



greater WELLINGTON
REGIONAL COUNCIL
Te Pane Matua Taiao

If calling please ask for: Democratic Services

13 September 2018

Finance, Risk and Assurance Committee

Order Paper for meeting to be held in the Council Chamber, Greater Wellington Regional Council, Level 2, 15 Walter Street, Te Aro, Wellington on:

Tuesday, 18 September 2018 at 9.30am

Membership of Committee

Cr Swain (Chair)

Cr Blakeley
Cr Laidlaw
Cr McKinnon

Cr Donaldson
Cr Lamason
Cr Ogden

Kim Skelton

Recommendations in reports are not to be construed as Council policy until adopted by Council

Finance, Risk and Assurance Committee

Order Paper for meeting to be held on Tuesday, 18 September 2018 in the Council Chamber, Greater Wellington Regional Council, Level 2, 15 Walter Street, Te Aro, Wellington at 9.30am.

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Please note that these minutes remain unconfirmed until the meeting of the Finance, Risk and Assurance Committee on 18 September 2018

Report 18.198

17/05/2018

File: CCAB-22-348

Public minutes of the Finance, Risk and Assurance Committee meeting held in the Council Chamber, Greater Wellington Regional Council, Level 2, 15 Walter Street, Te Aro, Wellington, on Thursday, 17 May 2018 at 9:31am

Present

Councillors Swain (Chair), Blakeley, Donaldson, Laidlaw (from 9:55am), Lamason, McKinnon, and Ogden.

Kim Skelton.

Public Business

1 Apologies

There were no apologies for absence.

2 Conflict of Interest declarations

There were no declarations of conflict of interest.

Noted: The Committee requested comment from officers regarding the Committee's options for a conflict of interest register, together with advice on common practice in other Local Government bodies, to be presented at the next meeting.

3 Public Participation

There was no public participation.

4 **Confirmation of the minutes of 6 March 2018**

Moved (Cr Lamason/ Cr Blakeley)

That the Committee confirms the minutes of 6 March 2018, Report 18.82.

The motion was **CARRIED**.

5 **Action points from previous meeting**

Report 18.109 File: CCAB-22-328

Moved (Cr Donaldson/ Cr Lamason)

That the Committee:

1. *Receives the report.*
2. *Notes the content of the report.*

The motion was **CARRIED**.

6 **Economic update on the Wellington Region**

Oral presentation

Dave Grimmond, Economist, gave a presentation to the Committee regarding the current economic climate of the Wellington Region.

Noted: The Committee requested officers present a more detailed look at the drivers of the Wellington economy, using the same metrics in the presentation, at the next Committee meeting including specific territorial authority statistics.

The Committee agreed to deal with item 9 on the agenda, *Summary risk report*, before item 7, *Water Asset Valuation report to the Finance, Risk and Assurance Committee, 17 May 2018*.

7 **Summary risk report**

Mike Timmer, Treasurer, spoke to the report, and Deb Hume, Public Transport Transition Programme Director, gave a presentation to the Committee regarding Public Transport Transition Programme risks.

Report 18.158 File: CCAB-22-333

Moved (Cr McKinnon/ Cr Donaldson)

That the Committee:

1. *Receives the report.*
2. *Notes the content of the report.*

The motion was **CARRIED**.

Noted: The Committee requested officers to consider the best approach for providing regular reputational risk updates to Councillors

The meeting adjourned at 10:39am and reconvened at 10:53am.

8 Water Asset Valuation report to the Finance, Risk and Assurance Committee, 17 May 2018

Dave Humm, General Manager, Corporate Services/Chief Financial Officer, and Geoff Williams, Asset Manager, Wellington Water, spoke to the report.

Report 18.181

File: CCAB-22-340

Moved

(Cr Donaldson/ Cr Lamason)

That the Committee:

- 1. Receives the report.*
- 2. Notes the content of the report.*

The motion was **CARRIED**.

9 Health and Safety update

Lucy Matheson, General Manager, People and Customer, and David Querido, Manager, Health and Safety, spoke to the report.

Report 18.159

File: CCAB-22-334

Moved

(Cr McKinnon/ Cr Lamason)

That the Committee:

- 1. Receives the report.*
- 2. Commends the initiatives to develop an appropriate culture on health, safety and wellness in GWRC, noting particularly the 'Safety Summit', and also endorses the references to Safety Leadership Training.*

The motion was **CARRIED**.

10 Summary of Financial Statements until 31 March 2018

Mark Ford, Manager, Finance, spoke to the report.

Report 18.160

File: CCAB-22-335

Moved

(Cr McKinnon/ Cr Blakeley)

That the Committee:

- 1. Receives the report.*

2. *Notes the content of the report.*

The motion was **CARRIED**.

11 **General Managers' report to the Finance, Risk and Assurance Committee meeting on 17 May 2018**

Dave Humm, General Manager, Corporate Services/Chief Financial Officer, spoke to the report.

Report 18.157

File: CCAB-22-332

Moved

(Cr Donaldson/ Cr Blakeley)

That the Committee:

1. *Receives the report.*
2. *Notes the content of the report.*

The motion was **CARRIED**.

Noted: The Committee requested officers report to the next meeting regarding the internal audit outcomes to date, the next steps, cost, and budget.

12 **Exclusion of the public**

Report 18.190

File: CCAB-22-343

Moved

(Cr Donaldson/ Cr Blakeley)

That the Committee:

Excludes the public from the following part of the proceedings of this meeting namely:

1. *Insurance Renewal 2017/19 and Property loss exposure*
2. *Project Optimus*

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

General subject of each matter to be considered:

Reason for passing this resolution in relation to each matter

Ground under section 48(1) for the passing of this resolution

1. *Insurance Renewal 2017/19 and Property loss exposure*

The report contains information provided by insurance providers relating to pricing for the renewal of GWRC's insurance. Release of this information would

That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely

likely prejudice the insurers' commercial position as it would reveal their pricing. GWRC has not been able to identify a public interest favouring disclosure of this particular information in public proceedings of the meeting that would override this prejudice to the insurers' commercial position.

to result in the disclosure of information for which good reason for withholding would exist under section 7(2)(b)(ii) of the Local Government Official Information and Meetings Act 1987 (i.e. to protect information where the making available of that information would be likely unreasonably to prejudice the commercial position of the person who supplied or is the subject of the information).

2. Project Optimus

The information contained in this report relates to a contract between GWRC and a vendor. Having this part of the meeting open to the public would disadvantage GWRC if further negotiations were to take place, as it would reveal GWRC's negotiation strategy. GWRC has not been able to identify a public interest favouring disclosure of this particular information in public proceedings of the meeting that would override this prejudice.

That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 7(2)(i) of the Act (i.e. to carry out negotiations without prejudice).

This resolution is made in reliance on section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as specified above.

The motion was **CARRIED**.

The public part of the meeting closed at 11:59am.

P Swain
(Chair)

Date:



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The matters referred to in these minutes were considered by the Finance, Risk and Assurance Committee on 17 May 2018 under public exclusion. These minutes do not require confidentiality and may be considered in the public part of the meeting.

Please note that these minutes remain unconfirmed until the meeting of the Finance, Risk and Assurance Committee on 18 September 2018.

Report PE18.199

17/05/2018

File: CCAB-22-349

Public excluded minutes of the Finance, Risk and Assurance Committee meeting held in the Council Chamber, Greater Wellington Regional Council, Level 2, 15 Walter Street, Te Aro, Wellington, on Thursday, 17 May 2018 at 11:59am

Present

Councillors Swain (Chair), Blakeley, Donaldson, Laidlaw, Lamason, McKinnon, and Ogden.

Kim Skelton.

Public Excluded Business

1 Insurance Renewal 2017/19 and property loss exposure

Mike Timmer, Treasurer, spoke to the report.

Report PE18.180

File: CCAB-22-337

Moved

(Cr Ogden/ Cr Lamason)

That the Committee:

- 1. Receives the report.*
- 2. Notes the content of the report.*

The motion was **CARRIED**.

2 **Optimus Programme Update**

Mike Sheedy, Optimus Programme Director, and Jenni Horton, Systems Accountant, spoke to the report.

Report PE18.161

File: CCAB-22-336

Moved

(Cr Donaldson/ Cr Blakeley)

That the Committee:

- 1. Receives the report.*
- 2. Notes the content of the report.*
- 3. Endorses the proposed risk management methods set out in this report.*

The motion was **CARRIED**.

The public excluded part of the meeting closed at 12:22pm.

P Swain
(Chair)

Date:



Report 2018.335
Date 12 September 2018
File CCAB-22-357

Committee Finance, Risk and Assurance Committee
Author Dave Humm, General Manager, Corporate Services/Chief Financial Officer
Lucy Matheson, General Manager, People and Customer

Action items from previous Finance, Risk and Assurance Committee meetings

Attachment 1 lists items raised at Finance, Risk and Assurance Committee meetings that require actions or follow-ups from officers. All action items include an outline of current status and a brief comment. Once the items have been completed and reported to the Committee, they will be removed from the list.

No decision is being sought in this report. This report is for the Committee's information only.

Recommendations

That the Committee:

1. *Receives the report.*
2. *Notes the content of the report.*

Report approved by:

Dave Humm
General Manager,
Corporate Services/
Chief Financial Officer

Report approved by:

Lucy Matheson
General Manager, People and
Customer

Attachment 1: Action items from previous Finance, Risk and Assurance Committee meetings

Attachment 1 to Report 18.335

Finance, Risk and Assurance Committee

Meeting date	Action point	Status and comment
6 March 2018	Noted <i>The Committee requested that a report on the feasibility of a rates postponement policy for over 65s be prepared for a future meeting.</i>	Status: <i>Under action</i> Comments: A piece of work is underway and officers anticipate this will be reported to the October meeting.
17 May 2018	Noted <i>The Committee requested comment from officers regarding the Committee's options for a conflict of interest register, together with advice on common practice in other Local Government bodies, to be presented at the next meeting.</i>	Status: <i>Completed.</i> Comments: Report 18.331 for the 18 September 2019 meeting.
17 May 2018	Noted <i>The Committee requested officers present a more detailed look at the drivers of the Wellington economy, using the same metrics in the presentation, at the next Committee meeting including specific territorial authority statistics.</i>	Status: <i>Completed</i> Comments: An oral economic update on the Wellington Region will be presented the Committee on 18 September 2018.
17 May 2018	Noted <i>The Committee requested officers to consider the best approach for providing regular reputational risk updates to Councillors</i>	Status: <i>Under action</i> Comments: Officers will provide a response to the Committee at the next meeting.
17 May 2018	Noted <i>The Committee requested officers' report to the next meeting regarding the internal audit outcomes to date, the next steps, cost, and budget.</i>	Status: <i>Completed</i> Comments: Report 18.408 for the 18 September 2019 meeting.



Report 18.331
Date 10 September 2018
File CCAB-22-356

Committee Finance, Risk and Assurance Committee
Author Roland Daysh, Senior Democratic Services Advisor

Disclosure of declarations of members' interests

1. Purpose

For the Finance, Risk and Assurance Committee (the Committee) to consider matters relating to the declarations of interest made by elected members and appointed members of Council committees (members), and to consider whether such declarations should be made public as a matter of standard procedure.

2. Background

At its meeting on 17 May 2018, the Committee requested officers to provide advice on a members' conflict of interest register, together with advice on the practice in other local government bodies.

The interests of members exist in a framework of statutory obligations, common law obligations, guidelines, and public expectations of behaviour regarding actual and perceived interests. The desired outcome from this framework is to strengthen public trust and confidence in the integrity of GWRC processes and decision making, and promote the highest standards of behaviour and conduct for members.

GWRC's strategy to achieve this outcome is based on:

- Recognising that 'interests' *per se* are not necessarily problems; they are a reality for members. It is how 'conflicts of interest' are identified and then managed that determines whether personal interests that overlap with a member's GWRC responsibilities are a problem;
- Recognising that the primary obligation to identify and declare conflicts of interest is the responsibility of members, as only they know the extent of their interests that may intersect with their GWRC responsibilities;
- Having processes that prompt members to review their interests on a regular basis, and which encourage members to engage with officers when they have concerns or queries about potential conflicts, and support the provision of legal advice on a particular matter, when necessary; and

- Providing for the recording and reporting of declared conflicts of interest, and establishing clear processes where a conflict of interest is declared.

GWRC's current processes for managing interests that may give rise to a conflict of interest, which are consistent with the Auditor-General's best practice guidance ([Attachment 1](#)), are:

- Ensuring that all members are aware of their ongoing obligations in relation to their interests. This is achieved by providing information at the time of election or appointment, members being prompted to review their interests on a biannual basis, and acknowledging the importance of conflicts of interest by all meetings having "Declarations of conflicts of interest" as a standing agenda item;
- Encouraging members to engage with officers at any time if they are concerned that their personal interest in a matter may give rise to a conflict of interest. Officers can arrange for members to have a discussion with GWRC's legal advisors to assist in working through the concerns; and
- Ensuring GWRC processes and decision making are not influenced by conflicts of interest. This is achieved by public notification of meetings and agendas, meetings being open to the public (unless there are grounds for public exclusion), and any declared conflict of interests being recorded in public minutes of Council and committee meetings.

In 2016 the Auditor General published Audit NZ's reflections from their audits which included their reflections on managing conflicts of interest. This report is summarised in [Attachment 2](#).

3. Options for an interests register

As noted above, a biannual declaration of interest process for members already exists. This process is treated as the collection of personal information and GWRC does not publish this information externally.¹

A public register of declared interests

There is an option to make GWRC's biannual declaration a public document by publishing a summary of declared interests, in aggregated form, on GWRC's website as a Declared Interests Register. In evaluating this option, any decision would need to balance:

- The privacy of members and associated parties;
- Increased transparency of GWRC processes;
- Does the publication of private interests create a barrier to both the disclosure of personal interests and the free and frank discussion of possible conflicts of interest between members and officers?;

¹ Any request from a third party (excluding GWRC's auditors) for the information will be considered in accordance with the Local Government Official Information and Meetings Act 1987.

- The public disclosure of a member's interests *per se* is of limited value without relating the interest to something specific about their GWRC role or a particular matter before the Council or its committees; and
- A register may encapsulate material holdings and interests, but may not readily encapsulate personal relationships, the interests of members' extended families, and personally held convictions, which can often be the issues which give rise to potential conflicts of interests.

Councillors most recently considered the matter of the public disclosure of members' declared interests in September 2017. At that time Councillors, overall, did not favour the publication of members' declared interests, on the basis that:

- Having a record of declared interests is not a substitute for a member's obligation to disclose and deal with specific conflicts of interests when they arise;
- Members' interests can be very broad and can vary from day-to-day. A record is only a snapshot at a point in time and is only as accurate as what a member chooses to disclose;
- There is no legal obligation for interests (which are not conflicts of interest) to be declared, and for declared interests to be made public; and
- The application of a public register to appointed members of committees, who are subject to the same obligations as Councillors but are not elected to GWRC public office, would need to be carefully considered.

It is noted that there is a public register of MPs' interests; this is undertaken in a very structured manner and has a clear definition of categories of interests that must be declared. This register is summarised in [Attachment 3](#). The Auditor General has commented:

“The register will be a useful tool to help identify and avoid possible conflicts of interest. However, by itself the register will not necessarily prevent or detect abuses of public office by members of Parliament; nor is it designed to do so. It only records interests. It does not record particular instances of conflicts of interest; nor does it address how a member should act when a conflict of interest does arise. Separate requirements for express disclosure where a financial conflict of interest arises in a specific situation in the House already exist for members of Parliament.”²

If the making GWRC members' interest declarations public is recommended by the Committee, then further work will be required to define what interests should be recorded on the register and whether publication should apply to appointed members of committees who, although not elected to their GWRC roles, are subject to the same statutory and common law framework as applies to GWRC elected members.

² Audit NZ, 2006, Central government: Results of the 2004/05 audits, Part 9: Register of Pecuniary Interests of Members of Parliament, para 9.8.

Publication of GWRC's policies and processes for managing conflicts of interest

An alternative to publishing a register of interests is to publish the policies and processes that GWRC has for managing conflicts of interests. This option may be more effective to achieve the desired outcome from managing conflicts of interests, as it provides more transparency of process, reduces the risk of misinformation, and does not impact on members' privacy.³

A register of declared conflicts of interest

A further option is to have a public register of declared conflicts of interest. It is noted that:

- This information already exists in public documents (the minutes of each Council and committee meeting) but not in one place. Having this information in one place would improve the transparency of GWRC processes; and
- Based on the history of actual declared conflicts of interest, there would be very few entries in the register.

4. Practices in other local authorities

A review of other local authorities' practice for a public register of Councillors' interests was undertaken by searching their websites. A summary of the results is that the majority of the Region's local authorities do not publish a register of either interests, or conflicts of interest, on their websites; but the Standing Orders and Councillors' Code of Conduct (which refer to conflicts of interest) were generally available on these websites.

Kapiti Coast District Council and Wellington City Council each have a register of declared interests on their website. Their public register does not include details relating to appointed committee members.⁴ The Wellington City Council register covers both Councillors and spouse/partner.

Upper Hutt City Council has adopted the process for having their 'disclosure register' as part of their public meeting order papers.

Auckland Council's Code of Conduct requires that elected members must make an annual declaration of interests (including family interests), notwithstanding that there is no statutory obligation to make such a declaration. The nature and extent of any interest is categorised into 12 classes of interests (similar to the classes of interest set out in the Register of MPs' Interest); including travel costs paid by third parties and gifts received. The Code of Conduct requires the Register of Members' Interests (or a fair and accurate

³ The Law Commission reached a similar conclusion when considering the establishment of a register of judges' pecuniary interests. The Commission noted that Judges are required to recuse themselves because of interests and associations that would not be captured in a pecuniary interests register, and the existence of a register would not relieve a judge from his or her recusal obligations in any particular case. The Commission considered the best way to deal with potential judicial conflicts of interest is to have clear, robust and well-publicised rules and processes for recusal. The New Zealand Law Society supported the Law Commission conclusion.

⁴ <https://www.kapiticoast.govt.nz/Your-Council/The-Role-of-Council/declarations-of-interest/>
<https://wellington.govt.nz/your-council/mayor-and-councillors/declared-business-interest>

summary) to be available for public inspection and published on the Council's website.⁵

The table below sets out the current approach of each regional council:

Regional Council	Register of Interests	Updated	On website
Bay of Plenty	Yes	6 monthly	Yes ⁶
Hawke's Bay	Yes	Annually	Yes ⁷
Manawatu-Wanganui	Unknown	Unknown	No
Northland	Yes	Annually	No
Taranaki	Unknown	Unknown	No
Waikato	Yes	Triennial	No
Canterbury	Yes	Annually	No
Otago	Yes	Annually	No
Southland	Yes	Unknown	Yes ⁸
Wellington	Yes	6 monthly	No
West Coast	Yes	Unknown	No

While having a register in some form is relatively common practice, the approaches of local authorities to the information that should be declared, and the nature of the disclosure of the declared information, varies.

5. Communication

No external communication is proposed as an outcome of the consideration of this report.

6. Consideration of climate change

The matters requiring decision in this report are of a procedural nature and do not require consideration of climate change.

7. The decision-making process and significance

Officers recognise that the matters referenced in this report may have a high degree of importance to affected or interested parties.

The matters requiring decision in this report have been considered by officers against the requirements of Part 6 of the Local Government Act 2002 (the Act). Part 6 sets out the obligations of local authorities in relation to the making of decisions.

⁵ <https://www.aucklandcouncil.govt.nz/about-auckland-council/how-auckland-council-works/elected-members-remuneration-declarations-interest/Pages/elected-members-declarations-search.aspx>

⁶ <https://www.boprc.govt.nz/media/696576/2016-2019-elected-members-register-of-interests.pdf>

⁷ <https://www.hbrc.govt.nz/assets/Document-Library/Council-Documents/HBRC-Register-of-Members-Interests-as-of-10-March-2017.pdf>

⁸ <https://www.es.govt.nz/council/councillors/Pages/Meet-your-councillors.aspx>

7.1 Significance of the decision

Part 6 requires Greater Wellington Regional Council to consider the significance of the decision. The term 'significance' has a statutory definition set out in the Act.

Officers have considered the significance of the matter, taking the Council's significance and engagement policy and decision-making guidelines into account. Officers recommend that the matter be considered to have low significance.

Officers do not consider that a formal record outlining consideration of the decision-making process is required in this instance.

7.2 Engagement

In accordance with the significance and engagement policy, no engagement on the matters for decision is required.

8. Recommendations

That the Committee

1. *Receives the report.*
2. *Notes the content of the report.*
3. *Notes the current GWRC process for managing members' interests is consistent with the Auditor-General's best practice guidance.*
4. *Determines whether any changes to the current processes for members' interest, if any, should be proposed for further work by officers or for consideration by Council, including:*
 - a. *making GWRC's biannual declaration of members' interests a public document;*
 - b. *publishing GWRC's policies and processes for managing conflicts of interest;*
 - c. *publishing a register of members' declared conflicts of interest.*

Report prepared by:

Roland Daysh
Senior Democratic Services
Advisor

Report approved by:

Francis Ryan
Manager, Democratic
Services

Report approved by:

Luke Troy
General Manager, Strategy

Attachment 1: Auditor-General's best practice guidance

Attachment 2: Audit NZ 2016 Report; Reflections from our audits: Governance and accountability; Part 4: Managing conflicts of interest

Attachment 3: Parliament; Register of MPs' Interests

Attachment 1 to Report 18.331

Auditor-General's best practice guidance

With regard to the Local Authorities (Members' Interests) Act 1968, the Auditor-General, in their October 2010 publication *Guidance for members of local authorities about the Local Authorities (Members' interests) Act 1968* states:¹

"We encourage authorities to establish a register of members' interests to support compliance with the Act."

With regard to interests more broadly, the Auditor-General, in their June 2007 publication *Managing conflicts of interest: Guidance for public entities* states:²

"Periodic declarations of interests

3.7 One method many public entities use is to require members or officials to regularly (for example, yearly) complete and submit a declaration listing specified personal interests. This is sometimes called an "interests register". If managed in this way, these declarations are not of conflicts of interest, because only the interests are recorded.

3.8 This method enables relevant managers to be aware of most relevant ongoing interests, and acts as a reminder to members and officials of the need to be alert for conflicts of interest. The register, if reviewed and updated regularly, helps people to monitor situations that could give rise to a conflict of interest, and to identify conflicts of interest at an early stage. Placing interests on record is consistent with the principle of transparency.

3.9 An interests register can help public entities identify when a conflict of interest might arise so that steps can be taken to manage it. However, such a register is no more than a tool to help members, officials, and public entities in their efforts to identify and manage conflicts of interest before they create problems. An interests register is not a substitute for disclosing and dealing with specific conflicts of interest as and when they arise. Public entities need to ensure that members and officials understand their ongoing obligations."

The Auditor-General has not expressed a view or made a recommendation on the publication of members' declared interests.

¹ <https://www.oag.govt.nz/2010/lamia/docs/local-authorities-members-interests-act.pdf>

² <https://www.oag.govt.nz/2007/conflicts-public-entities>

Attachment 2 to Report 18.331

Audit NZ 2016 Report; Reflections from our audits: Governance and accountability; Part 4: Managing conflicts of interest

In 2016 Audit NZ published reflections from their audits which included, in part, their reflections on managing conflicts of interest. Below is a summary of this publication.

It is inevitable that those in governance roles will have interests that could come into conflict (whether real or perceived) and create risks to the impartiality of decision-making. Conflicts of interest are not necessarily problems – they are a reality. It is how they are identified and then managed that determines whether they are a problem.

Those in governance roles need to manage their interests in a way that is transparent and does not compromise the decision that is being made by the public entity. In public office, having multiple roles and interests requires careful management. People with such interests need to behave with the utmost integrity and transparency to avoid real or perceived conflicts and risks to the public entities they serve. Conflicts of interest also need to be managed so that they do not stop someone from doing their job.

Most governors and officials are good at disclosing conflicts of interest. When disclosing a conflict of interest, it is better to err on the side of openness. This is the responsibility of the person who has the conflict.

Simply declaring the conflict of interest is not usually enough. The person declaring the conflict is not best placed to decide how it should be managed. The governing body needs to consider carefully what needs to be done to manage the risks associated with a conflict. The notion of managing conflicts of interest as a peer-driven activity around the board table is useful.

Audit NZ's experience is that conflict of interest questions are more likely to be grey than black and white. Deciding how to manage them is sometimes neither clear nor straightforward and requires careful judgement. Audit NZ identified a broad range of options for managing or mitigating a conflict of interest. The options (in order of lowest to highest severity) include:

1. taking no action, transparency is enough;
2. asking whether all affected parties will agree to the person's involvement;
3. seeking a formal exemption to allow participation (if such a legal power applies);
4. imposing additional oversight or review over the person;
5. withdrawing from discussing or voting on a particular item of business at a meeting;
6. exclusion from a committee or working group dealing with the issue;
7. re-assigning certain tasks or duties to another person;
8. agreement or direction not to do something;
9. withholding certain confidential information, or placing restrictions on access to information;
10. transferring the person (temporarily or permanently) to another position or project;
11. relinquishing the private interest; or
12. resignation or dismissal from one or other position or entity.

Audit NZ observed that taking a precautionary approach has often become the "rule" in managing conflicts of interest, as opposed to careful consideration of the range of options. It is reasonable that members of a governing body will bring their own experience and knowledge to a decision-making process. Often, people are in governance roles for this very reason. It would be unreasonable to expect that this knowledge is not used.

Attachment 3 to Report 18.331

Parliament; Register of MPs' Interests

The MPs' register (an annual return of their pecuniary and other specified personal interests) was adopted in 2005 to promote the highest standards of behaviour and conduct of MPs, and strengthen public trust and confidence in parliamentary processes and decision-making. The register is publicly available on the Parliament website.

The Standing Orders provide that a Member of Parliament who knowingly fails to file a return when required, or who knowingly provides false or misleading information in a return, may be in contempt of the House.

The register is maintained by the Registrar of Pecuniary and Other Specified Interests (a role established by Standing Orders), who advises MPs on what information is required, and compiles their returns into the Register. The Registrar may conduct an inquiry into returns that do not comply with Standing Orders.

The interests (not the value of the interest) that are required to be registered are:

1. Company directorships and controlling interests
2. Interests (such as shares and bonds) in companies and business entities
3. Employment
4. Interests in trusts
5. Organisations and trusts seeking Government funding
6. Real property
7. Superannuation schemes
8. Managed investment schemes
9. Debtors
10. Creditors
11. Overseas travel (during the period)
12. Gifts (during the period)
13. Discharged debts (during the period)
14. Payments for activities (during the period)



Report	18.405
Date	10 September 2018
File	CCAB-22-367
Committee	Finance, Risk and Assurance Committee
Author	David Querido, Manager, Health & Safety

Health, Safety and Wellbeing update

1. Purpose

To inform the Finance, Risk and Assurance Committee (the Committee) of the health, safety and wellbeing performance of Greater Wellington Regional Council (GWRC) and activity associated with GWRC's critical risk areas.

2. Background

The full GWRC Organisational Performance Report contains an overview of the GWRC's health and safety management against key metrics during the first quarter. This report contains some of the recent activity and performance since the previous report to the Committee, as well as an update on other key initiatives and activities undertaken by the Health and Safety Team relating to GWRC's critical health and safety risk.

3. Understanding our health and safety risks

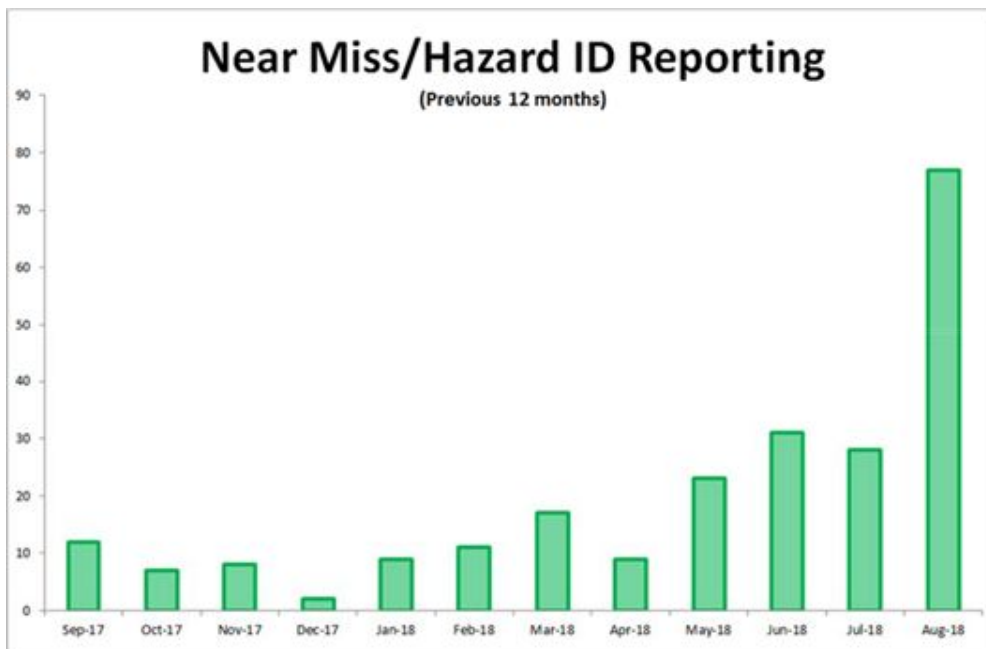
During the period from 1 July 2018 to 31 August 2018, a total of 133 health and safety-related events were recorded in KESAW (Keeping Everyone Safe at Work). 127 of these directly related to activities of our staff and a further eight related to reported events involving our response to events triggered by members of the public. The following diagram is a breakdown of the 133 events by outcome.

Event type	August 2018	YTD (from July 2018)
Total Events Reported	96	133
Fatalities	0	0
Lost Time Injuries (LTI)	0	2
Medical Treatment Injuries (MTI)	1	2
First Aid/Pain & Discomfort	11	13
Property damage	1	5
Near miss & hazard id reports	77	105
Other (not involving GW)	6	8



Two Lost Time Injuries were reported in this period. Both involved contractors working for GWRC. One injury involved a puncture wound to the thigh following the use of a pole bar. The second was a rolled ankle.

A total of 105 near miss reports were recorded in this period, and 77 of those were in August 2018. The increase in near miss reporting can be attributed to a campaign to lift near miss reports in the organisation.



4. Health and safety critical risk initiatives.

The following section provides a brief update on initiatives and activities associated with several of GWRC's identified critical risk areas over the period since the previous report, or planned for the near future.

4.1 Critical Risks Controls Project

The critical risk controls project achieved two milestones in the quarter, with the completion of two bowtie analysis risk assessment workshops, namely transportation (driving on & off road) and lone worker/working remotely. The working groups delivered insight into a raft of controls available to the organisation when managing these two critical risks. The effectiveness of those controls was evaluated as a deck-top exercise, with the next step being to identify the critical controls, and to package these up into a user-friendly Safe Work Method Statement and Critical Controls Register. Subsequently, validation of the actual effectiveness of the controls in the field will be undertaken.

4.2 Health and Wellbeing Project

This project met its first milestone with the establishment of a Health & Wellbeing Working Group, which met and concluded that there was a general lack of appreciation in the organisation of what wellbeing initiatives were already being offered. This will be addressed through communications via the toolbox talks which are held throughout most of the teams in the organisation on a monthly basis.

Next step is to formalise a Wellbeing Policy which is due to be published in late September.

4.3 Core training Project

This project met its first milestone with the delivery by the PĀMU Academy, of a GWRC-bespoke Safety Leadership Training package. 12 staff attended this training, aimed at people leaders, function leaders, managers and those who are exposed to dynamic risks. The training equips participants with the skills to identify and address risk, and consider effective controls, undertake safety conversations and communicate these effectively, and the tools required for operational safety leadership.

Over 200 GWRC staff are expected to complete this training over the next 12–18 months.

4.4 Safety Forum

The Safety Forum met in the period to finalise the new Health, Safety & Wellbeing vision, the golden rules, the hosting of the Stop for Safety intervention (planned for late October) and covered off items such as near miss reporting, development and delivery of toolbox talks and other related matters.

The next Safety Forum is planned for late September, where the delivery of the Stop for Safety to the wider organisation will be finalised with the Forum, who will play an integral part in its delivery

5. Communication

There is no communication required.

6. Consideration of Climate Change

The matters addressed in this report have been considered by officers in accordance with the process set out in the GWRC Climate Change Consideration Guide.

6.1 Mitigation assessment

Mitigation assessments are concerned with the effect of the matter on the climate (i.e. the greenhouse gas emissions generated or removed from the atmosphere as a consequence of the matter) and the actions taken to reduce, neutralise or enhance that effect.

Officers have considered the effect of the matters on the climate. Officers consider that the matters will have no effect.

Officers note that the matter does not affect the Council's interests in the Emissions Trading Scheme (ETS) and/or the Permanent Forest Sink Initiative (PFSI).

6.2 Adaptation assessment

Adaptation assessments relate to the impacts of climate change (e.g. sea level rise or an increase in extreme weather events), and the actions taken to address or avoid those impacts.

Officers have considered the impacts of climate change in relation to the matters. Officers recommend that climate change has no bearing on the matters.

7. The decision-making process and significance

No decision is being sought in this report.

8. Engagement

Engagement on this matter is unnecessary.

9. Recommendations

That the Committee:

1. *Receives the report.*
2. *Notes the content of the report.*

Report prepared by:

David Querido
Manager, Health, Safety &
Wellbeing

Report approved by:

Lucy Matheson
General Manager, People and
Customer



Report	18.378
Date	12 September 2018
File	CCAB-22-369
Committee	Finance, Risk and Assurance Committee
Author	Mike Timmer, Treasurer

Summary risk report

1. Purpose

1. Update the Finance, Risk and Assurance Committee (the Committee) with changes to the risk register during the June quarter.
2. Provide the Committee with an in-depth review of controls and their impact on risks.
3. Provide a presentation to the Committee on the Catchment Management group's risk management, as part of the on-going reporting by each group within Greater Wellington Regional Council (GWRC).

2. Background

Each quarter, the risks at group level are considered and reported to the Chief Executive. This process involves adding new risks, archiving old risks if they are no longer relevant, reviewing the controls (risk mitigation/modifying management strategies) and checking that the scoring of the risk reflects its current state.

Each group's risks are reviewed by the Chief Executive, in conjunction with the General Managers and the General Manager, Corporate Services/Chief Financial Officer, at the quarterly review meetings.

3. Comment on risk changes during the quarter

During the June quarter, no new risks were added to the register, but one risk was archived.

Risk No 145 – "Delay in the starting date of project Optimus might see a material increase in cost, which might necessitate re opening the purchase process involving other vendors at increased cost" has been archived in June. Project Optimus has started without a material cost increase relating to the delay.

Attachment 1 is the Quarterly Risk Report for June 2018 which contains the top ten risks.

3.1 Change in Residual Risk level (High, Medium Low) and Risk score (number)

There were no changes to the Residual Risk level and/or the Risk Score during the quarter.

4. Definition of report heading

A brief description of the GWRC's risk report columns in relation to Attachment 1, and what they mean, is as follows:

Overall ranking: by residual risk score

Residual risk is the risk that remains after controls have been applied and is discussed further below. A lower number means it has a higher residual risk relative to others. The risk rating as per the end of the last quarter is shown in (brackets).

Risk ID:

This is a unique system number assigned to each risk.

Risk Category

This is a category/ies of risk that the risk belongs to. Each category has a risk appetite which measures GWRC's propensity to accept risk. Health and safety to staff and contractors, legislative and regulatory environment damage are areas where we have a low appetite to risk.

Description

Brief description of the risk.

Inherent Risk level

The risk is assessed/scored and placed into a classification category (Very High, High, Medium, or Low) before any controls are in place. Or put another way, without them working.

Controls

These are processes which mitigate/modify a risk. They reduce the likelihood of occurrence of a risk, or reduce the consequences when it occurs, or both.

Residual Risk level

This is the risk classification category after the controls have been put in place and are working as expected. The residual score as per the end of the last quarter is shown in (brackets).

Risk Owner/Business Unit

The person/group responsible for the risk. There is also a person assigned to each control which is not normally the risk owner.

Comment/Details

This provides a current discussion around the risk.

4.1 **Reliance on Controls**

Controls are important in risk management as they have the ability to reduce either the likelihood of a risk occurring, or the impact/consequences of occurrence of a risk, or in some cases both.

Some controls are better than others at reducing the likelihood/consequences of a risk occurring. For example, a risk might be classified as a high risk in its raw/inherent state before controls are implemented, but once the controls are implemented and operate effectively, the residual risk might be assessed as low. In other cases, the controls might only have a small impact and the risk might be scored medium, or even remain at high. We have many examples of this in practice. The important thing to note is the controls that have the biggest impact i.e. the biggest ability to reduce a risk, are the most critical. In risk terminology we call this the control's **criticality**. Therefore, one of the focuses of risk management is to identify these critical controls and ensure they are owned by an individual, are working as expected, and that they are checked/assessed regularly, ideally by someone independent of the control owner. The frequency of checking/assessing the control is directly correlated to its criticality.

We have listed the 'highest aggregate risk score reduction' from Inherent risk to Residual risk, i.e. those risks which show the greatest reliance on the controls. This list is appended as [Attachment 2](#).

We have also listed in [Attachment 3](#), for illustrative purposes and as a subset of the above, all of the organisation's risks showing Inherent risk score minus Residual risk score, which demonstrates the impact the controls are having on reducing the Inherent risk. Note the risks at the end either have no controls or the controls are having no impact on reducing the risk.

As a case study, we have chosen Risk 8 to demonstrate how this process works. Note Risk 8 is showing the biggest risk reduction after controls, being the first on the list in Attachment 2.

No 8 – Parks – Fatality or serious injury to staff.

Controls in place

Controls specific to this risk

Standard operating procedures & guidelines
Health & Safety training & job planning
Equipment procurement & maintenance
Communication methods

Controls generic to all GWRC risks used by this risk

Parks Health & Safety plans
Department Hazard Registers
Working Alone Procedures & Equipment

In terms of this risk, the all controls noted above have a direct effect of reducing the risk.

Some controls are having a greater impact than others, as determined by the person assessing the controls based on their *Confidence* on the control's effectiveness and on the *Reliance* they are placing on this control.

Below is a small extract, listing of the most critical controls of the whole Council. The list contains **Generic controls** which can be used across all risks and **Risk Specific** controls which relate to specific individual risks.

Note each control has an owner, and an assessor who regularly assesses the control is operating as intended. Note there are 189 controls in the register.

Whole of Council Quantate - System extract - Showing highest critically control scores

Control	Category: Generic/Risk specific	Control owner:	Assessed by:	Control Criticality
Department Hazard Registers*	Policies & Internal Procedures	Mike Ward	David Querido	5142
Working Alone Procedures & Equipment*	Policies & Internal Procedures	Mike Ward	Mike Ward	4375
Parks Health & Safety Plan*	Business Continuity & Planning	Amber Payne	Amber Payne	3632
Equipment procurement and maintenance*	Risk Specific	Bronek Kazmierow	Amber Payne	3632
Health and Safety training and job planning*	Risk Specific	Amanda Cox	Amber Payne	3632
Health & Safety Plan	People & Capability	Mike Ward	David Querido	3564
Parks Asset Management Plan	Risk Specific	Bronek Kazmierow	Amanda Cox	3455
Active programmes to remove risky/poor condition assets	Risk Specific	Bronek Kazmierow	Amanda Cox	3455
Special inspections of high risk assets follow extreme events (EQ, floods etc).	Risk Specific	Bronek Kazmierow	Amanda Cox	3455

* These controls are used by Risk No 8 - Parks - Fatality or serious injury to staff

5. Catchment Management group presentation

Officers from the Catchment Management group will attend the meeting and provide insight into the topical and emerging risks for the group.

6. Communication

There is no communication required.

7. Consideration of climate change

The matters addressed in this report have been considered by officers in accordance with the process set out in the GWRC Climate Change Consideration Guide.

7.1 Mitigation assessment

Mitigation assessments are concerned with the effect of the matter on the climate (i.e. the greenhouse gas emissions generated or removed from the atmosphere as a consequence of the matter) and the actions taken to reduce, neutralise or enhance that effect.

Officers have considered the effect of the matters on the climate. Officers consider that the matters will have no effect.

Officers note that the matter does not affect the Council's interests in the Emissions Trading Scheme (ETS) and/or the Permanent Forest Sink Initiative (PFSI).

7.2 Adaptation assessment

Adaptation assessments relate to the impacts of climate change (e.g. sea level rise or an increase in extreme weather events), and the actions taken to address or avoid those impacts.

Officers have considered the impacts of climate change in relation to the matters. Officers recommend that climate change has no bearing on the matters.

8. The decision-making process and significance

No decision is being sought in this report.

9. Engagement

Engagement on this matter is unnecessary.

10. Recommendations

That the Committee:

- 1. Receives the report.*
- 2. Notes the content of the report.*

Report prepared by:

Mike Timmer
Treasurer

Report approved by:

Dave Humm
General Manager, Corporate
Services/Chief Financial
Officer

Attachment 1: Quarterly Risk Report 30 June 2018

Attachment 2: Highest impacts from controls - Inherent risk score minus residual risk score

Attachment 3: Whole of GWRC - Inherent risk score minus Residual risk score

QUARTERLY RISK REPORT 30 JUNE 2018									
Overall ranking by residual score 1)	Risk Id	Risk category(s)	Description	Inherent risk level before Controls	Controls	Residual risk level after Controls	Risk owner	Residual score 2)	Status Change since last quarterly review plus risk treatments being considered
1 (1)	77	<ul style="list-style-type: none"> Health and safety of staff and contractors & volunteers Environmental damage Legislative and regulatory Political 	Contaminated site(s) either known or unknown that results in harm to environment and/or health	Very High Risk	Resourcing - additional admin resource has been provided to ensure that the database is updated regularly. Also the reports provided to the public have been reviewed and reformatted to be more user friendly. Additional technical expertise has also been allocated to review the data provided by the TA's.	Medium Risk	Lucy Baker	630 (630)	We continue to manage our contaminated land through the SLUR database and have an allocated resource for this. We also manage contaminated land through Rule 55 of the pNRP. One of Mfe's top ten contaminated sites is Miramar gasworks and an investigation is underway on this site. Soil gas vapour testing on the boundary of the site was completed in late January and it was found that there was a low risk of gas vapour migrating beyond the contaminated site. Further investigations of soil and groundwater contamination are to be completed as the next stage, but these contaminants are not considered to pose a health risk. The project team comprised of Wellington City Council, Regional Public Health and MFE is still in place and all parties have an agreed Communication plan. It is likely we will apply to MFE's remediation fund to help with costs for this next investigative phase. There will be an issue who pays the 'other half' as MFE only contribute half. It is unclear at this stage, but it is possible that Poly Flouro Alkyl Substance (PFAS) contamination may also become an issue in the region, as airports, fuel terminals and fire fighting agencies may have used foam containing that chemical.
2 (2)	141	<ul style="list-style-type: none"> Legislative and Regulatory Political 	Breach of privacy	High Risk	Enforceable Contracts with suppliers Statutory Compliance Training Privacy Policy	Medium Risk	Francis Ryan	525 (525)	Work is being undertaken to embed Privacy Impact Assessments for projects undertaken by GWRC. New role of Principal Privacy Officer appointed (effective September 2018) to drive organisational privacy maturity. Legislative changes are being monitored to assess their impacts on Council's privacy framework.
3 (3)	123	<ul style="list-style-type: none"> Services are severely curtailed Financial Political 	Reduction of bus service levels with transition to a new network, fleet and contracts	High Risk	Appropriate programme management in place - projects identified - responsibility allocated - regular monitoring - escalation - staggered transition - contingency planning - customer communications through channels and use of AmBusadors - transition support provided to operators - daily management monitor and review meetings	Medium Risk	Andrew Cooper	490 (490)	In the quarter GW has: <ul style="list-style-type: none"> Monitored progress with bus operators with regular transition meetings Facilitated forums for PT operator CEOs Facilitated meetings between bus driver unions and bus operators The risk has now eventuated. An action plan has now been established which includes the deployment of the CEO to deal with the matter.
4 (4)	59	<ul style="list-style-type: none"> Services are severely curtailed Loss, failure or damage to assets Political 	Rolling stock unable to meet passenger demand due to multiple vehicles not being operational	Medium Risk	Ensure maintenance inspection regimes are followed GW ensures that maintainer effectively manages fleet failure modes and issues through FRACAS process, and ensures GW maintains full visibility of this Train manufacturer undertakes maintenance Maintain close working relationships with train suppliers, original equipment manufacturers (OEM's), operational and maintenance contractors Employ appropriately skilled and trained people Regulatory obligations of operators and providers	Medium Risk	Barry Fryer	490 (490)	In the quarter GW has: <ul style="list-style-type: none"> Maintained strong relationships with operators, including regular meetings & performance reporting Continued to closely monitor operational activities across the rail system to ensure that safety, quality standards and reliability of information are maintained by the operators, maintainers and network owners <ul style="list-style-type: none"> Reviewed this risk - no change in status

1) The number in brackets is the risk ranking as per the end of the previous quarter.

2) The number in bracket is the residual risk score as at the end of the previous quarter.

Finance, Risk and Assurance Committee 18 September 2018, Order Paper - Summary risk report

QUARTERLY RISK REPORT 30 JUNE 2018									
Overall ranking by residual score 1)	Risk Id	Risk category(s)	Description	Inherent risk level before Controls	Controls	Residual risk level after Controls	Risk owner	Residual score 2)	Status Change since last quarterly review plus risk treatments being considered
5 (5)	103	<ul style="list-style-type: none"> Health and safety of staff, contractors and volunteers Political 	Fatality or permanent disability to CM staff arising from use of a quad bike in a manner that doesn't comply with organisational Health and Safety	Very High Risk	Department Hazard Registers Working Alone Procedures & Equipment Departmental Plans - Maintenance Schedules Health & Safety Plan Standard Operating Procedures	Medium Risk	Wayne O'Donnell	468 (468)	Biosecurity: Regular quad and off road bike maintenance is ensured by regular pre use inspections as well as more thorough quarterly inspections at the beginning of each quarter. Recently Biosecurity have purchased new trailer to ensure quad and trailer weight complies with the car manufacturers recommendation of towing no more than 750kg unbraked. Only staff assessed as competent quad riders (by internal and/or external assessors) are allowed to use quads. Land Management: Refresher course for LUV's has been completed by all LM staff that use these vehicles. Quarterly checks are being co-ordinated by one staff member to ensure that no vehicle is missed. Contractors quads and LUV's are being assessed through JSR's and contractor H & S audits randomly undertaken throughout winter.
6 (6)	136	<ul style="list-style-type: none"> Services are severely curtailed 	Inability to adequately respond to another significant seismic event damaging Shed 39 and potentially the Masterton Office given high probability of another event	Medium Risk	Insurance is in place Department Business Continuity Plans Disaster Recovery Plan	Medium Risk	Dave Humm	456 (456)	The November 2016 earthquakes in Kaikoura have significantly raised the chances of another magnitude 7 event that could impact Shed 39 again. Alternative accommodation in Wellington is in high demand, it might be difficult to relocate again. Longer term plans in terms of accommodation are presently being considered with the assistance of Colliers International. Until a long term solution is decided upon, Wellington staff are situated at Shed 39 (90-100% NBS), 15 Walter St (100% NBS) and 181 Vivian St (Optimus, 80% NBS)
7 (7)	115	<ul style="list-style-type: none"> Services are severely curtailed Financial Political 	Failure of KiwiRail network assets or network operations causes damage to GWRL assets or cancellation of multiple services	High Risk	GW ensures that KiwiRail has a robust emergency response plan that: - provides for efficient bus replacements - provides for effective customer communications in the event of a failure - includes a separate set of operational parameters relating to earthquake magnitudes and readings from network based ground acceleration sensors GW ensures that KiwiRail has a robust network management plan that: - focuses funded renewal activities on critical components of the network - provides for infrastructure maintenance, monitoring and inspections Maintain strong relationships with network owner and the rail operator, including regular meetings and reporting against a clear set of performance targets GW partners an application to the crown (via MoT) for additional funding for 'catch up renewals' for network infrastructure GW participates in Metro Operating Model review led by MoT & Treasury \$98.5m received for traction poles	Medium Risk	Angus Gabara	455 (455)	In the quarter GW has: <ul style="list-style-type: none"> Used Real Time Information (RTI) to monitor performance Maintained strong relationships with operators, maintainers and network owners including regular meetings & performance reporting Detailed conversations with operators being had in respect to missed trip management

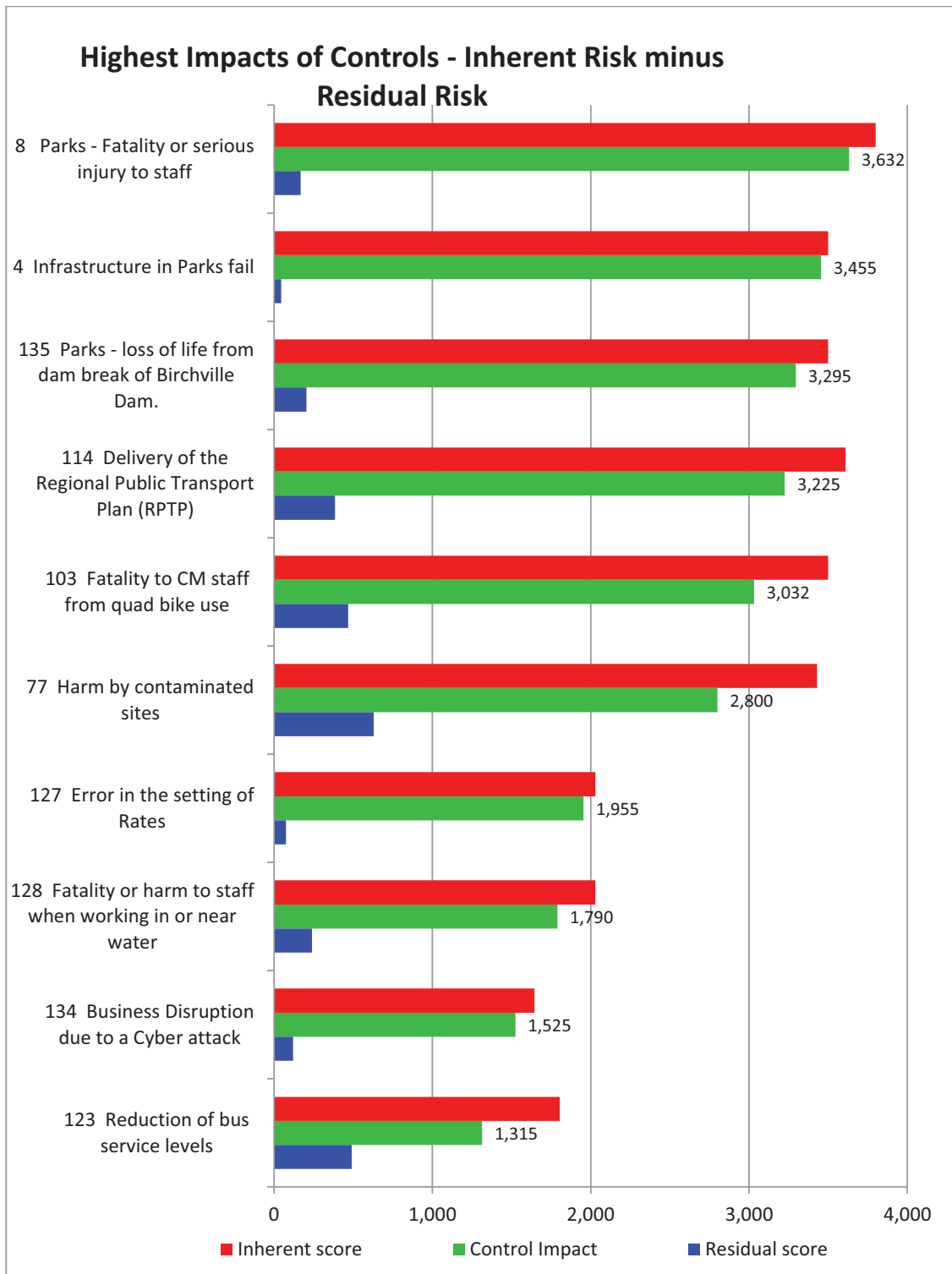
1) The number in brackets is the risk ranking as per the end of the previous quarter.

2) The number in bracket is the residual risk score as at the end of the previous quarter.

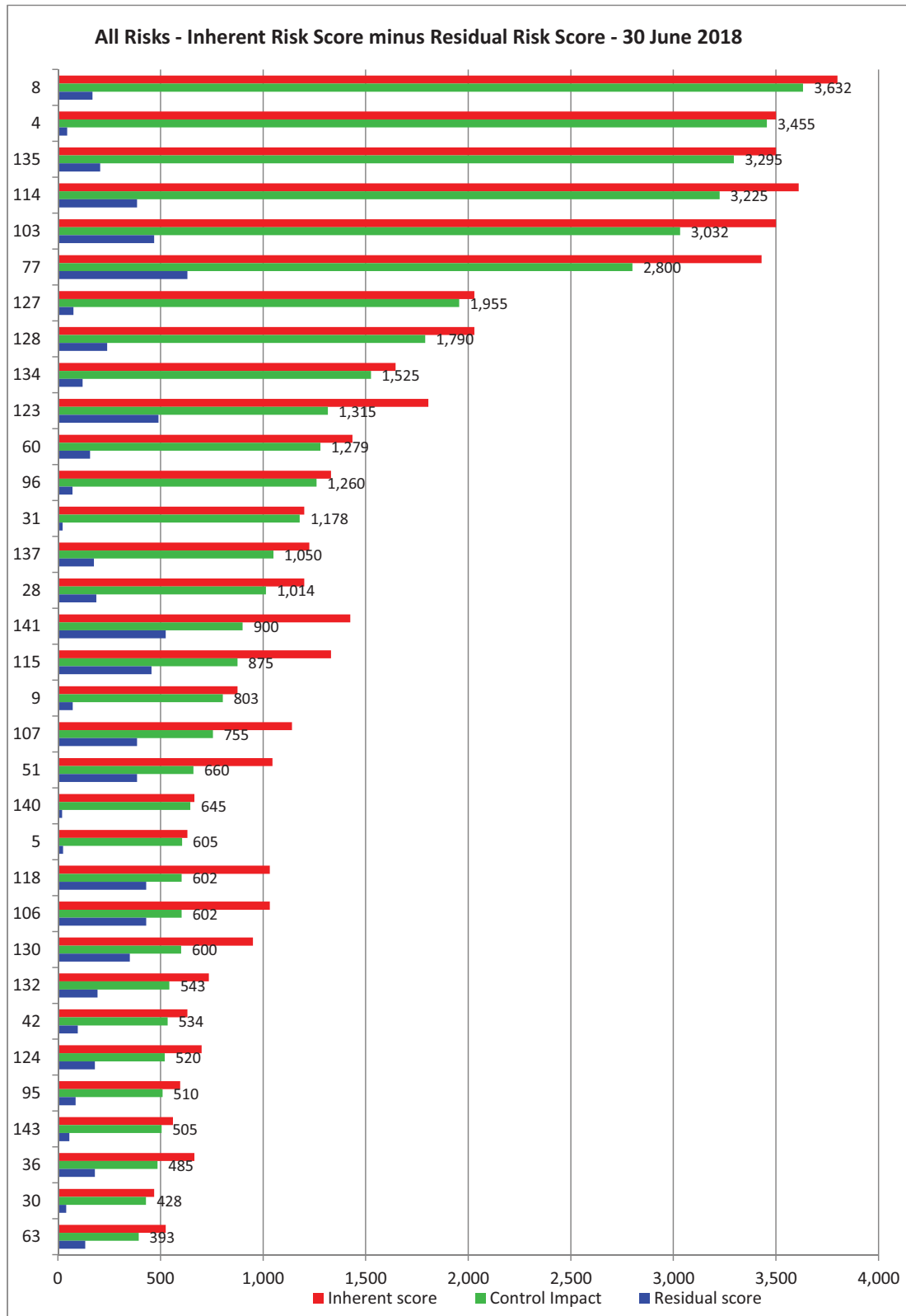
QUARTERLY RISK REPORT 30 JUNE 2018										
Overall ranking by residual score 1)	Risk Id	Risk category(s)	Description	Inherent risk level before Controls	Controls	Residual risk level after Controls	Risk owner	Residual score 2)	Status Change since last quarterly review plus risk treatments being considered	
8 (8)	126	<ul style="list-style-type: none"> Health and safety of staff, contractors and volunteers Physical harm to the general public 	Fatality or harm to staff working in or near water	High Risk	FPSOP46 Working in or near water Driver training general and 4WD	Medium Risk	Wayne O'Donnell	432 (432)	<p>Biosecurity: staff are trialling the "Bush craft" training that includes teaching staff advanced bush navigation and water safety risk assessment skills.</p> <p>Land Management: Operational staff within LM are trained specifically for working in or near water. All LM staff are trained in the use of 4 WD vehicles for water crossings.</p> <p>Flood Protection: 4 staff attended the working near water course. No change required to current SOP practices.</p>	
9 (9)	118	<ul style="list-style-type: none"> Health and safety of staff, contractors and volunteers 	Unsafe work practices, medical event, or error by one of our contractors or public transport operators causes serious injury	High Risk	GW ensures that: <ul style="list-style-type: none"> appropriate health and safety clauses are included in contracts, including health and safety plans and reporting health and safety is adequately funded audits, monitoring and site inspections take place SPAD management plan is in place development of a pathway to implement ETCS additional train stops installed simulator 	High Risk	Wayne Hastie	430 (430)	<p>In the quarter GW has:</p> <ul style="list-style-type: none"> Attended bus operator H&S committee meetings Reviewed process in conjunction with bus operators for incident notification Reviewed internal process for identification and management of hazards present in the delivery of bus services 	
10 (10)	106	<ul style="list-style-type: none"> Services are severely curtailed Physical harm to the general public Political 	Failure of KiwiRail network or third party assets, or network operations causes serious injury	High Risk	GW ensures that KiwiRail has a robust network management plan that: <ul style="list-style-type: none"> focuses funded renewal activities on critical components of the network provides for infrastructure maintenance, monitoring and inspections GW ensures that KiwiRail has an emergency response plan with the network owner and operator	High Risk	Angus Gabara	430 (430)	<p>In the quarter GW has:</p> <ul style="list-style-type: none"> Maintained strong relationships with operators, including regular meetings & performance reporting Continued reviewing timetable performance using data available from the Rail Performance Monitoring System Continued to ensure that safety, quality standards and reliability of information are maintained by the operators 	

1) The number in brackets is the risk ranking as per the end of the previous quarter.

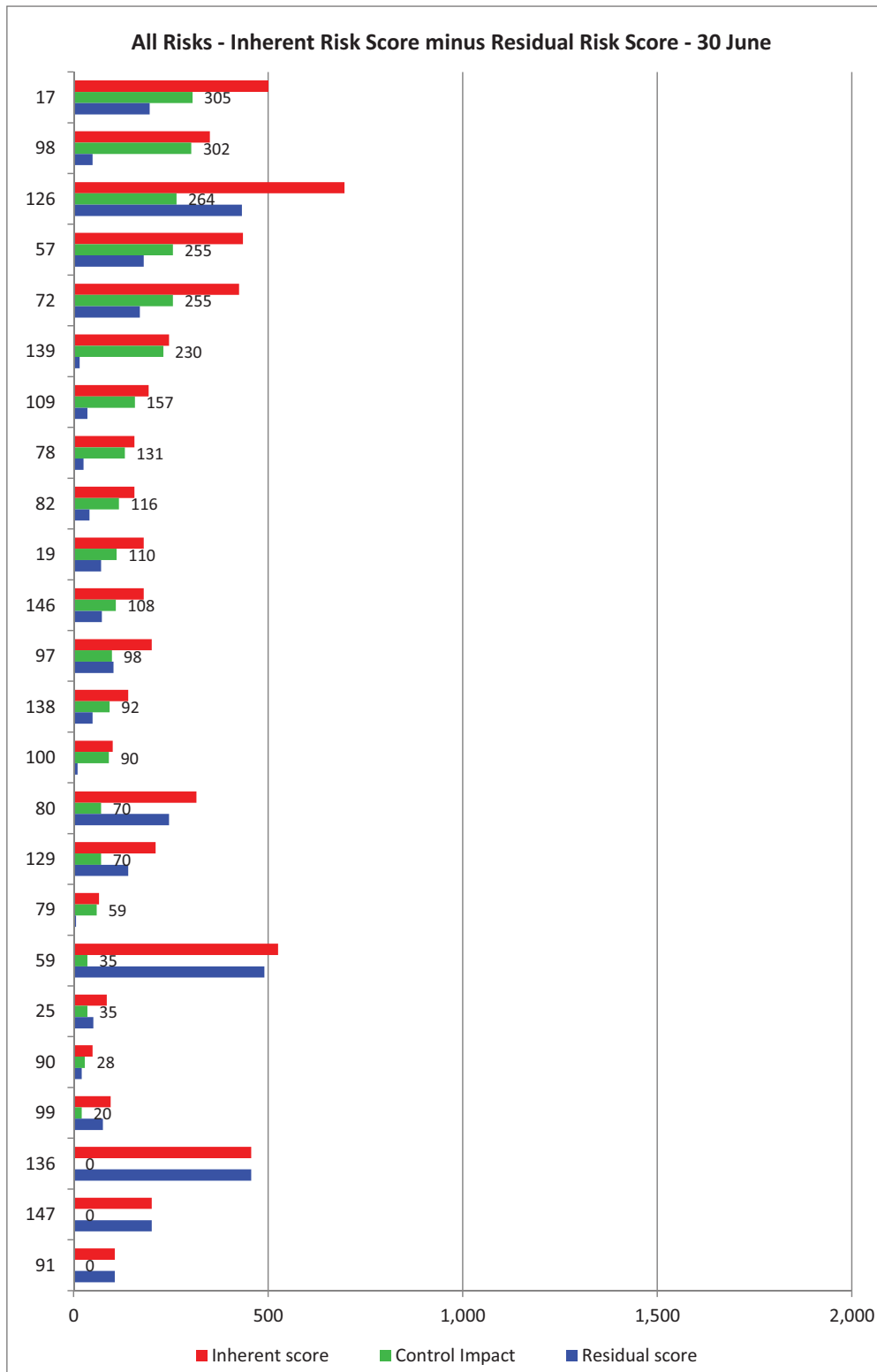
2) The number in bracket is the residual risk score as at the end of the previous quarter.



Attachment 3 part 1 :



Attachment 3 part 2 :



Attachment 3 part 3:

Risk Id	Description
8	Parks- Fatality or serious injury to staff
4	Infrastructure in Parks fail
135	Parks - potential loss of life from dam break flood of the Birchville Dam.
114	Delivery of the Regional Public Transport Plan (RPTP) put at risk due to delay or cancellation of one or more interrelated projects
103	Fatality or permanent disability to CM staff arising from use of a quad bike in a manner that doesn't comply with organisational Health and Safety
77	Contaminated site(s) either known or unknown that results in harm to environment and/or health
127	Error in the setting of Rates
128	Fatality or harm to staff when working in or near water
134	Business Disruption due to a Cyber attack
123	Reduction of bus service levels with transition to a new network, fleet and contracts
60	Failure of GWRL rail asset causes serious injury
96	Fatal or serious harm incident during the delivery of a sustainable transport programme or project
31	Navigation accident in area of jurisdiction
137	RiverLink property cost increase
28	A major disaster impacts on the capacity and capability of emergency management to meet its statutory obligations
141	Breach of privacy
115	Failure of KiwiRail network assets or network operations causes damage to GWRL assets or cancellation of multiple services
9	Parks - Rural Fire
107	Contracted rail services fail to meet acceptable levels of service, reliability and/or quality targets
51	Currently contracted bus services fail to meet acceptable levels of service reliability and/or quality targets due to reasons within the control of the bus operator
140	Fragmentation and volume of communication outputs
5	Officers threatened or injured when carrying out compliance duties
118	Unsafe work practices, medical event, or error by one of our contractors or public transport operators causes serious injury
106	Failure of KiwiRail network or third party assets, or network operations causes serious injury
130	Timetabled services and public transport facilities are insufficient to meet demand from customers
132	Biosecurity incursions exceed GW's response capability
42	Inability to contain an oil spill in the Harbour
124	Patronage remains static or falls due to transition to new fare structures and fare products
95	Loss of the provision of continuity of IT services
143	Overhead wire network removal
36	Council decision-making process successfully challenged
30	Failure to provide adequate early warning of flood
63	Unnecessary costs or delays incurred as a result of poor Public Transport procurement

Attachement 3 part 3 - continued:

Risk Id	Description
17	Failure of flood protection structures and measures due to flooding
98	Organisational reputation damaged by inaccurate, uncontrolled or absent information
126	Fatality or harm to staff working in or near water
57	Death or severe harm to Catchment staff, contractors and public while undertaking work programmes
72	Harm to staff, contractors and public when carrying out aerial operations
139	Attraction and retention of staff due to building environments post- earthquake
109	Disease damage to trees on flood banks
78	Injury to persons at Council organised events
82	Contracted ferry services fail to meet acceptable levels of service reliability and/or quality targets due to reasons within the control of the ferry operator
19	Harm to staff, contractors and public from ground pest control operations
146	The Masterton administration building has a low resilience to Earthquake, with alternative accommodation in limited supply at short notice.
97	Failure of flood protection structures and measures due to earthquakes
138	Contact Centre systems failure
100	Failure to maintain relationships with the region's Iwi
80	Bus, ferry or rail services suffer major disruption caused by severe weather, adverse environmental conditions or industrial action
129	Fare Revenue collection risk under gross contracts
79	Failure of council and 3rd party bus stop assets causes serious injury
59	Rolling stock unable to meet passenger demand due to multiple vehicles not being operational
25	Loss of Council funds due to fraud
90	Ferry infrastructure found to no longer be fit for purpose, therefore unable to provide service
99	Breach of statutory duty to deliver robust & timely plans
136	Inability to adequately respond to another significant seismic event damaging Shed 39 and potentially the Masterton Office given high probability of another event
147	Heightened residual financial risk from a significant earthquake impacting the Wellington metropolitan rail network infrastructure (WMRNI).
91	Driver or client misuse of Total Mobility scheme



Report	18.379
Date	18 September 2018
File	CCAB-22-362
Committee	Finance, Risk and Assurance Committee
Author	Mark Ford, Finance Manager

Summary of financial statements for year end 30 June 2018

1. Purpose

For the Finance, Risk and Assurance Committee (the Committee) to receive the summary performance report for the year end 30 June 2018.

2. Background

This report provides a review of the financial performance of Greater Wellington Regional Council (GWRC) activities contained in [Attachment 1](#). Overall, GWRC is in a favourable financial position against budget for both operating (before capital grants and fair value movements) and capital expenditure at year end.

2.1 Year end 30 June 2018

The year-end operating position is **\$1.7m favourable to budget**. There have been many contributing factors, many of which have an offsetting effect. The primary drivers are higher public transport fare revenue, timing of trolley bus decommissioning, savings on an interim ticketing solution, additional interest earned from prefunding of debt, Emission Trading Scheme (ETS) proceeds, and Kaikoura earthquake related insurance revenue.

This is partially offset by additional water treatment costs at the Waterloo treatment plant, extended pre-capitalisation phases of the alternate water source, Optimus (core system replacement) and NEXT (integrated ticketing) projects, KiwiRail network insurance, other PT transformation costs, remediation of a prior year WCC rates issue, and lower NZTA grants.

Fair value movement is \$17.9 million unfavourable to budget, reflecting the decrease of the fair value of the swaps due to the continued decrease of market interest rates from 2016/17 (\$14.8 million) and write down of the Wellington Regional Stadium Trust advance (\$3.1 million) to be consistent with the Wellington City Council.

Capital expenditure is **\$16.9 million favourable to budget** primarily due to timing of Public Transport-related projects, and Project Optimus, off-set by

RiverLink property acquisition timing and additional costs for the Waterloo water quality project.

3. Communication

There is no communication required.

4. Consideration of climate change

The matters addressed in this report have been considered by officers in accordance with the process set out in the GWRC Climate Change Consideration Guide.

4.1 Mitigation assessment

Mitigation assessments are concerned with the effect of the matter on the climate (i.e. the greenhouse gas emissions generated or removed from the atmosphere as a consequence of the matter) and the actions taken to reduce, neutralise or enhance that effect.

Officers have considered the effect of the matters on the climate. Officers consider that the matters will have no effect.

Officers note that the matter does not affect the Council's interests in the Emissions Trading Scheme (ETS) and/or the Permanent Forest Sink Initiative (PFSI).

4.2 Adaptation assessment

Adaptation assessments relate to the impacts of climate change (e.g. sea level rise or an increase in extreme weather events), and the actions taken to address or avoid those impacts.

Officers have considered the impacts of climate change in relation to the matters. Officers recommend that climate change has no bearing on the matters.

5. The decision-making process and significance

No decision is being sought in this report.

6. Engagement

Engagement on this matter is unnecessary.

7. Recommendations

That the Committee:

- 1. Receives the report.*
- 2. Notes the content of the report.*

Report prepared by:

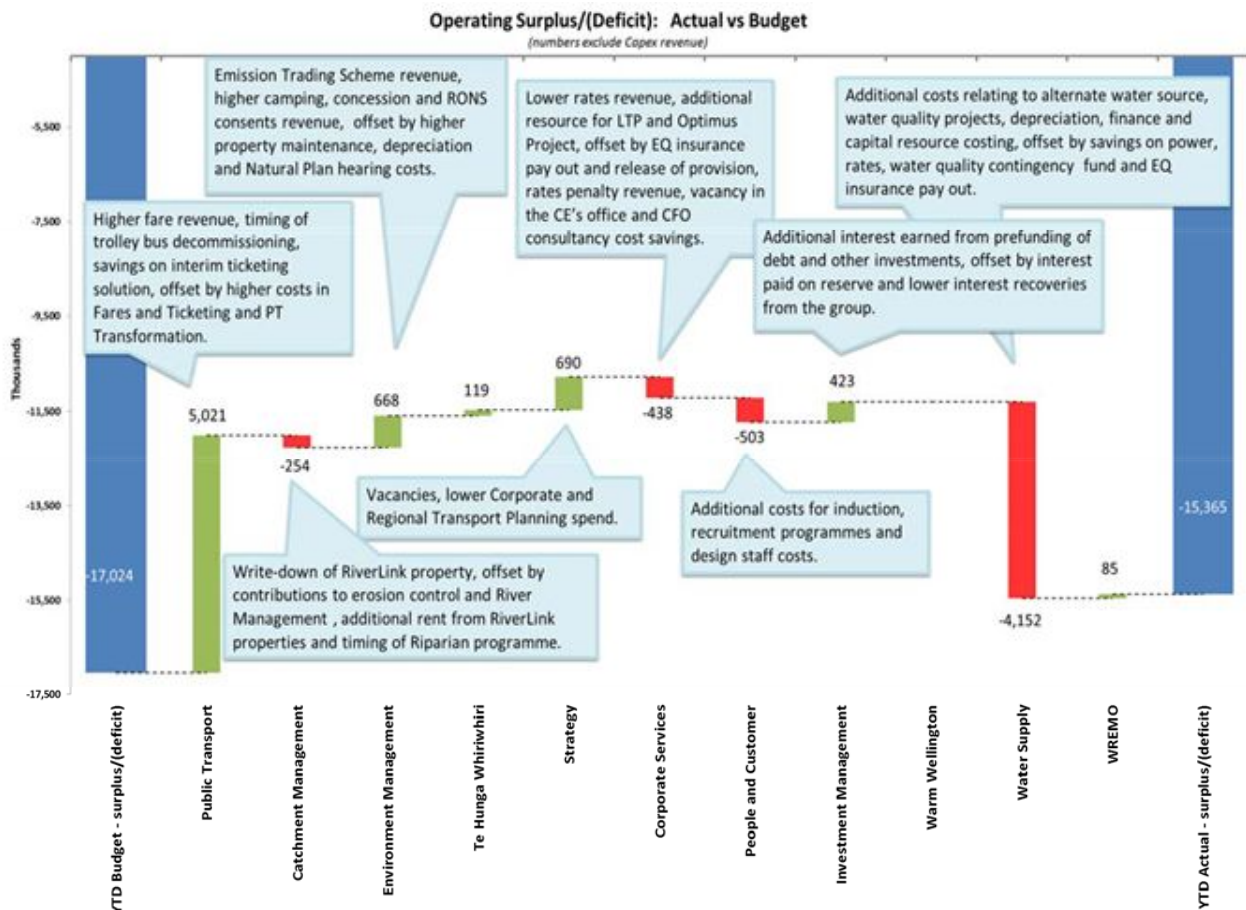
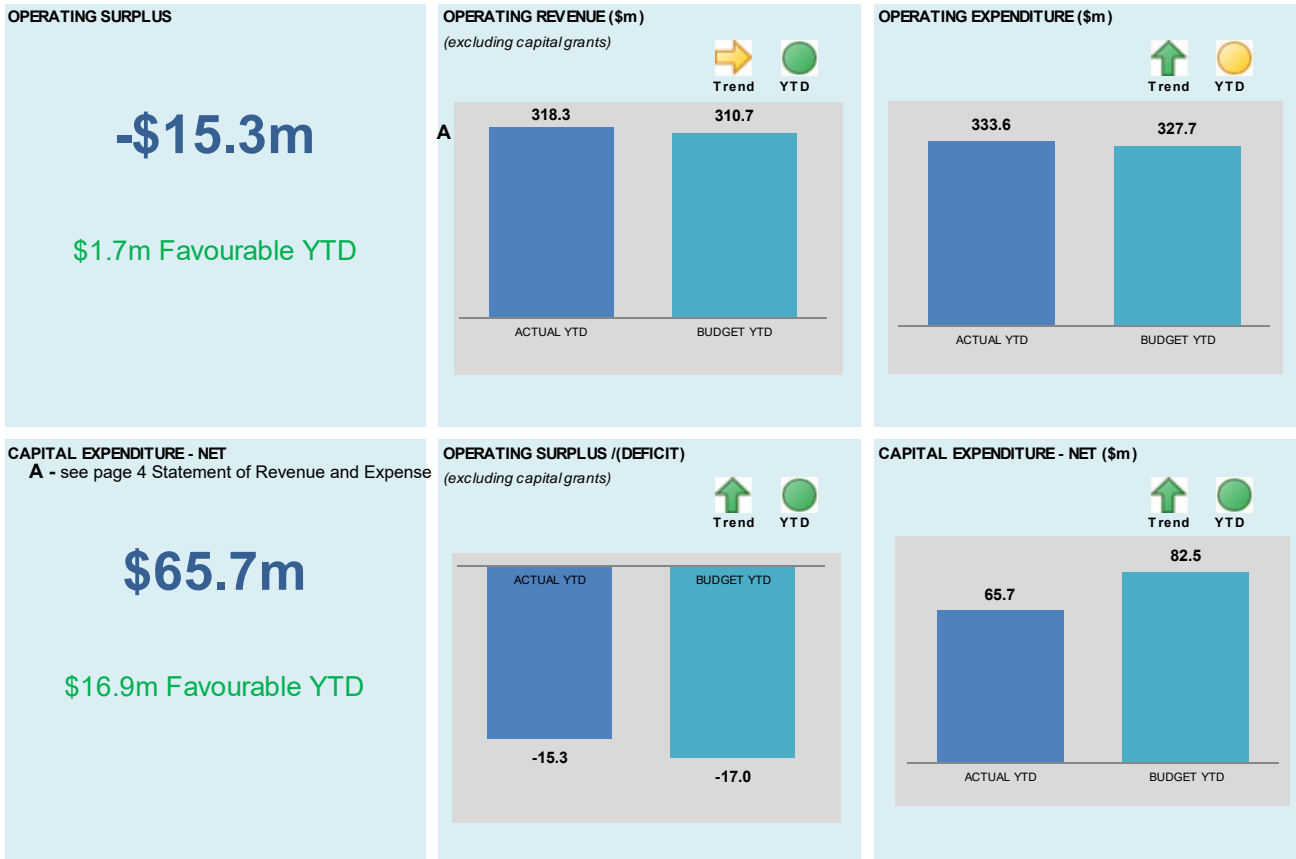
Mark Ford
Finance Manager

Report approved by:

Dave Humm
General Manager Corporate
Services/Chief Financial
Officer

Attachment 1: Summary Financial Report to 30 June 2018

Council Financial Summary – Full Year Actual vs Budget



Council Summary

Actual operating performance (before capital grants and fair value) is **\$1.7m favourable** to budget. The variance relates to higher fare revenue, timing of trolley bus decommissioning, savings on interim ticketing solution and additional Emission Trading Scheme and insurance revenue, offset by other PT Transformation costs, Integrated Ticketing (budgeted as capex), alternate water source and water quality projects and lower NZTA grants and WCC rates due to a correction relating to prior years.

FY by Business Group**Operating Revenue: \$7.5m Favourable**

Public Transport is **\$1.8m favourable** to budget reflecting higher fare revenue driven by higher patronage (\$2.5m), timing of external contributions to National Ticketing project (\$2.0m) from NZTA, Auckland Transport and the consortium of regional councils. This is offset by lower NZTA grants (\$3.0m) from lower claimable costs and higher revenue.

Catchment is **\$1.5m favourable** to budget due to higher KNE recoveries, contributions from District Councils for pest control, Mycoplasma bovis response (\$0.5m), erosion control (\$0.5m), river management (\$0.3m) and additional rent from RiverLink properties.

Environment is **\$1.5m favourable** to budget reflecting Emission Trading Scheme revenue (\$0.9m), increased consenting activity in the RONS project (\$0.3m), higher revenue for camping and concession (\$0.3m) and water quality monitoring (\$0.2m), partially offset by reduced Crown revenue for Water Wairarapa (\$0.3m).

Strategy is **\$1.1m favourable** to budget due to contributions for Regional Infrastructure Resilience Business case (\$1.0m) and additional NZTA grants for Sustainable Transport (\$0.1m).

Investment Management is **\$1.0m favourable** to budget reflecting additional interest earned from the prefunding of debt (\$0.9m) and higher interests on deposits (\$0.3m) due to banks paying higher rates to attract funds, partially offset by higher interest cost paid due to higher reserve balance (\$0.2m).

Water Supply is **\$0.3m favourable** to budget due to the earthquake insurance pay out for Kingsley Park (\$0.2m) and a higher interest rate on contingency funds (\$0.1m).

Corporate Services is **\$0.1m favourable** to budget due to the building and business interruption earthquake insurance pay out (\$1.3m), additional rates penalties revenue and LGFA directorship fees (\$0.5m), offset by lower rates revenue from Wellington City Council due to correction of prior year's payments (\$1.7m).

Operating Expenditure \$5.9m Unfavourable

Public Transport is **\$3.2m favourable** to budget reflecting timing for trolley bus decommissioning project (\$4.9m), rail network planning and renewals (\$1.1m) and savings on interim ticketing solution (\$2.2m). This is offset by higher costs in Fares and Ticketing (\$3.2m) due to change in the nature of the costs from capex to opex, Kiwi Rail network insurance (\$0.8m) and PT transformation (including electric bus fleet premium) (\$1.2m).

Catchment is **\$1.7m unfavourable** to budget mainly due to a write-down of RiverLink property value relating to the Public Works Act compensation (\$1.6m), additional costs for personnel, KNE and pest control (\$0.4m), partially offset by timing of the Riparian programme (\$0.4m).

Environment is **\$0.8m unfavourable** to budget due to higher property maintenance and depreciation (\$0.5m), Natural Resources Plan hearing costs (\$0.5m), partially offset by lower Water Wairarapa spend (\$0.3m).

Strategy is **\$0.4m unfavourable** to budget reflecting additional costs for Regional Infrastructure Resilience business case and Future of Port (\$1.0m), offset by vacancies, lower project spend in Corporate and Regional Transport Planning (\$0.7m).

Corporate Services is **\$0.5m unfavourable** to budget due to additional resource for LTP and Optimus Project pre-capitalisation phase (\$1.2m), offset by the release of 16/17 earthquake provision for Shed 39 fit out (\$0.4m), vacancy in the CE's office and lower CFO consultancy costs (\$0.4m).

People and customer is **\$0.5m unfavourable** to budget due to additional costs for induction and recruitment programmes (\$0.3m), additional design staff costs (\$0.3m), offset by reduced core training costs, timing of events programme and GW website project.

Investment Management is **\$0.5m unfavourable** to budget reflecting lower interest recoveries from business groups due to timing of the group Capex spend.

Water Supply is **\$4.5m unfavourable** to budget largely due to additional costs on alternate water source, water quality project (\$4.3m), depreciation reflecting capitalisation of WIP, financing costs (\$0.5m), capital resource costing (\$0.5m), partially offset by savings on power, rates (\$0.5m) and water quality contingency fund (\$0.5).

Capital Expenditure \$16.9m Favourable

Public Transport is **\$20.6m favourable** to budget reflecting timing of bus network infrastructure (\$4.2m), National Ticketing solution (\$4.0m), Matangi 2 driver simulator (\$2.1m), station renewals and upgrades (\$0.9m), park and rides (\$0.6m), bus shelter and signage upgrade (\$0.6m), lower spend on Matangi trains heavy maintenance (\$4.9m), interim and national ticketing solution (\$1.2m) and Matangi 1 retrofit no longer required (\$2.2m).

Catchment is **\$8.2m unfavourable** to budget due to timing of Riverlink property acquisitions (\$12.0m) and Jim Cooke Park programme (\$0.9m). This is offset by lower costs of Otaki Works (\$0.9m) and timing of Pinehaven, LWVD stopbank, Whaka stream upgrades, resource consent, Ebandon, Waiohine, Te Kauru and Manor Park programmes (\$3.7m).

Environment is **\$2.0m favourable** to budget due to timing of Parks projects (\$1.6m) including Baring Head bridge replacement, QEP Heritage Precinct, Battle Hill and Belmont tracks, and Harbours projects (\$0.3m).

Strategy is **\$0.5m favourable** to budget mainly due to timing of the NZTA Transport model (\$0.4m).

Corporate Services is **\$3.1m favourable** to budget reflecting timing of Project Optimus, ICT capex spend, Shed 39 repair work and electric vehicle chargers.

Water Supply is **\$0.7m unfavourable** to budget due to the accelerated treatment upgrades to restore capacity at the Waterloo Water Treatment plant (\$5.5m), offset by timing of the capital component on the alternate water supply project (\$2.7m), chemical tanks replacement (\$0.9m), reactive renewals (\$0.6m), cathodic protection and network resilience (\$0.6m).

Investment Management is **\$0.4m unfavourable** to budget due to higher Walter Street fit out cost.

Fair value \$17.9m unfavourable

Fair value is **\$17.9m unfavourable** to budget reflecting the decrease of the fair value of the swaps due to the continued decrease of market interest rates from 2016/17 (\$14.8m) and write-down of the Wellington Regional Stadium Trust advance (\$3.1m) to be consistent with the Wellington City Council.

Council Financial Summary ('000s)

Statement of Revenue and Expense by Business Group - Actual v Budget

\$000	FULL YEAR			FULL YEAR			FULL YEAR		
	Operational Revenue			Operational Expenditure			Operational Surplus / (Deficit)		
Group	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
Public Transport	187,740	185,973	1,767	184,589	187,842	3,254	3,152	(1,869)	5,021
Catchment Management	39,536	38,051	1,486	32,869	31,130	1,740	6,667	6,921	254
Environment Management	31,347	29,857	1,490	29,948	29,126	822	1,399	731	668
Te Hunga Whiriwhiri	1,055	1,034	21	927	1,026	98	128	9	119
Strategy	12,692	11,626	1,066	13,280	12,904	376	(588)	(1,278)	690
Corporate Services	10,343	10,272	71	18,520	18,010	510	(8,178)	(7,738)	439
People and Customer	2,419	2,415	5	10,510	10,002	508	(8,090)	(7,587)	503
Investment Management	(6,337)	(7,307)	970	(3,070)	(3,617)	547	(3,267)	(3,691)	423
Water Supply	32,511	32,170	341	39,391	34,897	4,494	(6,880)	(2,727)	4,152
Warm Wellington	3,370	3,183	187	3,370	3,183	186	0	(0)	0
WREMO	3,589	3,452	137	3,298	3,245	52	292	207	85
TOTAL	318,266	310,725	7,541	333,631	327,749	5,882	(15,365)	(17,024)	1,659

Statement of Revenue and Expense

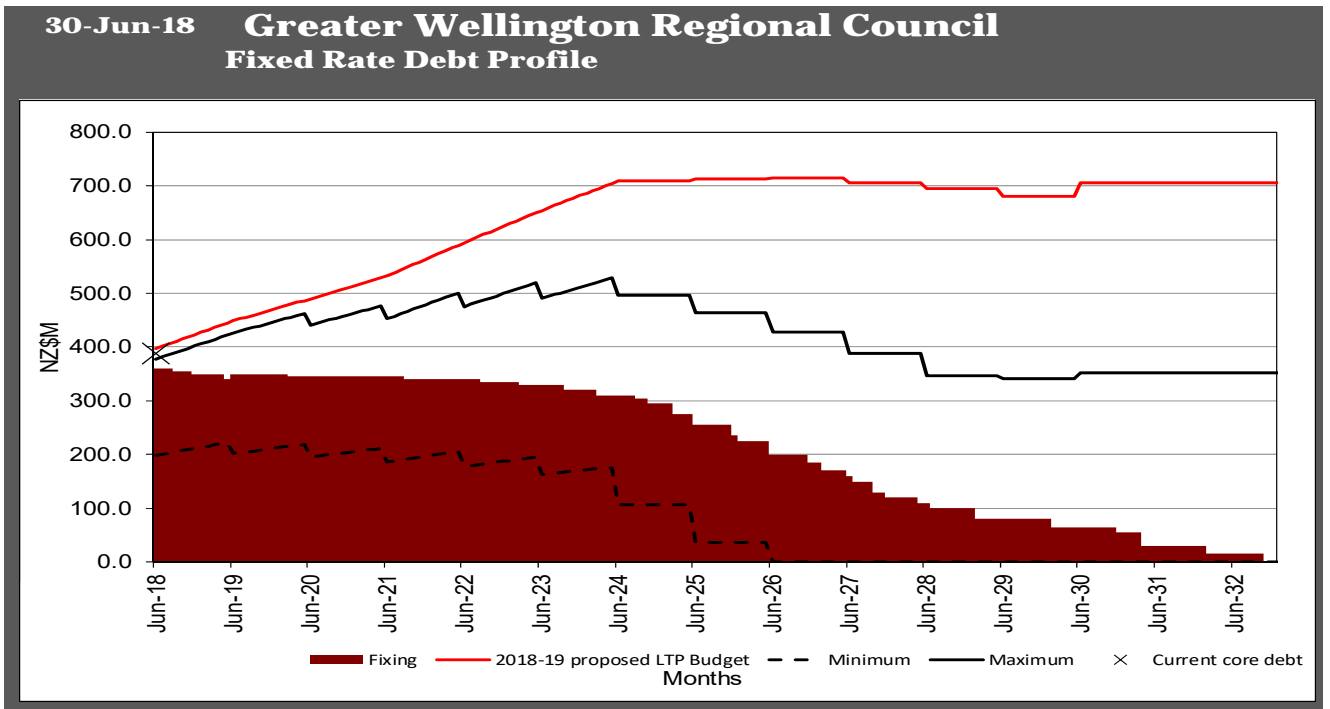
\$000	FULL YEAR		
	Actual YTD	Budget YTD	Variance
OPERATING REVENUE			
Rates	120,307	120,780	472
Subsidies & Grants	69,059	72,647	3,588
Other Revenue	123,516	114,255	9,261
Finance Revenue	5,384	3,043	2,341
TOTAL REVENUE	318,266	310,725	7,541
OPERATING EXPENDITURE			
Personnel	46,971	46,244	726
Material & Contractor/Consultant	77,858	69,603	8,255
Depreciation & Amortisation	18,644	17,894	750
Grants & Subsidy	149,318	156,671	7,352
Finance Cost	19,632	19,686	55
Other Expense	21,209	17,651	3,558
TOTAL EXPENDITURE	333,631	327,749	5,882
OPERATING SURPLUS/(DEFICIT)	(15,365)	(17,024)	1,659
Subsidies & Grants - Capex	16,406	23,905	7,499
Fair Value Movement	(8,685)	9,250	17,934
SURPLUS/(DEFICIT)	(7,644)	16,131	5,840

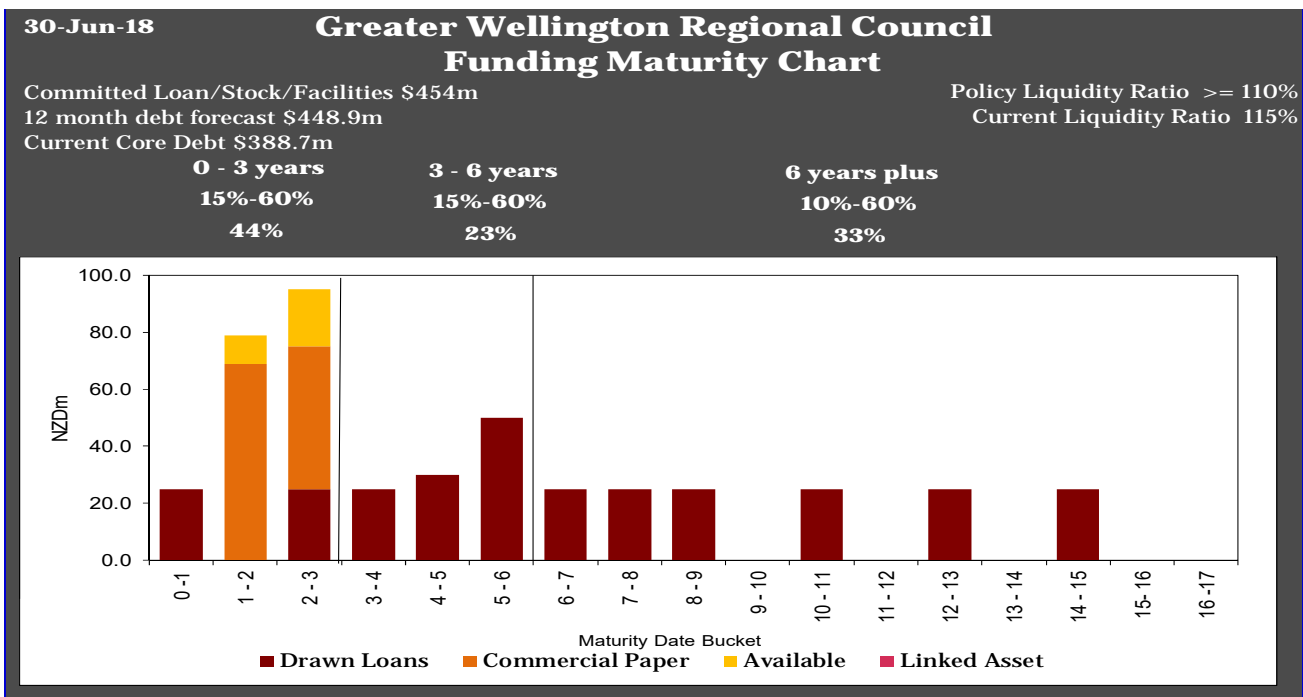
Capital Expenditure by Business Group

\$000	FULL YEAR		
	Actual	Budget	Variance
Group			
Public Transport (incl investment)	16,700	37,350	20,649
Catchment Management	29,864	21,652	8,212
Environment Management	3,120	5,119	1,998
Strategy	178	634	456
Corporate Services	856	4,003	3,147
People and Customer	247	197	50
Investment Management	1,038	660	378
Water Supply	13,655	12,918	737
TOTAL	65,659	82,532	16,873

Compliance with Treasury Risk Management Policy

Total Council Limit Compliance Analysis				Compliant		Compliant		
				Yes	No	Yes	No	actual %
Debt Interest Rate Policy Parameters								
Current	50% - 95%			✓				88%
year 1	45% - 95%			✓				78%
year 2	40% - 90%			✓				70%
year 3	35% - 85%			✓				65%
year 4	30% - 80%			✓				57%
year 5	25% - 75%			✓				50%
year 6	15% - 70%			✓				44%
year 7	5% - 65%			✓				36%
year 8	0% - 60%			✓				28%
year 9	0% - 55%			✓				23%
year 10	0% - 50%			✓				16%
year 11	0% - 45%			✓				12%
year 12	0% - 40%			✓				9%
year 13	0% - 35%			✓				4%
year 14	0% - 30%			✓				2%
year 15	0% - 25%			✓				0%
The maturity of total external debt less liquid financial investments to fall within the following timebands								
0 - 3 years	15% - 60%			✓				33%
3 - 5 years	15% - 60%			✓				27%
> 5 years	10% - 60%			✓				40%
Countersparty credit exposure with New Zealand registered banks which have a credit rating of at least A-, long term, and A2 short term						✓		
Other countersparty exposure within policy limits						✓		
Maximum countersparty exposure with a NZ registered bank is within \$86 million limit						✓		
The repricing of liquid financial investments are to occur within the following timebands								
	0 - 1 year	40% - 100%		✓				93%
	1 - 3 years	0% - 60%		✓				0%
	3 - 5 years	0% - 40%		✓				7%
	5 - 10 years	0% - 20%		✓				0%
Core Council External Borrowing Limits - Ratios								
Net Debt / Total Revenue < 250%						✓		95.2%
Net interest / Total Revenue < 20%						✓		5.0%
Net interest / Annual rates and levies < 30%						✓		10.2%
Liquidity > 110%						✓		115%







Report	18.408
Date	10 September 2018
File	CCAB-22-363
Committee	Finance, Risk and Assurance Committee
Author	Mike Timmer, Treasurer

Business Assurance Outcomes

1. Purpose

This report addresses a request from Finance, Risk and Assurance Committee (the Committee) meeting of 17 May 2018, to provide an update on progress, costs, and value of the newly established Business Assurance function.

2. Background

The Business Assurance function has been established as a hybrid model with assurance projects being led by GWRC staff and incorporating the expertise, frameworks and methodologies of specialist providers. The overall business assurance framework has been established in conjunction with PricewaterhouseCoopers (PwC) who were selected as our preferred suppliers for establishing the function and performing elements of the assurance work.

The Committee endorsed the methodology of Business Assurance which was established to provide both value protection to the business by assessing current process and controls as well as value enhancement through improving business performance and delivering future value.

In May 2017, officers provided the Committee with an 18 month internal audit programme of work. The plan was divided into two sections, prioritising high importance items and future likely or possible projects, which could be completed after the initially prioritised work.

An initial budget was established for core business assurance work of \$75,000 for 2017/18.

Planned assurance projects are assessed to ensure they will provide value and meet the needs of the organisation. See [Attachment 1](#) for the PwC – GWRC Business Assurance May 2017.

3. Progress to date

Assurance Project	Outcomes	Benefits gained	Budget
<p>Core Financial Controls Also known as 'Project ArCee' was completed in January 2018. It was a joint project lead by GW staff and incorporating PWC framework and expertise. The project was established to analyse and document existing business processes and controls and to use this information to implement immediate improvements and to feed into the design phase of Project Optimus (the new Financial Management Information System).</p>	<p>The output from this work was reported to the Committee on 6 March 2018. The findings from this report have been implemented with the last activity around the procurement process (purchase orders initiation) presently being finalised.</p>	<p>The key value add from this project has been the raised level of awareness around our key financial controls, enabling us to further strengthen these controls and to ensure that the new Financial Information Management System is developed with strong foundations.</p>	<p>The cost of this project was \$34,000. This was paid for by core budget</p>
<p>Policy Framework This work is currently underway and is close to completion. It is reviewing Greater Wellington Regional Council's (GWRC) policy framework to establish whether it is fit for purpose, how the policies are identified and established, and whether the framework is embedded in conducting GWRC business.</p>	<p>Report being finalised.</p>	<p>We expect the report to identify opportunities to simplify our policy structure and the communication of key elements of them. We expect the recommendations to advise us what best practice in this area might be for an organisation of our type and provide guidance on a programme of work to improve existing practice.</p>	<p>The cost of this project is agreed at \$9,000. This was paid for by core budget</p>
<p>Public Transport Operating Model (PTOM) An audit on Transdev Farebox Revenue was undertaken in January 2017, and subsequently an annual audit in February 2018, to provide a review of the completeness of ticket sales and</p>	<p>The initial report noted a number of key actions and improvements which Transdev management implemented. GWRC is comfortable that adequate</p>	<p>The value add for GWRC is providing comfort utilising an outside expert to gain assurance we are capturing all revenue that are due to</p>	<p>Cost of this is \$35,000 per year on an ongoing basis.</p>

Assurance Project	Outcomes	Benefits gained	Budget
<p>requisite revenue collected and banked to GWRC’s account.</p> <p>Further work is in progress for PTOM in relation to bus performance information and revenue completeness.</p>	<p>controls are in place, providing a level of comfort around completeness of revenue collection, and that processes and internal controls are satisfactory. Improvements are continuously being implemented via annual audits, with Transdev being cooperative in making recommended improvements</p>	<p>us. This is due the large volume of transaction and monetary value relating to Farebox revenue passing through various processes.</p>	<p>This is funded by the Public Transport Group</p>
<p>Rates modelling testing</p> <p>As part of the Long Term Plan process, GWRC and the public were provided with some options on how the rates determination assessment might look under differing scenarios.</p> <p>In order to provide this information, and given the risks around both setting rates and informing the public, we had PwC check our in-house built rating scenario model to ensure it was performing as we had intended.</p>	<p>The modelling work done was confirmed to be sound.</p>	<p>Assurance was received on the integrity and accuracy of the model used to assess impacts on ratepayer groups.</p>	<p>The cost of this work was \$7,340, which came out of the Long Term Plan budget.</p>

4. Future Projects

The next two pieces of work are **Project Management / Governance** and **Discretionary Expenditure**.

The **Project Management / Governance** aims to provide assurance over our project management framework, governance structures, and methodology and identify opportunities for improvement.

Additionally, an assurance function will be integrated into some major existing projects, beginning with project Optimus. The purpose of this is to identify opportunities for improvement for project management practices within specific projects to improve the effectiveness of project delivery. A key aspect is for the independent quality advisors to be engaged at the outset of projects of high importance and/or risk and work with the project managers providing advice and shared experiences as the project progresses to minimise risk and issues before they eventuate.

The **Discretionary expenditure** review is designed to look at the controls and processes around our Purchase Cards, and to perform data analytics which look at unusual transactions and transactions that do not fit a normal pattern.

A review of the likely and possible projects initially planned will be undertaken to assess their applicability and also who might perform them. This review will also consider other projects that have become topical since the plan was formulated in early 2017.

5. Communication

There is no communication required.

6. Consideration of Climate Change

The matters addressed in this report have been considered by officers in accordance with the process set out in the GWRC Climate Change Consideration Guide.

6.1 Mitigation assessment

Mitigation assessments are concerned with the effect of the matter on the climate (i.e. the greenhouse gas emissions generated or removed from the atmosphere as a consequence of the matter) and the actions taken to reduce, neutralise or enhance that effect.

Officers have considered the effect of the matters on the climate. Officers consider that the matters will have no effect.

Officers note that the matter does not affect the Council's interests in the Emissions Trading Scheme (ETS) and/or the Permanent Forest Sink Initiative (PFSI).

6.2 Adaptation assessment

Adaptation assessments relate to the impacts of climate change (e.g. sea level rise or an increase in extreme weather events), and the actions taken to address or avoid those impacts.

Officers have considered the impacts of climate change in relation to the matters. Officers recommend that climate change has no bearing on the matters.

7. The decision-making process and significance

Officers recognise that the matters referenced in this report may have a high degree of importance to affected or interested parties.

The matter requiring decision in this report has been considered by officers against the requirements of Part 6 of the Local Government Act 2002 (the Act). Part 6 sets out the obligations of local authorities in relation to the making of decisions.

7.1 Significance of the decision

Part 6 requires Greater Wellington Regional Council to consider the significance of the decision. The term 'significance' has a statutory definition set out in the Act.

Officers have considered the significance of the matter, taking the Council's significance and engagement policy and decision-making guidelines into account. Officers recommend that the matter be considered to have low significance.

Officers do not consider that a formal record outlining consideration of the decision-making process is required in this instance.

7.2 Engagement

Engagement on the matters contained in this report aligns with the level of significance assessed. In accordance with the significance and engagement policy, no engagement on the matters for decision is required.

8. Recommendations

That the Committee:

1. **Receives the report.**
2. **Notes the content of the report**

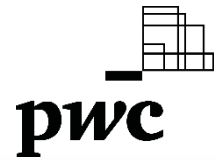
Report prepared by:

Mike Timmer
Treasurer

Report approved by:

Dave Humm
General Manager, Corporate
Services/Chief Financial
Officer

Attachment 1: PwC – GWRC Business Assurance May 2017



Greater Wellington Regional Council

Business Assurance

May 2017

www.pwc.co.nz



Business Assurance within Greater Wellington

Purpose of this document

This paper provides an overview of the suggested focus and workplan for the newly established Business Assurance function within Greater Wellington. It provides an outline of the basis by which an initial 18 month programme of work was developed and a short description of the intended focus of each of the specific reviews anticipated.

Context and background

In March 2017 a discussion paper was tabled with the Finance Risk and Audit Committee (FRAC) that established the purpose and mandate for an Internal Audit function (called 'Business Assurance') within Greater Wellington.

The purpose of this function is to provide an independent objective assurance and advice designed to add value and improve GWRC's operations. It is designed to help GWRC accomplish its objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

To date we have:

- Developed the Business Assurance Charter describing the authority and mandate of the function
- Developed a Working Protocol describing how Business Assurance will operate within the Council and the lifecycle of specific reviews from planning to reporting

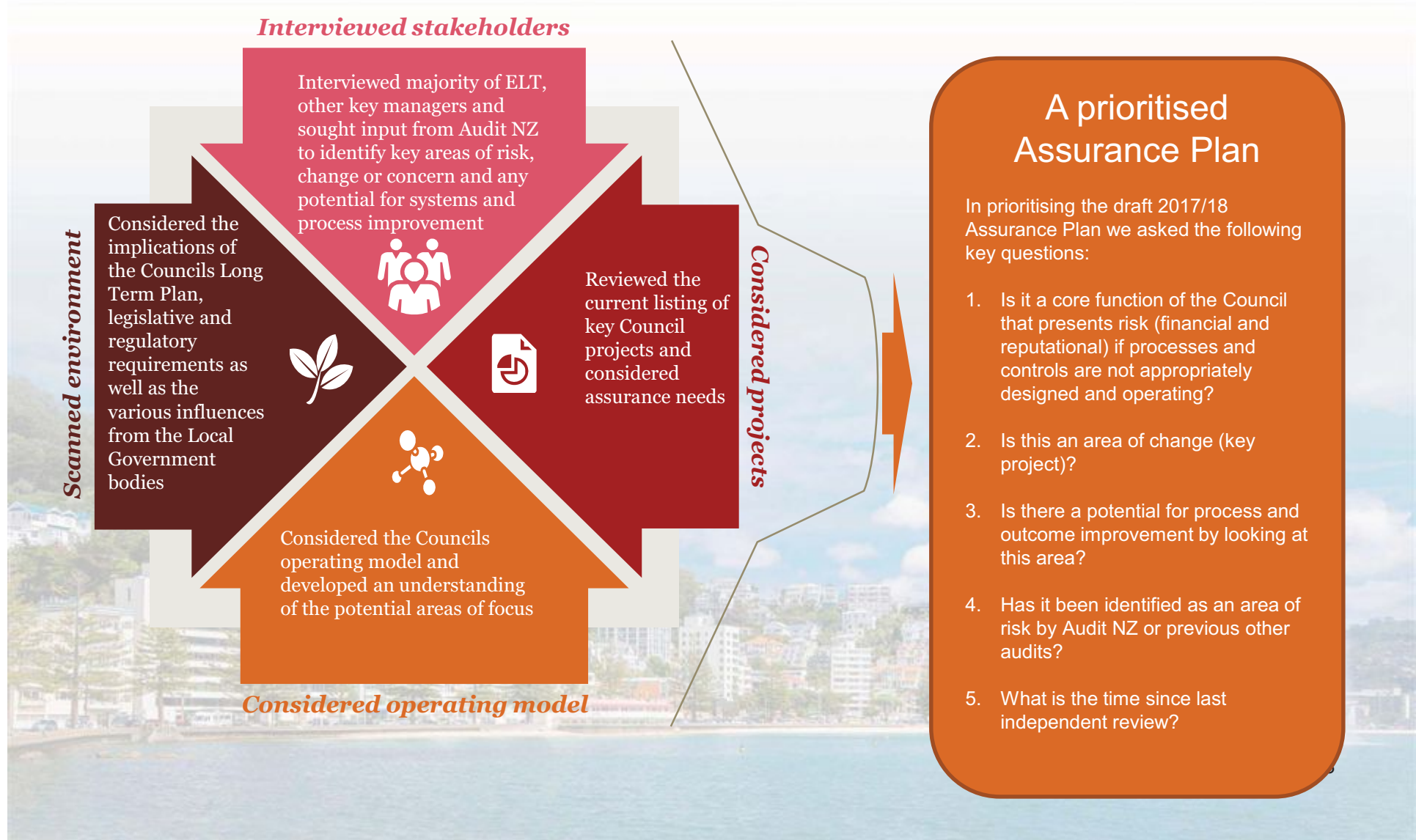
We discussed the two items above with ELT in January 2017.

- Since then we have worked with the Risk Manager and wider Council management to develop this initial 18 month workplan, and this document provides a summary of our current status.

January 2017

2

How we developed the 2018 Internal Audit Plan



Planning principles we followed

In addition to the prioritisation criteria above, we applied four core planning principles:

Principle 1: A balance between value protection and value enhancement

We sought to achieve an appropriate balance of reviews focused on:

- **Value protection:** Base-level compliance assessments focused on providing fundamental assurance over core elements of the internal control environment (e.g. business processes, projects and systems)
- **Value enhancement:** Formative reviews designed to comment on the effectiveness of Council functions, processes and activities.



It is important to focus on the **core systems and controls** and also to provide assurance over the **design of new processes**.

Planning principles we followed (cont.)

Principle 2: Appropriate balance between depth and breadth of coverage

We sought to achieve a reasonable balance between:

Depth: A comprehensive assessment of an area focusing on end-to-end processes and the design and operation of internal controls (both manual and embedded within supporting IT systems)

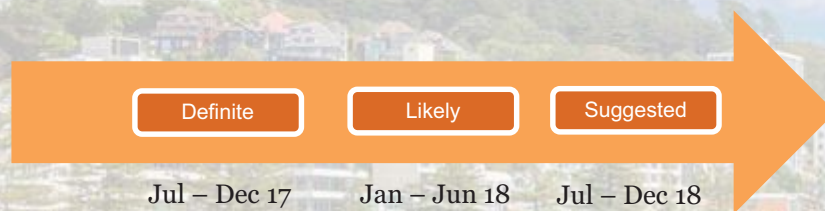
Breadth: Broad coverage across the Council or a targeted follow-up of known issues of control weaknesses.

Principle 3: Achieving effective assurance delivery within budget and resources available

- The extent of Internal Audit activities undertaken annually is driven by the resources available
- It is assumed that the cost of non-core and project specific assurance engagements will be funded through individual project or business unit budgets.

Principle 4: Developing an appropriate planning horizon

We have developed an 18 month rolling assurance plan that provides certainty of focus for the next six months, and an indication of the likely focus over the following six months, and an indication of suggested reviews in year two. This means that the plan can be reassessed and reconfirmed every six months to ensure that it remains relevant.



Summarised 18 month rolling Internal Audit plan

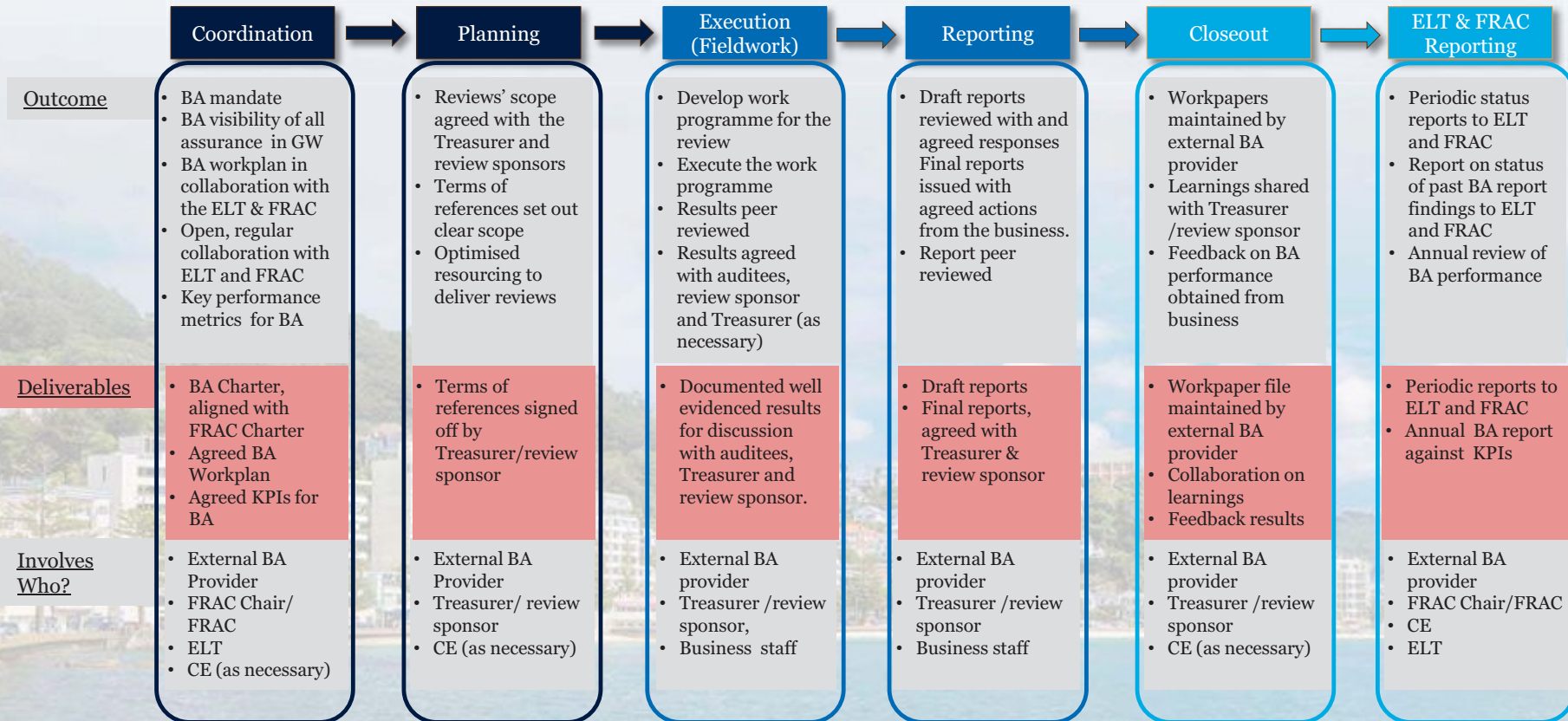
<i>Definite (Jul – Dec 17)</i>	<i>Est. effort & sponsor</i>	<i>Likely (Jan – Jun 18)</i>	<i>Possible (Jul – Dec 18)</i>
Core financial controls – assessing the design of processes and controls over core financial processes (Procurement, purchasing, payment, revenue, reconciliations, month end reporting). This assessment will form part of the design for the ERP refresh and the indicative areas above represent the initial phase of Business Assurance activity.	12 – 16 days* Dave Humm	NZTA - assessing the governance structures and associated controls to ensure compliance with key NZTA funding arrangements, and preparedness for NZTA audits. (10 – 15 days)	Council Controlled Organisations – assessing governance structures to facilitate compliance with Companies Act, Constitutions, SOI’s etc.
Discretionary expenditure – assessing the design of controls and performing data analytics over P-Cards and other expense claims to profile spend and identify unusual activity for detailed testing.	5 - 7 days Dave Humm	Indirect Tax – ensuring that the Council has appropriate systems, processes, procedures and controls to facilitate compliance with IRD requirements (6-9 days)*	PTOM* – assessing processes and controls in place to ensure accurate and complete recognition of bus fare revenue.
Project management / governance - Review of the project governance and management structures in place to support the delivery of key Council projects and initiatives, including an assessment of adherence to the updated policy	5 - 8 days Dave Humm	Risk management - assessing the councils framework against best practice and the needs of council. (6 – 8 days)	Land Management invoicing , including the application of subsidies from MPI and other agencies.
Policy framework - Assess the policy framework within the Council to ensure that it is fit for purposes, considers legislative requirements and is embedded in the way that the council conducts its business	3 days Dave Humm	Annual / long term plan development – assessing the planning processes against best practice	Harbour management – assessing council processes that ensure compliance with the Port and Harbours safety code
PTOM - assessing the extent to which suppliers are compliant with the public transport operating model (PTOM) to ensure accurate and complete reporting of key KPI’s and revenue collection. Initial focus will be on Transdev (Bus will be considered once new contract is in place)	10 – 15 days* Charlotte Vaughan	<div style="border: 1px solid black; padding: 5px; background-color: #f4a460; color: white;"> The Likely and Possible reviews will be reconfirmed in December 17 and June 18 respectively. This allows for flexibility in the programme, and ability to respond to the changing risks and needs of the Council </div>	

*Funded outside of Business assurance budget

Appendix A – Business Assurance Protocol

Core Principles:

- Operates with approved mandate (Business Assurance Charter) covering Governance, Risk Management and Control
- Aligns with risk and assurance needs of the business
- Mandate for direct access to Executive Leadership Team (ELT) and the Finance, Risk and Assurance committee (FRAC), open collaboration and regular dialogue with management
- Dynamic 18 month rolling Business Assurance Work Plan, reconfirmed every six months to reflect changing risk and assurance needs in the business
- The external provider will deliver reports issued to GW and be the face of Business Assurance to the business







Report	18.354
Date	12 September 2018
File	CCAB-22-360
Committee	Finance, Risk and Assurance Committee
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General Managers' report to the Finance, Risk and Assurance Committee on 18 September 2018

1. Purpose

To inform the Committee of Greater Wellington Regional Council (GWRC) activities relating to the Committee's areas of responsibility.

2. Key matters

- Top priority for Corporate Services is improvements to Public Transport's Real Time Information (RTI).
- Early budgetary cost pressures are emerging for the 2018/19 financial year.
- The design phase of the finance, Human Resources, and asset management system replacement (Project Optimus) has commenced and is progressing well.

3. Corporate Services

3.1 Finance

3.1.1 Finance summary

Project Optimus remains on track. A strong project team has been established and the design phase commenced in early September.

The interim annual financial statement audit and Long Term Plan audit have been completed with no significant issues identified. The final audit is currently being completed.

Changes to the structure of the Finance Department have been completed, with several key positions recruited to enhance the capability and capacity of the department.

A review of the payroll function has also been completed, with payroll being fully integrated into the Finance Department as a result. A Payroll Manager has been recruited to complete remediation work and systems upgrade.

The first financial forecast for the year is under development for the September quarter. Some early cost pressures are emerging for the Public Transport and Environment groups.

An analysis has been completed on the merits of a policy for rates postponement against home equity and will be discussed with members at a future workshop.

All finance-related activities for the transition to the new bus Public Transport Operating Model (PTOM) were delivered.

3.2 ICT

3.2.1 ICT summary

Accountability for the Real Time Information (RTI) and Public Transport performance Information Technology systems transferred from the Public Transport Transformation Programme to the Corporate Services Group on 31 August 2018. Improving RTI performance became the top priority of the Group upon the transfer.

Operational preparedness for supporting the new technology capability for PTOM has been successfully completed

A refined technology capital programme for 2018/19 has been developed and approved by the Executive Leadership Team. The plan further reinforces our technology foundations, while also focusing on projects that build organisational capability. A key project to extend radio network coverage in remote areas has entered procurement phase and will provide significant health and safety benefits to remote workers, as well as operational efficiency through automated collection of data from remote locations.

3.3 Treasury

3.3.1 Investment management

The facility documents for the \$35 million facility with Bank of Tokyo, now called MUFG Bank, were signed at the end of May 2018, and have subsequently been used for short term funding and as a standby facility for our Commercial Paper programme.

The review of our Treasury operations by Bancorp was completed. The report indicated current systems are fit for purpose and provided positive assurance on our Treasury process and controls. There are several minor action points which we are progressing based on recommendations.

Standard & Poor's visited GWRC in late July 2018 for their annual review, with an outcome expected later in the calendar year. We do not anticipate any change to our rating.

3.3.2 WRC Holdings

The Statement of Intent (SOI) for the WRC Holdings Group has been completed. Funding for this year's capital expenditure for share issuance in WRC Holdings Group and Greater Wellington Rail Limited of \$30.8 million was recently approved by Council.

3.3.3 Insurance

Our property cover for our above-ground assets was extended by one month to November 2018 at the request of the other councils in our collective. Work is underway by Aon to promote our organisations as resilient earthquake risks to our insurers.

We received \$1.6 million in insurance pay-out from the November 2016 earthquake relating to business interruption and damage to fit-out in Shed 39.

3.3.4 Risk management

Refer to Report 2018.378 in the agenda.

3.3.5 Business assurance (internal audit)

The review of the GWRC Policy Framework and a report on the progress to-date with business assurance programme is in the agenda (refer to Report 2018.408). Early discussions indicate an opportunity to simplify our policies and more effectively inform staff of the most critical elements of them.

3.4 Legal, Procurement, and Asset Management

Work is continuing on the development and testing of the new Procurement Policy with the development of a suite of procurement templates underway. Training to embed the final policy and templates will be developed.

The Procurement Policy includes a requirement for completion of Contract Management Plans. An assessment is underway to determine whether a separate contract management tool is also required.

Actively involved in preparing a regional, industry-perspective submission on the Government's Three Waters Review bill.

3.5 Programme Management Office (PMO)

3.5.1 PMO Summary

A five year plan is being developed which outlines the next steps for the PMO. This will include a plan to evolve the team to further enhance effective project management and increase our level of project maturity in the organisation.

The team also continue to have a high level of involvement with the future accommodation solutions for Wellington and Masterton.

4. People and Customer

4.1 Human Resources

The Human Resources structural changes are completed and the team is reforming into a more strategic and advisory service.

Pivotal organisational Human Resources strategies are in the last throes of being drafted with recommendations for adoption. The strategies all hinge upon one-another to deliver a solid foundation to deliver GWRC's work. The strategies are:

- Workforce Strategy Framework
- Remuneration and Benefits
- Talent Acquisition

Business as usual is more streamlined, in line with the structural and service changes.

Human Resources templates are being updated.

Human Resources policies, guidelines and procedures are being reviewed, rewritten to be warmer, clearer, succinct, and linked one to the other.

4.2 Health and Safety

A summary of health and safety initiatives is detailed in a separate report to this Committee (refer to Report 18.159).

5. Communication

No external communication is required as an outcome of this report.

6. The decision-making process and significance

No decision is being sought in this report.

6.1 Engagement

Engagement on this matter is unnecessary.

7. Recommendations

That the Committee:

1. *Receives the report.*
2. *Notes the content of the report.*

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