighting the implications, practicalities and challenges of implementing such an approach.

We estimate that a 16 hours will be required to complete this work.



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Item 6

7 Acknowledgement and Acceptance

The details of the above scoping document have been read and understood and I am authorised to accept them for and on behalf of the Hawke's Bay Regional Council.

Signed: _____

Name: _____

Position: _____

Date: _____

PO No: _____

Draft for Discussion

Attachment 1



Contact Us

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

Wednesday 07 March 2018

Subject: HBRC WORKS GROUP UPDATE

Item 7

Reason for Report

1. To provide the sub-committee with an update on the overall financial performance and other areas of interest of Council's Works Group. It is intended that a regular, six monthly or annual update will be provided to the Sub-committee on financials and work programme highlights for the Group.
2. Hamish Fraser (Works Group Manager) and Kathy Hughes (Office Administrator) will attend the meeting to provide a presentation.

Background

3. The Works Group sits in the organisational structure under the Asset Management Group of Activities, and is structured as follows.



Decision Making Process

4. 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 “HBRC Works Group Update” staff report and presentation.

Authored by:

**Melissa des Landes
MANAGEMENT ACCOUNTANT**

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 07 March 2018

**Subject: RESOURCE MANAGEMENT INFORMATION SYSTEM
IMPLEMENTATION UPDATE**

Item 8

Reason for Report

1. To provide an update on progress with the implementation of the new Resource Management Information System software.

Milestones and Progress

2. Good progress has been made with key milestones resulting in the successful delivery of:
 - 2.1. Infrastructure and Platforms; and
 - 2.2. Solution Planning and Configuration for the core Consents Business functions.
3. As a result of a 3-month check-point review, it was identified that there was significantly more complexity around some key project tasks than initially anticipated resulting in forecast timelines and delivery targets being unrealistic and forecast resource requirements being insufficient.
4. Also, as a result of the 3-month check-point review, it was identified that a number of project tasks, namely data mapping and data migration, had not been performed adequately due in part to resource constraints, the readiness of data and an unsatisfactory engagement between the ICT Team and the Business.
5. It was identified that there had been a lack of continuity in resource and engagement of senior stakeholders since the procurement phase of the project resulting in a misalignment between the ICT Team and the Business and misunderstandings about exactly what the solution would, and wouldn't, achieve.
6. These finding resulted in a number of corrective actions which have largely been executed, including:
 - 6.1. Refinement of the Project Management Structure
 - 6.2. Implementation of a system to plan, monitor and manage the project lifecycle
 - 6.3. Introduction of an agile methodology for project phases and tasks
 - 6.4. Strong focus on engagement between the ICT Team and the Business
 - 6.5. Increased buy-in, and participation in decision-making, by the Senior Stakeholders in the Business
 - 6.6. Engagement of a fixed-term resource exclusively dedicated to data quality and cleansing.
7. With corrective actions in place, the wider project team (ICT Team and the Business) are now able to accurately forecast resource requirements, timeframes and have agreed definition of the functionality of the solution including the Critical Success Factors that will measure and confirm project success.
8. The result of reforecasting the resource requirements and delivery targets has tentatively rescheduled the delivery of the solution to November 2018, this is 6 months later than we initially expected to deliver Consents and Compliance functionality and 2 months later than initially intended to deliver Incidents and Enforcements functionality. It is worth noting that this is to achieve baseline functionality or what is referred to as a Minimum Viable Product (MVP).

9. This delay has no adverse impact on how the Consents and Compliance Teams perform their duties or deliver core services. The rescheduling and delay, has been approved by senior Stakeholders across the business and has been collectively devised to ensure that timeframes and workloads are realistic, that business risks are minimal, and that the delivery of core services are not affected.
10. A primary reason for this significant delay in Consents and Compliance functionality is that, as engagement between the ICT Team and the Business increased, it was identified that a significant oversight had been made in regard to the required functionality of the Compliance function. Specifically, this oversight was that of the *Water Information Services (WIS)* function. Although this is typically a Compliance function, within HBRC it is not performed by the Compliance Team but rather the Client Services Team and was therefore not well represented nor scoped during solution planning workshops.
11. The oversight of WIS functionality has contributed to approximately 6-8 weeks of the 6 month delay. It has directly, and indirectly, incurred an additional \$55k external cost due to requiring a 6-month part-time fixed-term resource to assist the Client Services Team and also an additional 6 month fixed-term resource to implement the Incidents and Enforcements module due to ICT staff being repurposed to focus on WIS activities.
12. Also, it was identified that although the functionality of the solution that would be delivered would be 'fit for purpose' and satisfy core requirements as an MVP, it may not be fully maximising the investment HBRC are making. Therefore, a list of potential feature and functionality additions is being generated by the Business that will be evaluated for feasibility. If feasible, these can either be included within the scope of the current project (resource and costs permitting) or earmarked for incremental release post project. Examples of these so far include a Surface Water Allocation Calculator as used by Waikato Regional Council or integration with external services such as the Companies Register or NZ Post postal addresses to improve efficiencies and increase data quality.
13. The project team will spend the next two months evaluating the potential feature and functionality additions with a view to present a revised Scope, Cost and Timeframes for the project at the next Finance, Audit and Risk Sub-committee meeting on 6 June 2018. Depending on the extent of feasible feature and functionality additions, there could be an additional, parallel and/or subsequent project to deliver these so there isn't undue delay in the core solution delivery.
14. It is worth noting that regardless of the delays, the project is now considered in very good health, with a very high level of engagement and alignment between the ICT Team and the Business and an extremely robust and professional methodology and approach in place.

Finances and Resources

15. At this stage, with all of the above taken into consideration, to achieve a MVP will take approximately 2 months longer overall than initially forecast and could incur up to \$180,000 in external costs (combination of additional Time and Materials from Datacom and resourcing via fixed-term contracts). A summary of where these costs are likely to be incurred is set out in the table below, and will be taken into consideration in the March reforecast for the full year to 30 June 18.

Reason	Description	Cost
Data Quality and Cleansing Resource	Data in existing systems was not suitable for data migration and required dedicated ICT resource to cleanse the data on behalf of the business unit.	\$65,000
WIS Resourcing	A key function of Compliance is WIS, due to this being delivered by a team outside Compliance, it was overlooked and not scoped during Compliance Solution Planning Workshops and requires additional resource in the Client Services Team to ensure the solution is fit for purpose.	\$15,000

Reason	Description	Cost
Incidents and Enforcements Resourcing	The ICT Team has inadequate resourcing levels to perform the solution planning, configuration and testing due to ICT resource being repurposed to focus on WIS.	\$40,000
Additional Vendor Costs	Due to the change in functional requirements (WIS) and extended duration of the project, significant addition costs will be incurred as a result.	\$60,000

16. Significant and unplanned time has been spent on the project by internal staff although this has no material impact on the balance sheet.
17. The increased cost will have minimal impact on the 2017-18 financial year given the delay will require the carry-forward of existing funding and the expenses will be capitalized and depreciated over a 10-year period.
18. Further resourcing and funding may be required as a result of the evaluation of the potential feature and functionality additions and these will be tabled for consideration at the next Finance, Audit and Risk Subcommittee Meeting on 6 June 2018.

Decision Making Process

19. 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 & Risk Sub-committee receives and notes the "Resource Management Information System Implementation Update" report.

Authored by:

Kahl Olsen
INFORMATION AND COMMUNICATIONS
TECHNOLOGY MANAGER

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 07 March 2018

Subject: LOCAL GOVERNMENT ACT SECTION 17A REVIEWS

Item 9

Reason for Report

1. To provide an update on progress with s17a Activities Reviews. It has been agreed that s17a would be a standing item in the Finance, Audit & Risk sub-committee agenda.

Background

2. At its meeting held 11 December 2017 the Corporate and Strategic Committee received a paper which provided information behind s17a Activity Review requirements as required under the Local Government Act (2002).
3. The paper advised that Council has been actively reviewing various aspects of the organisation's efficiency through various functional reviews that have taken place in the current financial year. The paper also proposed that staff report back to this current Finance, Audit & Risk sub-committee meeting with a formal proposal for further work programme for discussion.
4. Due to capacity constraints as a result of LTP requirements, staff have been unable to complete this process in time for this meeting. It is proposed that staff report back to 6 June Finance, Audit & Risk sub-committee meeting with a formal proposal for a work programme.

Decision Making Process

5. 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

1. That the Finance Audit & Risk sub-committee receives the "**Local Government Act Section 17a Reviews**" report.

Authored by:

Melissa des Landes
MANAGEMENT ACCOUNTANT

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 07 March 2018

Subject: MARCH 2018 UPDATE ON THE SUB-COMMITTEE WORK PROGRAMMES

Item 10

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	Water Supply/ Wastewater/ Stormwater Management	Report to 6 June 2018 FA&R meeting
	Procurement and Purchasing	Report to 6 June 2018 FA&R meeting
	2018-19 Schedule of Internal Audits	To FA&R 6 June 2018 FA&R meeting
Risk Assessment & Management	Reporting on risks (6-monthly) affecting Council plus noting changes / improvements / areas that require attention from last report (3-monthly)	2018 FA&R 7 March & 19 September meetings
Insurance	Council's proposed 2018-19 Insurance programme	Aligned with insurance renewal dates each year. Report to 6 June 2018 FA&R meeting
Annual Report	Discussion on Audit Management Letter	Auditor scheduled to attend December 2017 FA&R meeting
	Discussion on the major issues (if any) in the audit report on the Annual Report.	Aligned with Audit NZ & legislative requirements Sept-Nov each year
Reviews	Review of the Council's capital structure, taking into account the value of dividends in supporting Council operations.	Ongoing work forming part of LTP process including consultation. Statement of Expectation paper to be presented to 14 March C&S meeting.
Investment Returns Monitoring	Update on progress in obtaining required level of dividend from PONL	PONL to present to 14 March C&S meeting

Decision Making Process

2. As this report is for information only and no decision is to be made, the decision making provisions of the Local Government Act 2002 do not apply.

Recommendation

1. That the Finance, Audit and Risk Sub-committee receives and notes the ***"March 2018 Update on Sub-committee Work Programmes"*** staff report.

Authored by:

Melissa des Landes
MANAGEMENT ACCOUNTANT

Approved by:

Jessica Ellerm
GROUP MANAGER CORPORATE SERVICES

Attachment/s

There are no attachments for this report.