



If calling, please ask for Democratic Services

Finance, Risk and Assurance Committee

Tuesday 3 May 2022, 9.30am

Council Chamber, Greater Wellington Regional Council,
100 Cuba Street, Te Aro, Wellington

Members

Martin Matthews (Chair)

Cr Blakeley

Cr Hughes

Cr Kirk-Burnnand (Deputy Chair)

Cr Connelly

Cr Lamason

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

Finance, Risk and Assurance Committee

Tuesday 3 May 2022, 9.30am

Council Chamber, Greater Wellington Regional Council,
100 Cuba Street, Te Aro, Wellington

No.	Item	Report	Page
1.	Apologies		
2.	Conflict of interest declarations		
3.	Public participation		
4.	Confirmation of the Public minutes of the Finance, Risk and Assurance Committee meeting on 15 February 2022	22.62	3
5.	Confirmation of the Public Excluded minutes of the Finance, Risk and Assurance Committee meeting on 15 February 2022	PE22.61	7
6.	Update on progress of action items from previous Finance, Risk and Assurance Committee meetings – May 2022	22.154	9
7.	Quarterly Finance Update – Quarter 3	22.170	14
8.	Risk Management Update	22.173	21
9.	Health, Safety and Wellbeing Update	22.158	39
10.	Harbour Management – Risk and Compliance Update – May 2022	22.136	45
11.	Business assurance update	22.172	54
12.	Greater Wellington Regional Council Audit Plan for year ended 30 June 2022	22.161	64
13.	Fair Value Assessment Of Property Plant and Equipment	22.162	88
14.	Optimus Update – May 2022	22.167	93
15.	Holidays Act Remediation Project Update	22.159	97
Exclusion of the Public			
16.	Resolution to Exclude the Public	22.174	100
Public Excluded Business			
17.	Cyber Security Roadmap Update	PE22.171	101



Please note these minutes remain unconfirmed until the Finance, Risk and Assurance Committee meeting on 3 May 2022.

Report 22.62

Public minutes of the Finance, Risk and Assurance Committee meeting on 15 February 2022

All members participating remotely at 9.39am.

Members Present

Martin Matthews (Chair)
Councillor Blakeley
Councillor Connelly
Councillor Hughes
Councillor Lamason

All members participated at this meeting remotely, and counted for the purpose of quorum, as per clause 25B of Schedule 7 to the Local Government Act 2002.

Public Business

1 Apologies

Moved: Cr Lamason / Cr Blakeley

That the Committee accepts the apology for absence from Councillor Kirk-Burnnand.

The motion was **carried**.

2 Declarations of conflicts of interest

There were no declarations of conflicts of interest.

3 Public participation

There was no public participation.

4 Confirmation of the Public minutes of the Finance, Risk and Assurance Committee meeting of 30 November 2021 - Report 21.578

Moved: Cr Blakeley / Cr Hughes

That the Committee confirms the Public minutes of the Finance, Risk and Assurance Committee meeting of 30 November 2021 - Report 21.578

The motion was **carried**.

5 Confirmation of the Public Excluded minutes of the Finance, Risk and Assurance Committee meeting of 30 November 2021 - Report PE21.579

Moved: Cr Hughes / Cr Connelly

That the Committee confirms the Public Excluded minutes of the Finance, Risk and Assurance Committee meeting of 30 November 2021 - Report 21.578

The motion was **carried**.

6 Update on the progress of action items from previous Finance, Risk and Assurance Committee meetings – February 2022 - Report 22.7 [For Information]

Samantha Gain, General Manager, Corporate Services, spoke to the report.

7 Audit New Zealand Management Report – Year Ending 30 June 2021 – Report 22.39 [For Information]

Alison Trustrum-Rainey, Chief Financial Officer, introduced the report and introduced Clint Ramoo, Audit Director, Audit New Zealand, who spoke to the report.

Noted: The Committee requested that officers provided the Committee a recommended policy on asset valuation materiality for approval and use in the Annual Report process.

8 Quarterly Finance Update – Quarter Two 2021/22 – Report 22.43 [For Information]

Alison Trustrum-Rainey, Chief Financial Officer, spoke to the report.

9 Health, Safety and Wellbeing Update – February 2022 – Report 22.42 [For information]

Julie Barber, Manager, Health and Safety, spoke to the report.

10 Quarterly Risk Update– Report 22.47 [For Information]

Samantha Gain, General Manager, Corporate Services, spoke to the report.

11 Harbour Management – Risk and Compliance Update – February 2022 - Report 22.32 [For Information]

Grant Nalder, Harbour Master, spoke to the report.

12 Committee Forward Work Programme – Oral Report

The Committee Chair and Samantha Gain, General Manager, Corporate Services, provided an oral update regarding the Committee's forward work programme and led a discussion of the priorities of the Committee when considering future agenda and workshop items.

The Committee discussed that topics of relevance include:

- Strategic finance issues, particularly regarding delivery of capital works
- Enhancing Greater Wellington’s overall framework of public accountability through reporting mechanisms e.g.: through the Annual Report
- Exploring Greater Wellington’s regulatory consenting and compliance approach and ensuring statutory compliance both in Greater Wellington’s role as a regulator and also Greater Wellington’s own compliance with environmental regulations; and how long term non-compliance issues should be addressed.

Noted: The Committee requested that officers report back to the Committee regarding storm water compliance matters at the next meeting and requested that regular reporting on regulatory compliance is included in future Committee meeting agendas.

Noted: The Committee Chair and officers will develop a forward work programme of meeting and workshop topics, incorporating the priorities discussed above, to be circulated to Committee members.

Resolution to exclude the public

13 Resolution to exclude the public – Report 22.51

Moved: Cr Blakeley / Cr Connelly

That the Committee excludes the public from the following parts of the proceedings of this meeting, namely:

Cyber Security Roadmap update – Report PE22.50

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 ground/s 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:

Cyber Security Roadmap Update – February 2022 – Report PE22.50	
<i>Reason for passing this resolution in relation to each matter</i>	<i>Ground/s under section 48(1) for the passing of this resolution</i>
The report contains information about Greater Wellington’s cyber security status. Release of this information exposes Greater Wellington to cyber-attack threats by making it easier for the public to know our cyber security status. It is necessary for Greater Wellington to exclude the information contained in this report from the public domain to protect our information assets and reduce our likelihood of cyber-attack. Greater Wellington has not been able to	The public conduct of this part of the meeting is excluded as per section 7(2)(j) of the Act – to prevent the disclosure of use of official information for improper gain or improper advantage.

identify a public interest favouring disclosure of this particular information in public proceedings of the meeting that would override this risk	
---	--

This resolution is made in reliance on section 48(1)(a) of the Act and the particular interest or interests protected by section 6 or section 7 of that Act or section 6 or section 7 or section 9 of the Official Information Act 1982, as the case may require, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public.

The motion was **carried**.

The public part of the meeting closed at 11.14am.

M Matthews

Chair

Date:



Please note these minutes remain unconfirmed until the Finance, Risk and Assurance Committee meeting on 3 May 2022.

The matters referred to in these minutes were considered by the Finance, Risk and Assurance Committee in Public Excluded business. These minutes do not require confidentiality and may be considered in the public part of the meeting.

Report PE22.61

Public excluded minutes of the Finance, Risk and Assurance Committee meeting on 15 February 2022

All members participating remotely 11.14am.

Members Present

Martin Matthews (Chair)
Councillor Blakeley
Councillor Connelly
Councillor Hughes
Councillor Lamason

All members participated at this meeting remotely, and counted for the purpose of quorum, as per clause 25B of Schedule 7 to the Local Government Act 2002.

Public Excluded Business

1 Cyber Security Roadmap Update – February 2022 – Report PE21.50 [For Information]

Sue McLean, Chief Information Officer, spoke to the report.

The meeting closed at 11.23am.

M Matthews

Chair

Date:

Finance, Risk and Assurance Committee
3 May 2022
Report 22.154



For Information

UPDATE ON PROGRESS OF ACTION ITEMS FROM PREVIOUS FINANCE, RISK AND ASSURANCE COMMITTEE MEETINGS – MAY 2022

Te take mō te pūrongo

Purpose

1. To update the Finance, Risk and Assurance Committee (the Committee) on the progress of action items arising from previous Committee meetings.

Te horopaki

Context

2. Items raised at Committee meetings, that require actions from officers, are listed in the table of action items from previous Finance, Risk and Assurance Committee meetings ([Attachment 1](#) – Action items from previous Finance Risk and Assurance Committee meetings – May 2022). All action items include an outline of the current status and a brief comment.

Ngā hua ahumoni

Financial implications

3. There are no financial implications from this report, but there may be implications arising from the actions listed.

Ngā tūāoma e whai ake nei

Next steps

4. Completed items will be removed from the action items table for the next report. Items not completed will continue to be progressed and reported. Any new items will be added to the table following this Committee meeting and circulated to the relevant business group/s for action.

Ngā āpitihanga

Attachment

Number	Title
1	Action items from previous Finance Risk and Assurance Committee meetings – May 2022

Ngā kaiwaitohu
Signatory

Writer	Samantha Gain – General Manager, Corporate Services
--------	---

<p>He whakarāpopoto i ngā huritaonga Summary of considerations</p>
<p><i>Fit with Council's roles or with Committee's terms of reference</i></p> <p>The action items are of an administrative nature and support the functioning of the Committee.</p>
<p><i>Implications for Māori</i></p> <p>There are no direct implications for Māori arising from this report.</p>
<p><i>Contribution to Annual Plan / Long Term Plan / Other key strategies and policies</i></p> <p>Action items contribute to Council's and Greater Wellington's related strategies, policies and plans to the extent identified in Attachment 1.</p>
<p><i>Internal consultation</i></p> <p>There was no internal consultation.</p>
<p><i>Risks and impacts - legal / health and safety etc.</i></p> <p>There are no known risks.</p>

Attachment 1 to Report 22.154

Action items from previous Finance, Risk and Assurance Committee meetings

Meeting date	Action	Status and comment
15 February 2022	<p>Audit New Zealand Management Report – Year Ending 30 June 2021 – Report 22.39</p> <p>Noted:</p> <p>The Committee requested that officers provided the Committee a recommended policy on asset valuation materiality for approval and use in the Annual Report process.</p>	<p>Status</p> <p>Completed</p> <p>Comment</p> <p>A report has been provided to the Committee on this matter at this meeting (Report 22.162)</p>
15 February 2022	<p>Committee Forward Work Programme – Oral Report</p> <p>Noted:</p> <p>The Committee requested that officers report back to the Committee regarding storm water compliance matters at the next meeting and requested that regular reporting on regulatory compliance is included in future Committee meeting agendas.</p>	<p>Status</p> <p>Under way</p> <p>Comment</p> <p>Compliance is generally good for stormwater consents across the region.</p> <p>It must be remembered that the consents currently held relate to ‘stage 1’ consents (basically monitoring and reporting provisions apply). ‘Stage 2’ consents will deal with addressing with any effects needing to be rectified or mitigated as detected through the stage 1 consenting. The timing for Stage 2 consents being formally lodged with us vary across the region but none are actually required as yet - however pre-application discussions are underway for some.</p> <p>Officers are happy to provide regular reporting on regulatory compliance issues. We would be keen to</p>

Attachment 1 to Report 22.154

Action items from previous Finance, Risk and Assurance Committee meetings

Meeting date	Action	Status and comment
		work with the Committee to understand the needs in this regard and to avoid duplication with other Committee reporting.
	<p>Committee Forward Work Programme – Oral Report</p> <p>Noted:</p> <p>The Committee Chair and officers will develop a forward work programme of meeting and workshop topics, incorporating the priorities discussed above, to be circulated to Committee members.</p>	<p>Status</p> <p>Completed.</p> <p>Comment</p> <p>The August workshop has been agreed with the Chair to be Annual Report design and communication.</p> <p>New triennium workshops are to be developed, discussed and agreed with the Chair.</p>

Finance, Risk and Assurance Committee
3 May 2022
Report 22.170



For Information

QUARTERLY FINANCE UPDATE – QUARTER 3

Te take mō te pūrongo

Purpose

1. To provide the Finance, Risk and Assurance Committee (the Committee) with Greater Wellington Regional Council's (Greater Wellington) financial reports for the third quarter ended 31 March 2022.

Te tāhū kōrero

Background

2. This report provides a summary of the financial performance of Greater Wellington's activities for the year to 31 March 2022. The year-to-date operating position is \$4.6 million favourable to budget.
3. This is the first Quarterly update produced out of the new Ngātahi enterprise reporting tool (ERP) since going live in February 2022. Although the data is originating from a new ERP its contents have not materially changed but as Ngātahi reporting matures the format of the Quarterly update will be reviewed to see if the new tool can provide additional insights to the committee. In the meantime, any feedback on the current report would be useful.

Te tātaritanga

Analysis

4. The finance report is for Quarter Three of the year ended 30 June 2022 (see [Attachment 1](#)). The key results are:
 - a Total Revenue was \$30.6 million less than budget. Mainly in Public Transport (PT) due to August 21 lockdown, the continual challenge with Omicron and changing behaviours in public transport use with the rise of working from home practices because of COVID-19. Delays in projects (PT and Catchment) have also impacted revenue received from Grants and Subsidies.
 - b Discussions are continuing to seek additional funding on top of the standard Waka Kotahi's contribution of \$13.9 million for the shortfall in fare revenue due to COVID-19 restrictions.
 - c Total Expenditure was \$35.2 million lower than budget. \$9.9 million was from Strategy group, with \$4.3 million from Regional Transport expenditure delays with

Let’s Get Wellington Moving and \$3.3 million from delays to the Low Carbon Acceleration Fund. \$14.9 million was from Public Transport mainly due to OPEX project delays with the EV programme, electrification of bus and ferry fleet. \$6.2 million was from Catchment group with land management, biodiversity and biosecurity projects delayed due to COVID-19 restrictions.

- d This gave an operational deficit of \$0.04 million, \$4.6 million ahead of budget. Primarily due to the impact of COVID-19 restrictions.
- e Capital expenditure was underspent by \$43.5 million. The majority of this is due to COVID-19 and resource constraints. Flood Protection group was \$13.7 million under spent, with delays to Shovel Ready projects and RiverLink construction, design, and property purchases. \$12.2 million of this figure was from Water projects, with the balance made up of smaller variances across multiple business units.

**Ngā āpitihanga
Attachment**

Number	Title
1	Financial Summary Report – 31 March 2022

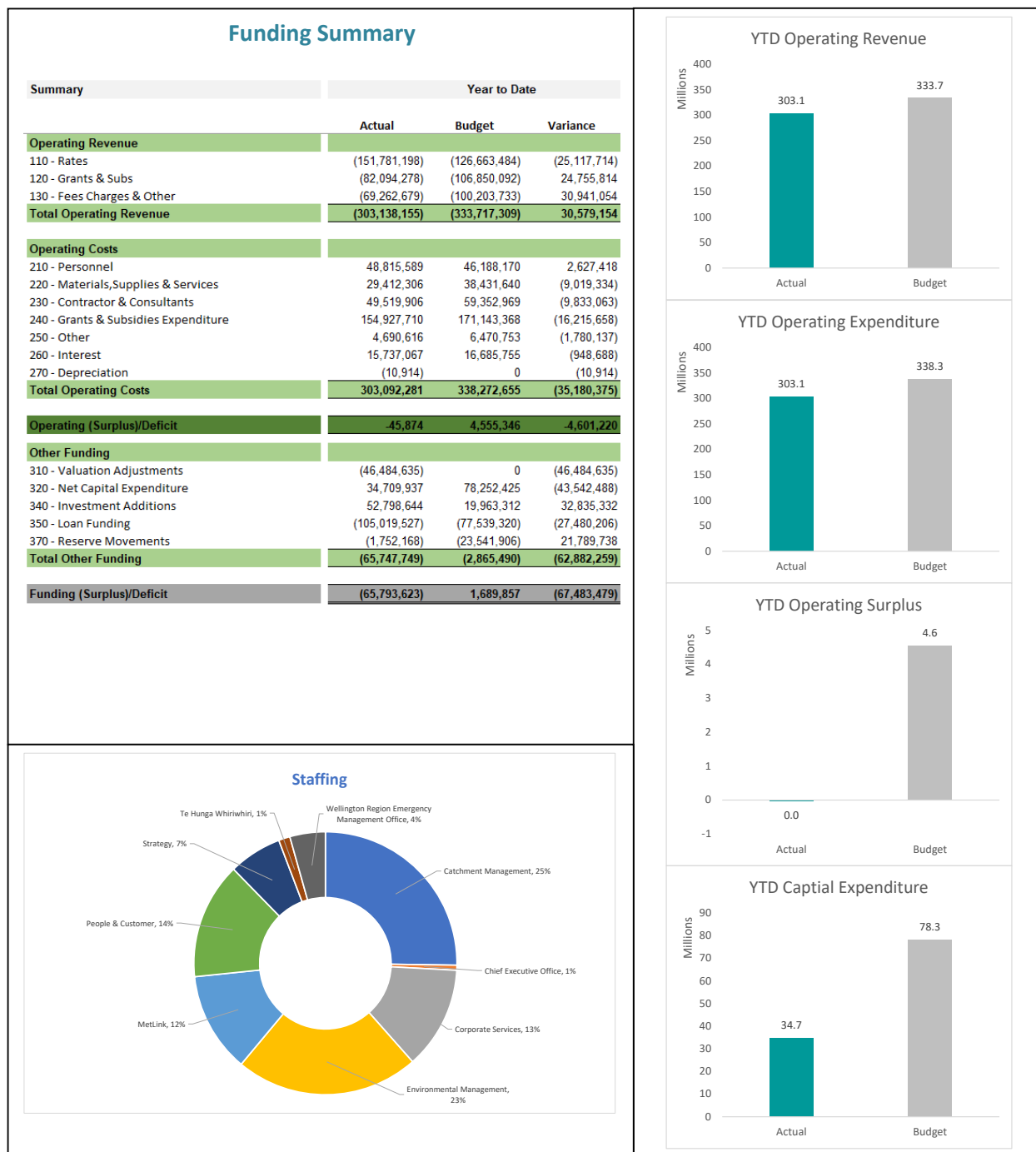
**Ngā kaiwaitohu
Signatories**

Writers	Sean Nicholson – Planning and Reporting Accountant Darryl Joyce – Accounting Services Manager Ali Trustrum-Rainey – Chief Financial Officer
Approver	Samantha Gain – General Manager Corporate Services

<p>He whakarāpopoto i ngā huritaonga Summary of considerations</p>
<p><i>Fit with Council's roles or with Committee's terms of reference</i></p> <p>The Committee's specific responsibilities include to "review the robustness of the organisation's financial performance".</p>
<p><i>Implications for Māori</i></p> <p>There are no known implications for Māori.</p>
<p><i>Contribution to Annual Plan / Long Term Plan / Other key strategies and policies</i></p> <p>The report reviews performance against the financial statements in Council's Long Term Plan.</p>
<p><i>Internal consultation</i></p> <p>All business groups contribute to Greater Wellington's financial performance.</p>
<p><i>Risks and impacts - legal / health and safety etc.</i></p> <p>There are no risks arising from this report.</p>

Financial Report – 31 March 2022

Council Financial Summary – 31 March 2022



Financial Report – 31 March 2022

Summary of Key Issues & Year End Financial Update

Key Issues

- Delta variant Covid-19 restrictions have impacted revenue received, operational expenditure and capital expenditure across multiple business units since August.
- The August Covid-19 lockdown and changing behaviours in public transport use with the rise of working from home practices has caused a reduction in Public Transport Farebox revenue of \$27.3m. Discussions which were with Waka Kotahi are now with Central Government to fund more than the standard 51% of this short fall.
- Capital Expenditure YTD is well below budget (\$43.5m below the YTD budget of \$78.3m) and requires continued close monitoring especially with the potential for further delays from the impacts of the Omicron variant of COVID-19.

Quarter Three Financial Update

- Total Revenue was \$30.6m less than budget,
Mainly in PT due to August lockdown restrictions and changing behaviours in public transport use with the rise of working from home practices because of Covid19.
- Total Expenditure was \$35.2m lower than budget, mainly due to OPEX project delays in Public Transport, \$17.9m, Catchment, \$6.2m, and Let's Get Wellington Moving, \$4.3m and a slower than anticipated drawdown of the Low Carbon Acceleration Fund, \$3.3m.
- This gave an Operational Deficit of \$0.05m, \$4.6m better than budget.
- Capital expenditure was underspent by \$43.5m. against a budget of \$78.3m,
\$13.7m is due to delays in Shovel ready projects and RiverLink construction/design/property purchases, \$6.2m from Water is due to timing difference with GW and WWL but the full year variance is expected to reduce to \$10m below budget, \$13.6m due to delays in PT projects from Covid19.

Attachment 1 to Report 22.170

Financial Report – 31 March 2022

Operating Revenue

303,138,155
YTD Actual333,717,309
YTD Budget(30,579,154)
YTD VarianceRevenue Key Variances^{[SG1][DJ2]}

(\$30.6m) **PT - Bus and Rail Fare Revenue (\$27.3m)** unfavourable due to the August lockdown restrictions and the rise of working from home practices stemming from the lockdowns. The budget was set at pre-covid patronage levels and with the change to new normal being flexible working.

PT – Grants & Subs Revenue (\$3.5m) unfavourable in G&S due to delays in New Electric Vehicle Programme, timetable changes in ERAA, Living wage and Electric ferry infrastructure.

(\$7.4m) **Catchment - G&S Revenue:** Flood Protection – **(\$3.8m)** unfavourable – timing of shovel ready project grants (delayed due to Covid-19 and procurement of contractors). The balance of the variance is in biodiversity and biosecurity projects which have also had delays due to Covid-19 restrictions.

Operating Expenditure

303,092,281
YTD Actual338,272,655
YTD Budget35,180,375
YTD Variance

Expense Key Variances

\$9.9m **Strategy** – **\$4.3m** favourable mainly due to delay in LGWM, **\$3.3m** – Low Carbon Fund has minimal drawn down.

\$14.9m **PT** – **\$17.9m** favourable mainly due to OPEX project delays with the EV programme, electrification of bus and ferry fleet and enhancements to timetable and services and delays in RTI 2.0 and maintenance. This is partially offset by unbudgeted expense for Snapper on Rails **(\$2.7m)**.

\$6.2m **Catchment** – favourable mainly due to delays in projects: **\$1.4m** in Hill Country Erosion programme (WRECI), **\$1.2m** Predator Free Wellington, **\$1.3m** in the Wairarapa Moana MFE project, with the balance in flood protection from interest savings on delayed capital expenditure and maintenance.

Financial Report – 31 March 2022

Capital Expenditure

34,709,937
YTD Actual

78,252,425
YTD Budget

(43,542,488)
YTD Variance

Capital Expenditure Key Variances

- \$13.7m Flood Protection** – from delays in multiple projects particularly shovel ready projects and the RiverLink construction/design. Work on shovel ready projects expected to increase in the 4th quarter.
- \$12.2m Water** – \$5.2m relates to phasing differences between the GW budget and WWL’s. \$6.2m from consenting delays with the Silverstream Pipebridge Seismic Upgrade. Full year variance is expected to reduce to \$10m behind budget.
- \$13.6m PT** – delays of planned work schedules because of the August lockdown. Business is currently forecasting to be underspent by \$5.7m in Metlink Capital works.
- \$3.8m Corporate Services** – favourable on ICT capex, Masterton fit out and Cuba Street fit out.
- \$4.0m Environment** – mostly due to delays of several Parks projects including QEP Heritage Precinct and coastal retreat projects.

Compliance with Treasury Risk Management Policy

Total Council Limit Compliance Analysis				Compliant		
				Yes	No	actual %
Debt Interest Rate Policy Parameters - based on 2021-51 LTP proposed						
Current	40% - 90%	✓	63%			
year 1	40% - 90%	✓	61%			
year 2	35% - 85%	✓	56%			
year 3	30% - 80%	✓	56%			
year 4	25% - 75%	✓	49%			
year 5	20% - 70%	✓	38%			
year 6	0% - 65%	✓	28%			
year 7	0% - 60%	✓	20%			
year 8	0% - 55%	✓	16%			
year 9	0% - 50%	✓	15%			
year 10	0% - 50%	✓	10%			
year 11	0% - 50%	✓	8%			
year 12	0% - 50%	✓	6%			
year 13	0% - 50%	✓	3%			
year 14	0% - 50%	✓	0%			
year 15	0% - 50%	✓	0%			
The maturity of total external debt to fall within the following timebands						
0 - 3 years	15% - 60%	✓	42%			
3 - 7 years	25% - 85%	✓	30%			
> 7 years	10% - 60%	✓	28%			
Counterparty credit exposure with New Zealand registered banks which have a credit rating of at least A-, long term, and A2 short term						
					✓	
Other counterparty exposure within policy limits						
					✓	
Maximum counterparty exposure with a NZ registered bank is within \$119 million limit						
					✓	
The repricing of liquid financial investments are to occur within the following timebands						
0 - 1 year				70% - 100%		95%
1 - 5 years				0% - 30%		5%
Core Council External Borrowing Limits - Ratios						
Net Debt / Total Revenue < 300%					✓	4.1%
Net interest / Total Revenue < 20%					✓	114.8%
Net interest / Annual rates and levies < 30%					✓	9.5%
Liquidity > 110%					✓	126%

Finance, Risk and Assurance Committee
3 May 2022
Report 22.173



For Information

RISK MANAGEMENT UPDATE

Te take mō te pūrongo

Purpose

1. To provide the Finance, Risk and Assurance Committee (the Committee) with an update on developments with respect to risk management within Greater Wellington.

Te horopaki

Context

2. In mid-2021, Greater Wellington commenced a process to review and enhance its approach to risk management. The intention of this work has been to better integrate risk management into day to day management, accountabilities and decision making.
3. A series of risk workshops have been undertaken with the Committee (October 2021, November 2021 and February 2022) to:
 - a Outline the core principles and approaches underpinning Greater Wellington's revised approach to risk management
 - b Understand the needs and expectations of the Committee with respect to the risk information it receives and how this is used
 - c Provide the initial results of a top-down approach to describing the risk profile of Greater Wellington in terms of a one-page Success and Risk Profile, with risks described in terms of *uncertainty*, with associated causes, consequences, and controls
 - d A deep dive into specific areas of risk, showing how the revised risk management approach works in practice. This was the focus of the February 2022 workshop with a focus on Health, Safety and Wellbeing Risk, and Catchment Risk.
4. Work has continued with the Executive Leadership Team (ELT) and the network of Risk Champions to future operationalise and embed this approach within the day to day business.

Te tātaritanga

Analysis

5. The design of the risk management approach is essentially complete.

6. A simple top down one page Success and Risk Profile provides the ELT with an effective way to consider the key areas of risk, linked to Greater Wellington’s mandate, license to operate and key aspects that define success for the period ahead.
7. The progress update at **Attachment 1** provides the Committee with:
 - a The current state of the work to redesign Greater Wellington’s risk management approach.
 - b The current Success and Risk Profile, heat-mapped to reflect the perspective of the ELT.
 - c An outline of the next steps from here to further embed this risk management approach into the organisation, and, in particular, integrate this with related initiatives such as the Business Planning, the Fit for the Future operating model work, Business Capability Mapping, Business Continuity and Resilience and the work of the Programme Management Office.

Ngā āpitihanga

Attachment

Number	Title
1	Progress update on implementation of risk approach

Ngā kaiwaitohu

Signatories

Writer	David Nalder – Risk Advisor
Approver	Samantha Gain – General Manager Corporate Services

<p>He whakarāpopoto i ngā huritaonga Summary of considerations</p>
<p><i>Fit with Council’s roles or with Committee’s terms of reference</i></p> <p>The Committee has a specific responsibility to “review the effectiveness of Greater Wellington’s identification and management of risks faced by Council and the organisation. This review includes whether Greater Wellington is taking effective action to mitigate significant risks”</p>
<p><i>Implications for Māori</i></p> <p>There are no known impacts for Māori arising from this report.</p>
<p><i>Contribution to Annual Plan / Long Term Plan / Other key strategies and policies</i></p> <p>Greater Wellington makes decisions every day on order to deliver it’s to what it has committed to through its Long Term Plan. Risk management is essentially enabling good decisions to be made that reflects a good understanding of uncertainty within the environment and tradeoffs between competing choices.</p>
<p><i>Internal consultation</i></p> <p>In developing this refreshed approach to risk reporting, consultation and input was provided by</p> <ul style="list-style-type: none"> - The network of Risk Champions within Greater Wellington - The General Manager Corporate Services - The Executive Leadership Team
<p><i>Risks and impacts - legal / health and safety etc.</i></p> <p>Several areas of risk have emerged from this work. These are described in the body of this paper.</p>

Success and risk

Finance, Risk and Assurance Committee

Greater Wellington Regional Council
May 2022

This paper

Attachment 1 to Report 22.173

Context

Significant work has occurred to reset Greater Wellington's approach to risk management.

The design of this approach, including core principles and concepts, accountabilities and approach to describing and reporting risk has been completed and confirmed with ELT and FRAC.

An *Operationalisation Plan* for this risk management approach, describing the implementation steps intended to integrate this into GW's core ways of working has been tabled at ELT in April 2022, and is summarized here.

The top down risk approach has been adopted, with the ELT completing its second *Risk Sentiment Survey* as a way of rating the relative level of confidence or concern in each of the individual success and risk statements described within the *Success and Risk Profile*.

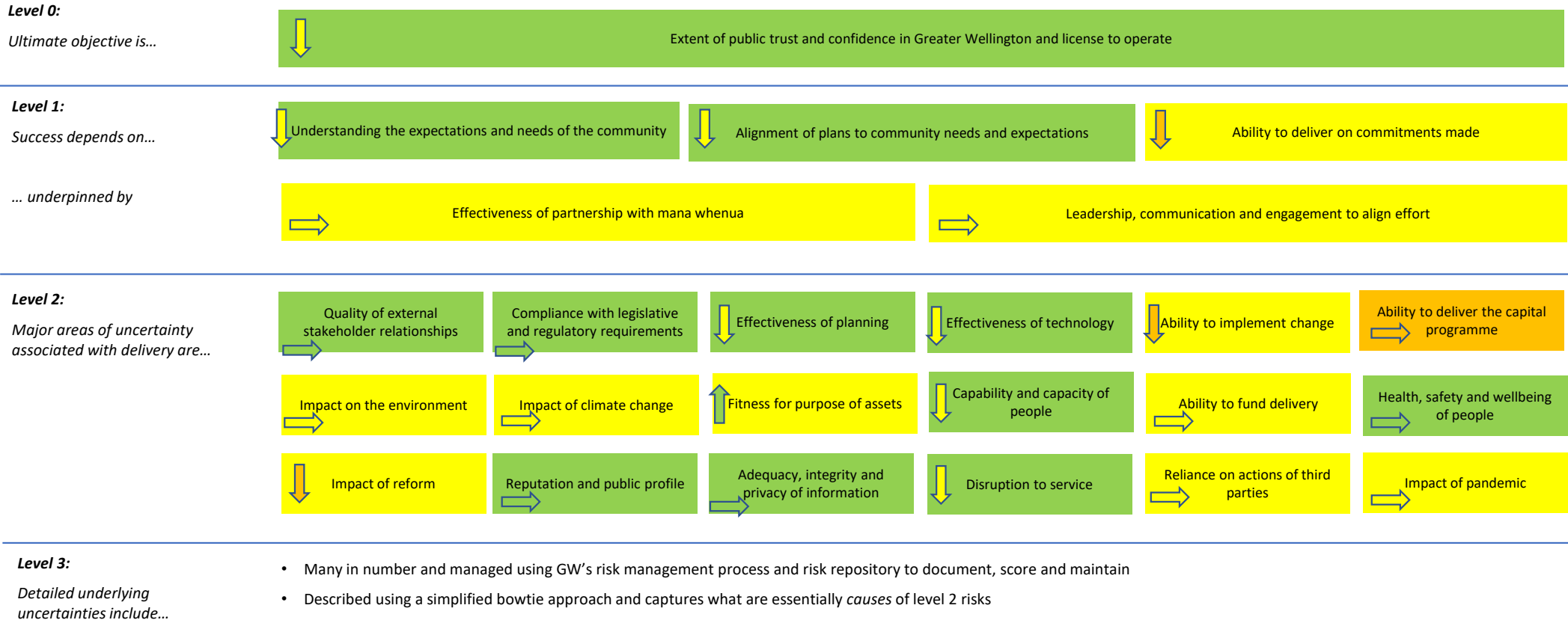
The end game

The overall intention of the reset of GW's approach to risk management is to:

- Link risk to purpose, success and decision making
- Take a simple, visual, top down approach to describe risks in a way that makes this information relevant and accessible
- Define risk in terms of uncertainty, so that equal emphasis is on upside opportunities as well as downside threats
- Provide confidence in how risks are managed through transparency on key actions (initiatives, controls, mitigations, treatments) associates with these
- Integrate risk management into management, so these are not approached as disjointed and discrete activities
- Reset accountabilities associated with this

Success and Risk Profile

Attachment 1 to Report 22.173



Success and risk statements above heat-mapped to reflect relative level of confidence or concern

★ New risk since last report



Arrow represents trajectory of risk (down = improving, up = degrading) and colour reflects previous sentiment of ELT in February 2022

Top three risk themes by business unit

Attachment 1 to Report 22.173

Business unit	Top three risk themes are... (bottom up per Quantate risk register)	Risk relates to... (top down per Success and Risk Profile)
Catchment	Risk to work programmes given the impact of COVID on affordability, resource prioritisation, and business availability	<ul style="list-style-type: none"> • Capability and capacity of people • Ability to fund delivery • Ability to deliver on commitments made
	RiverLink Project – inability to deliver full flood protection measures due to delays by other partners (HCC, NZTA)	<ul style="list-style-type: none"> • Reliance on actions of third parties • Ability to deliver the capital programme
	Staff health, safety & wellbeing and ability to do job well deteriorates due to stressful winter season workloads. Staff wellbeing due to workloads driven largely by Crown funded Covid recovery projects.	<ul style="list-style-type: none"> • Health, safety and wellbeing of staff and the public
Environment	Significantly contaminated site(s) either known or unknown that release substances that harm environment and/or human health which compromises our organisational mandate, legislative requirements and reputation	<ul style="list-style-type: none"> • Impact on the environment • Health, safety and wellbeing of staff and the public • Compliance with legislative and regulatory requirement
	Staff working in or near water may slip, trip or fall resulting in injury or fatality compromising our duty of care to staff, our reputation, our ongoing levels of service and risking legal action	<ul style="list-style-type: none"> • Health, safety and wellbeing of staff and the public
	Remote working without access to immediate assistance in the event of an accident or injury resulting in fatality or serious harm to staff	<ul style="list-style-type: none"> • Health, safety and wellbeing of staff and the public
Strategy	Central government reforms the Future for Local Government; the Resource Management system, and the three-waters review create uncertainty for GW in terms of our mandate and operating environment; long term investment decisions, and, long term planning processes	<ul style="list-style-type: none"> • Impact of reform
	There is a risk that the Mass Rapid Transit is not appropriately integrated into the current public transport bus and rail network and that there are adverse impacts on Metlink customers; there remains a risk that the programme becomes unaffordable as costs increase and without clarity on cost shares; and there is a risk from the lack of an agreed delivery vehicle for the next phases of work which could delay the implementation of the programme and provides uncertainty for how urban development outcomes will be delivered.	<ul style="list-style-type: none"> • Effectiveness of planning • Ability to fund delivery • Ability to implement change
	GW will be instructed by Waka Kotahi to adopt a new role which will involves coordinating the Region's road speeds. The role was not anticipated and as such not planned for, nor is it clearly defined, so there is a risk that there is not sufficient capacity and capability to fulfil the new role.	<ul style="list-style-type: none"> • Capability and capacity of people

Top three risk themes by business unit

Attachment 1 to Report 22.173

Business unit	Top three risk themes are... (bottom up per Quantate risk register)	Risk relates to... (top down per Success and Risk Profile)
Metlink	The condition of third party rail network assets (excluding Wellington Railway Station) to withstand mismanagement, under investment or reduced funding is compromising our ability to provide safe and healthy services	<ul style="list-style-type: none"> Reliance on actions of third parties Health, safety and wellbeing of staff and the public
	The condition of third party rail network assets (excluding Wellington Railway Station) to withstand mismanagement, under investment or reduced funding is compromising our ability to provide service continuity	<ul style="list-style-type: none"> Reliance on actions of third parties Disruption to services
	Contracted public transport operators' ability to deliver services, relied on by Metlink, is compromising our ability to provide service continuity	<ul style="list-style-type: none"> Reliance on actions of third parties Disruption to services
Corporate Services	The three water reform could have adverse impacts on Council's balance sheet. Assets, liabilities, debt and Interest rate swaps need to potentially be transferred to a separate organisation. The values these are transferred at and the potential loss of liquidity contingency funds will impact Council's LGFA financial covenant ratios.	<ul style="list-style-type: none"> Impact of reform Ability to fund delivery
	Business Disruption due to a Cyber attack	<ul style="list-style-type: none"> Disruption to services
	Warm Wellington Scheme may be under threat following warning letter issued by Commerce Commission in relation to another similar scheme, questioning legal compliance.	<ul style="list-style-type: none"> Compliance with legislative and regulatory requirements
People & Customer	GW people , or other road users, could be killed or seriously harmed in an accident involving GW vehicles , or other vehicles used to carry out GW duties. This includes all on and off road (4WD, LUV's, quads & motorcycles) fleet, rented vehicles and use of personal vehicles for GW duties.	<ul style="list-style-type: none"> Health, safety and wellbeing of staff and the public
	Staff mental health and wellbeing affected by stress and other workplace issues leading to adverse physical and psychological effects, increased sick leave, turn-over and loss of productivity.	<ul style="list-style-type: none"> Health, safety and wellbeing of staff and the public
	Change processes , such as Fit For the Future, lead to loss of institutional knowledge, organisational instability and/or lack of delivery	<ul style="list-style-type: none"> Ability to implement change
Maori	Failure to maintain relationships with the region's Iwi	<ul style="list-style-type: none"> Effectiveness of partnership with mana whenua

Top three risks by business unit – coverage across Success and Risk Profile

Attachment 1 to Report 22.173

Level 0:

Ultimate objective is...

Extent of public trust and confidence in Greater Wellington and license to operate

Level 1:

Success depends on...

Understanding the expectations and needs of the community

Alignment of plans to community needs and expectations

Ability to deliver on commitments made

... underpinned by

Effectiveness of partnership with mana whenua

Leadership, communication and engagement to align effort

Level 2:

Major areas of uncertainty associated with delivery are...

Quality of external stakeholder relationships

Compliance with legislative and regulatory requirements

Effectiveness of planning

Effectiveness of technology

Ability to implement change

Ability to deliver the capital programme

Impact on the environment

Impact of climate change

Fitness for purpose of assets

Capability and capacity of people

Ability to fund delivery

Health, safety and wellbeing of people

Impact of reform


Reputation and public profile

Adequacy, integrity and privacy of information

Disruption to service

Reliance on actions of third parties

Impact of pandemic

 Success and Risk factors impacted by top three risks by business area

How this risk approach is being rolled out

Operationalisation of the risk approach

Attachment 1 to Report 22.173

Aspect	What this is and why it is important	Status and next steps
Risk management concepts	A simple way of explaining the purpose and approach of risk management in plain language terms that makes this easy to understand and apply. This is important to ensure there is a common understanding and agreement of risk language used and approaches adopted.	Complete
ELT role and decision making	Confirm the ELT's accountabilities, focus, cadence and approach to decision making. This is important to ensure an explicit link between risk and decision making.	Complete
Success and Risk profile	To enable a simple top down view of GW's key areas of uncertainty (risk), tied to its mandate and definition of 'success'. This is then heat-mapped (green/yellow/amber/red) based on the ELT's collective view of the level of concern each risk currently poses (see risk scoring approach below). This is important to enable an easy to understand view of GW's top risks and the ability to see the wood for the trees.	Complete Intention to cascade down to a business unit level
Risk accountabilities	Specific areas of risk accountability have been defined and confirmed, including for ELT Risk owners, Risk leads and Risk Champions. This is important to ensure that everyone understands what is expected of them and that the risk management process endures over time.	ELT risk owners defined Network of Risk Champions in place (business unit level) Work underway to confirm Risk Leads (cross cutting risks)
Risk and control summaries	Describing each of the top risks in a consistent way, in terms of causes, consequences, controls and measures. This is important in order to provide the transparency of understanding and the ability for the ELT and FRAC to determine whether risks are appropriately managed.	Risk and control summary template developed, adopting an industry standard bowtie approach Examples developed for: - Health, Safety and wellbeing and 8 associated subrisks - A selection of Catchment risks To be developed for the remaining 17 top risks, for example by workshopping with the Risk Owner and Risk Lead accountable

Operationalisation of the risk approach

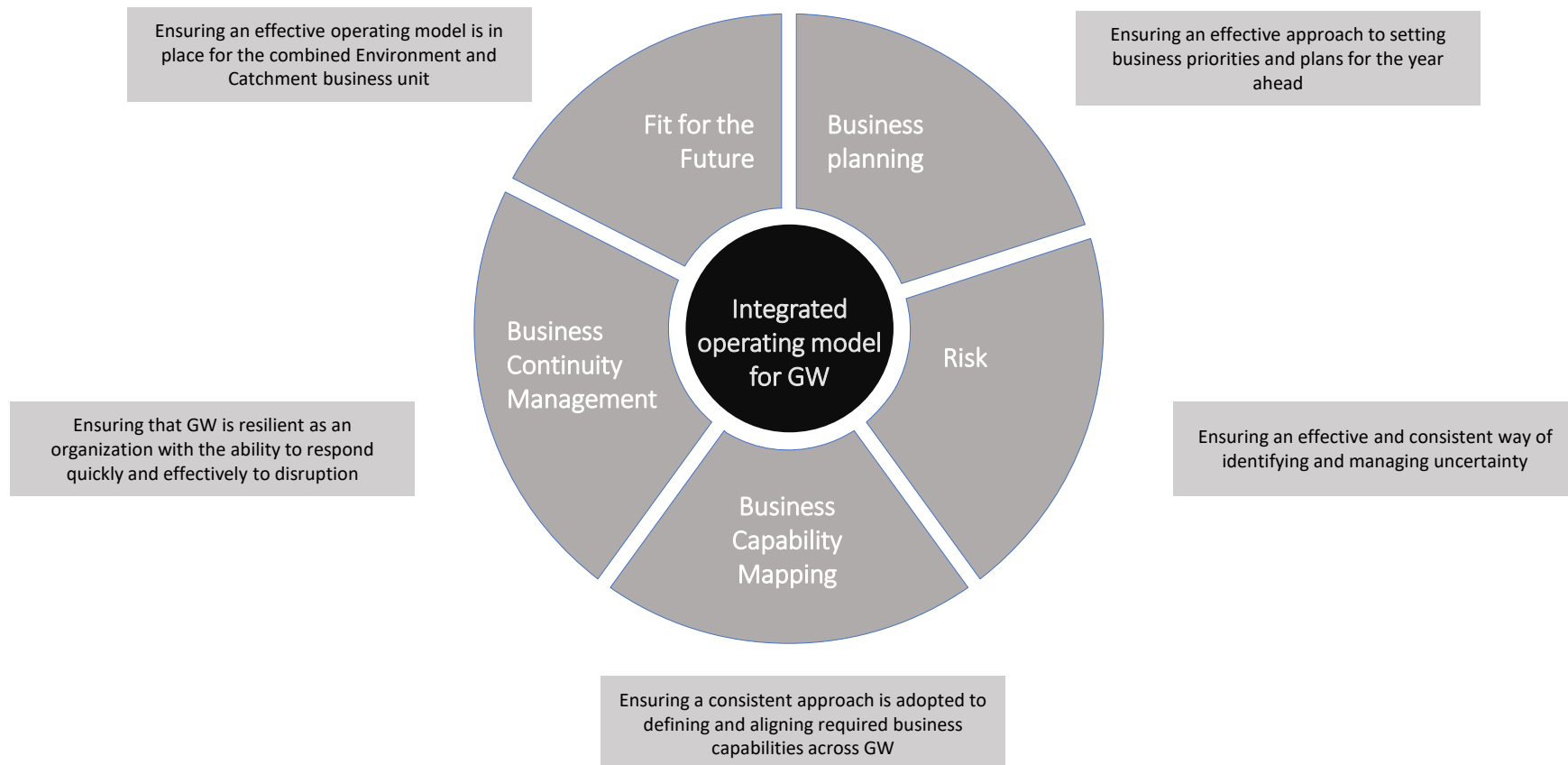
Attachment 1 to Report 22.173

Aspect	What this is and why it is important	Status and next steps
Risk scoring	Prioritising risks based on a simple <i>Risk Sentiment Survey</i> of the ELT and resulting in a green/yellow/amber/red heatmap of top risks. This is important to focus attention of key areas of risk and to prioritise the time of the ELT.	Risk Sentiment Survey approached implemented, with two cycles completed Intention for this to be performed by ELT monthly
Integrate risk approach into wider business planning and business improvement initiatives	Integrate this risk approach into work underway to define GW's priorities (business planning), how it operates (eg Fit For the Future and Business Capability Mapping), and how it manages resilience and disruption (Business Continuity Planning). This is important to ensure that everyone has a clear and consistent understanding of what GW does, who is accountable for doing this, how it is done and to ensure that appropriate controls are embedded into these ways of working to effectively manage risk.	Working group established comprising Planning, Risk, FFF, BCM and BCP leads
Risk appetite statement	Develop an agreed view between the Council (represented by FRAC) and Management (represented by the ELT) as to how much risk is acceptable to enable GW to operate and deliver on commitments made. This is important to ensure expectations are aligned between Governance and Management, and that the ELT has clear guidelines in which they can make decisions and operate within.	A workshop with FRAC will be undertaken later in the year
Bottom up risk identification	Implement a simple way of capturing any specific areas of risk, concern, issue (downside) or opportunity, benefit, improvement (upside) from staff within GW. This is important so that everyone feels they have a role to play and to enable areas of emerging risk (or opportunity) to come to light.	A long term solution for the current Quantate risk software will be considered
Assurance	Ensure that there is a link between risk and assurance, including 1) Internal self checking, quality assurance and other activities performed by GW staff and 2) External assurance, performed by an independent reviewer. This is important to ensure that assurance activities are focused to areas of greatest need – essentially confirming that critical management activities/controls are in place and operating effectively.	A limited internal audit function is in place, called Business Assurance and delivered by an external provider, however this is not linked to risk

Interrelationship between initiatives

Attachment 1 to Report 22.173

Several business planning and improvement initiatives are underway. A working group has been established to coordinate and integrate these together including:



Case example of risk eventuating into an issue

Flouridation of drinking water

Inconsistent fluoridation of drinking water

Attachment 1 to Report 22.173

Context

In mid March 2022, Wellington Water advised Greater Wellington of some issues with fluoridation of the water supply, and that as a result, fluoridation at two of the four water treatment plants had been turned off.

This was unexpected and resulted in some questions being raised as to the underlying circumstances leading to this, when the issue came to light, communication around this and how these issues can be addressed.

Two reviews have been commissioned:

1. A technical review of the operation of the affected water treatment plants by Wellington Water
2. An independent inquiry into the events around this issue, by the Board of Wellington Water

How this impacts GW's Success and Risk Profile

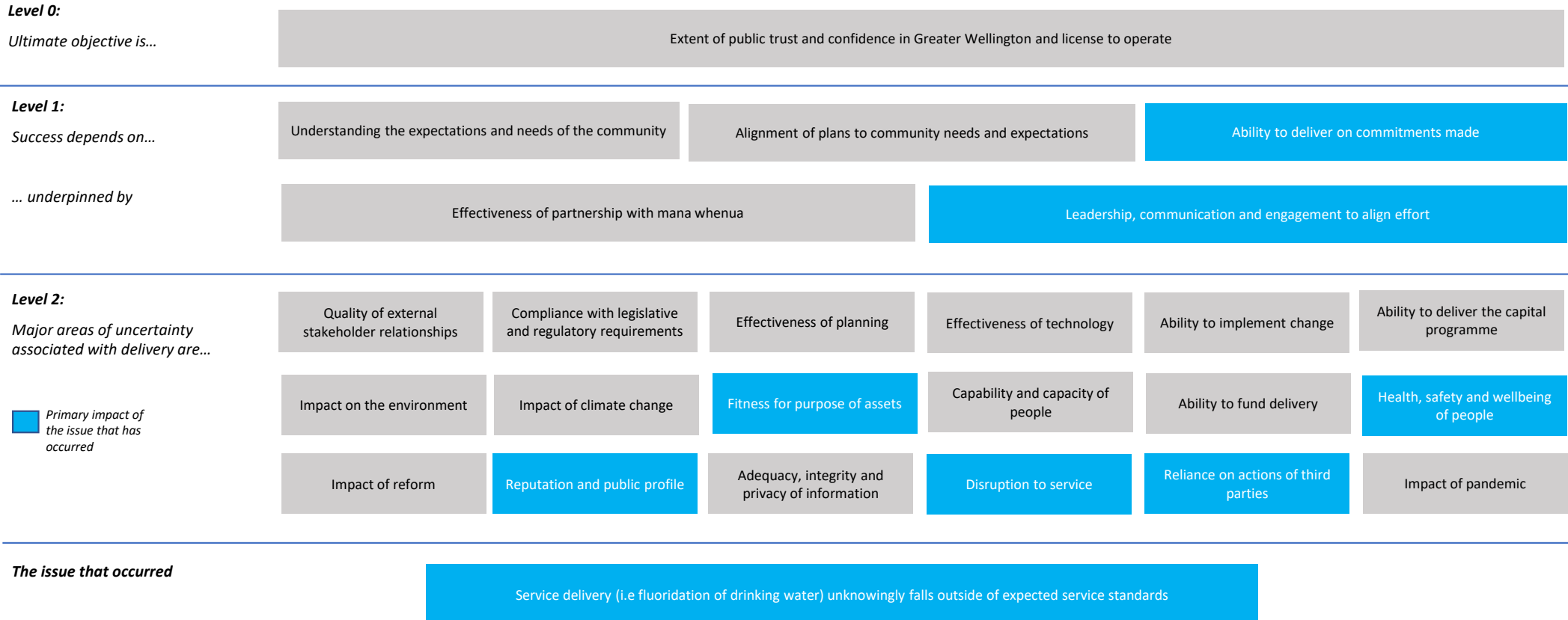
The Success and Risk Profile can be used two ways:

1. (before the fact) To anticipate the major areas of uncertainty (*risk*) and ensure appropriate safeguards are in place
2. (after the fact) To consider the implication of an *issue* (i.e a risk that has eventuated) in order to determine what might need to change in the future

The following page shows the flow-through of the issue around inconsistent fluoridation of drinking water on GW's wider Success and Risk Profile, and how this can be used to ensure similar circumstances do not reoccur.

Flow through of Issue to Success and Risk

Attachment 1 to Report 22.173

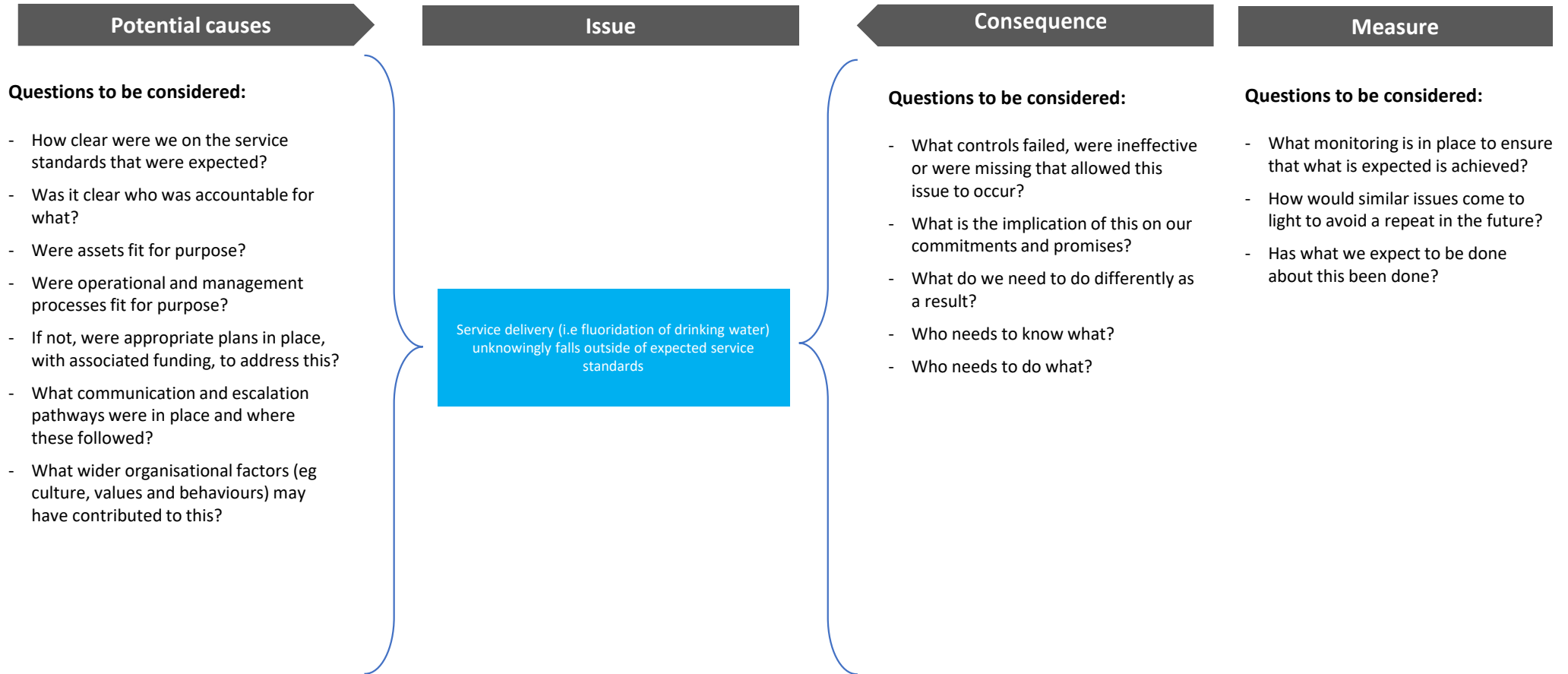


Using the risk approach to address issues experienced

Attachment 1 to Report 22.173

Trust & license

Level 3



Attachment 1 to Report 22.173

Finance, Risk and Assurance Committee
3 May 2022
Report 22.158



For Information

HEALTH SAFETY AND WELLBEING UPDATE

Te take mō te pūrongo

Purpose

1. To advise the Finance, Risk and Assurance Committee (the Committee) of Greater Wellington Regional Council's Health, Safety and Wellbeing (HSW) performance and activity.

Te horopaki

Context

2. The HSW performance scorecard is outlined in [Attachment 1](#).

HSW Fatal and Severe Risk register review project

3. An in-depth review of our Fatal and Severe Risk (FSR) risk register commenced in March 2022. This is based on a priority recommendation in the PWC external assurance audit in 2021.
4. The review uses 'bow tie' methodology and involves focus groups of workers from across the business working with the risk to identify if critical controls are in place and effective, or if more needs to be done to manage the risk.
5. FSR's in order for review are:
 - a Abusive and aggressive behaviour
 - b Lone and remote working
 - c Third party contractor HSW management
 - d Transportation
 - e Physical works (includes working at height, confined space, moving and other powered machinery and equipment)
 - f Hazardous substances
 - g Working on or near water
6. Project scoping, planning and scheduling is complete with the abusive and aggressive behaviour focus groups underway.
7. This was selected as the first risk for review due to recent aggressive events and an increasing trend in abusive and aggressive behaviour towards Greater Wellington staff generally.

Wellbeing

8. Supporting employee wellbeing throughout COVID-19 alert and traffic light changes through regular messaging, communication, webinars and promotion continues to be a primary focus.
9. The Protecting Mental Wellbeing at Work (mental wellbeing by design) pilot in Parks is due to commence on 3 May 2022.
10. This programme enables groups of workers exposed to the same or similar mental wellbeing risk to collectively identify work related factors that may harm mental wellbeing and how work could be deliberately redesigned to protect this.
11. It will be rolled out across the rest of the business in the 2022/23 financial year.
12. The professional supervision pilot underway in the Customer Contact Centre has been extended to include Human Resource Business partners due to the intense and often adversarial nature of their role.
13. The pilot will be formally reviewed at the end of May 2022 but anecdotal reports from participants so far is they are finding it very beneficial and are grateful for the opportunity.
14. 'Good Yarn' workshops recommenced in April 2022 after being paused during the COVID-19 response. These are designed to raise awareness of mental wellbeing issues, encourage teams to look for each other and how to provide practical support where issues are identified.

HSW support in response to COVID-19

15. Approximately 15 percent of the Greater Wellington workforce has reported positive COVID-19 (Omicron) tests since our first case on 1 March 2022. This is in line with average infection rates across the Wellington Region.
16. A range of robust protective public health measures are in place and no transmission of Omicron has been detected in any Greater Wellington workplaces so far.
17. Regular Rapid Antigen Testing (RAT) pre-work surveillance testing of Park Rangers and Beacon Hill Harbour Communications Officers has detected four positive cases to date.
18. With Omicron now widespread in the community, the vaccine pass mandate introduced from 25 January 2022 for all contractors and visitors entering Greater Wellington premises was withdrawn with the agreement of the Executive Leadership Team (ELT) one week before government vaccine pass mandates were removed.
19. We have also undertaken a revised COVID-19 exposure risk assessment for roles previously determined as mandatory vaccinated roles.
20. This is in line with Government imposed vaccine mandates being largely removed (except for border, health, aged care and prison workers) from 5 April 2022, and guidance that public health justification for requiring vaccination now Omicron is widespread is stronger when the risk of contracting and transmitting this at work is higher than it is in the community.

21. Based on this, the reassessment identified only two Greater Wellington roles that require mandatory vaccination. These are the Harbour Master and Assistant Harbour Master roles covered by the border workers Public Health Order.
22. With the Executive Leadership Team’s approval, consultation is underway to amend Greater Wellington’s vaccination policy to remove the vaccine mandates from the 340 roles previously assessed as mandatory vaccinated roles when Delta was the most prominent strain.
23. There may still be some tasks within roles, or third-party requirements, that can only be done by a vaccinated worker. This is a business continuity issue which does not warrant the role itself being mandated by exposure risk assessment.

Incident review update – Assault on Park Ranger

24. The review following the serious assault on a park ranger in December 2021 is nearing completion. This identifies that for the most part the essential controls in place were followed and effective, it was only when the ranger left the protection of his vehicle to aid a potentially injured motorcycle rider that the unpredictable and unsolicited attack occurred.
25. Opportunities for improvement have been identified and are being addressed including:
 - a Installation of CCTV at park entry points and around ranger houses
 - b Protocols for monitoring and responding to challenging and abusive situations and use of duress function as part of the new radio network currently being rolled out
 - c Exploring self-defence training and situations where it would be appropriate to use this.

Other HSW initiatives and activities

26. FleetCoach online driver training has been completed by the ELT and tier 3 managers and is being rolled out to the remainder of Greater Wellington drivers. This is a key element in managing our driving risk.
27. The HSW team is partnering with Metlink to review and revise contractor HSW management, as part of a wider contractor management project.

Ngā āpitihanga

Attachment

Number	Title
1	HSW Performance Scorecard to end March 2022

Ngā kaiwaitohu

Signatories

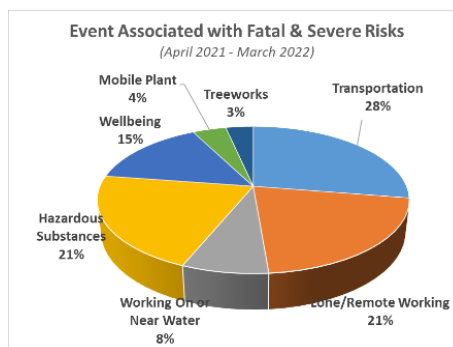
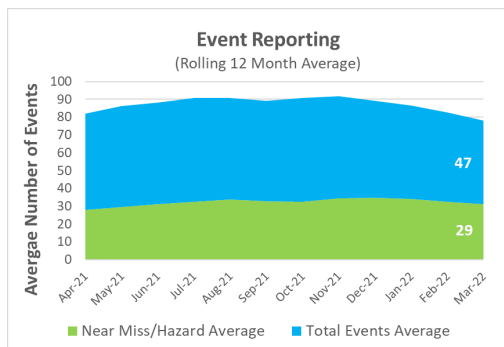
Writer	Julie Barber - Manager Health Safety and Wellbeing
Approver	Donna Hickey – General Manager, People and Customer

<p>He whakarāpopoto i ngā huritaonga Summary of considerations</p>
<p><i>Fit with Council's roles or with Committee's terms of reference</i></p> <p>This report assures the Committee that Greater Wellington's legal obligations under the Health and Safety at Work Act 2015 are maintained and met.</p>
<p><i>Implications for Māori</i></p> <p>There are no known implications for Māori.</p>
<p><i>Contribution to Annual Plan / Long Term Plan / Other key strategies and policies</i></p> <p>The HSW Policy and Wellbeing Strategy are included in Greater Wellington's Annual Plan 2020/21.</p>
<p><i>Internal consultation</i></p> <p>No internal consultation was required.</p>
<p><i>Risks and impacts - legal / health and safety etc.</i></p> <p>The HSW risks and treatment are outlined in paragraphs 3 to 14 inclusive and 23.</p>

Attachment 1 to Report 22.158

Health, Safety and Wellbeing Performance Scorecard to end March 2022

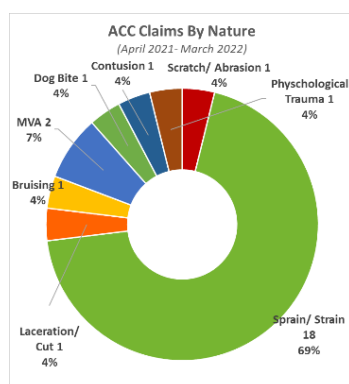
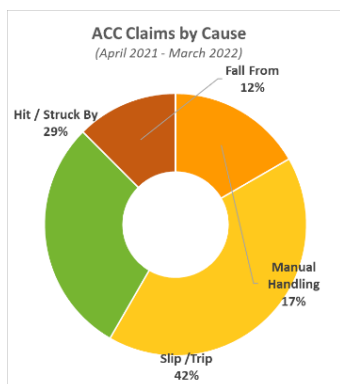
Event reporting



New / emerging trends

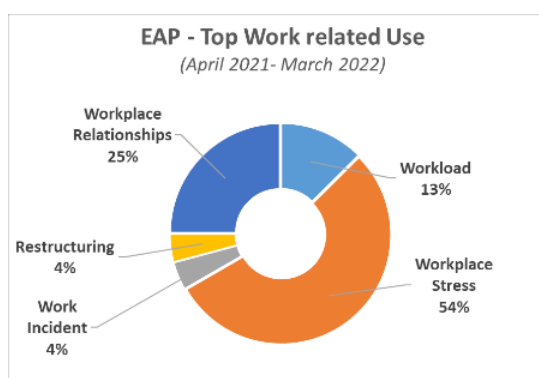
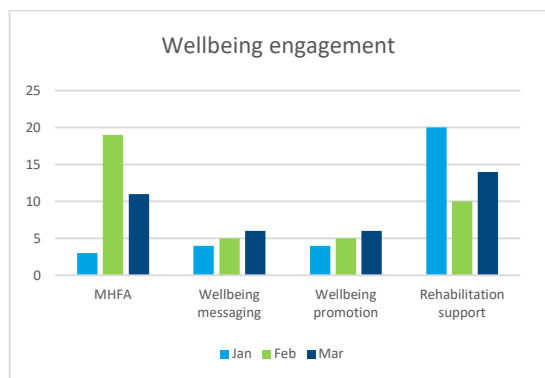
- Seasonal increase in wasp numbers and sting incidents
- Working on or over water incidents
- Positive Covid cases reported by GW employees – no worker-to-worker transmission detected so far.
- Field staff encountering homeowners and occupants isolating as positive cases/household contacts.

ACC work injury claims



Work injury claims last 12 months	
Total claims	24
Lost time claims	9
Total days lost	571
Two longer term cases fully recovered and returned to work	

Wellbeing



*Mental health first aid * Work, non-work and illness rehabilitation

EAP – Employee Assistance Programme



Attachment 1 to Report 22.158**Health, Safety and Wellbeing Performance Scorecard to end March 2022****High Consequence Events: January – March 2022**

Dept	Event type	Event description	Corrective action
E sci	Near Miss	Sudden unexpected immersion in water while conducting field work x2	In first situation skills recent water safety training kicked in and the staff member quickly and safely recovered the situation. For the second situation the staff member was assisted from water by colleague. Both have since complete Advanced Water Safety Training
Parks	Hazard	Suspicious activity of car at entrance to Park Ranger's residence at Queen Elizabeth Park	Reported details, including registration to police. Parked and stayed in vehicle until they left.
Predator free	Near miss	Unexpected contact with households isolating due to Covid	Protective measures in place physical distancing, mask wearing and sanitising. Location recorded on register to prevent exposure 70 other staff



Finance, Risk and Assurance Committee
3 May 2022
Report 22.136



For Information

HARBOUR MANAGEMENT – RISK AND COMPLIANCE UPDATE – MAY 2022

Te take mō te pūrongo

Purpose

1. To update the Finance, Risk and Assurance Committee (the Committee) on any significant compliance issues or emerging or changing risks affecting Greater Wellington Regional Council's Harbours function.

Te tātaritanga

Analysis

Channel Risk Assessment

2. In 2020 CentrePort and Greater Wellington commissioned South Maritime Solutions to review navigation safety in the Wellington Harbour entrance channel and approaches. The review considered the infrastructure, current practise, best practices and possible future changes. The final report was received in October 2020. There is on-going work in relation to several of the recommendations.
3. Dredging work has been carried out over 23-25 April 2022 in conjunction with CentrePort to remove seabed lumps of sands to the west of Falcon Shoal Pile Light.
4. The work provides opportunity for moving the pile light and adjusting the outward-bound tracks as recommended in the risk assessment. These changes have widespread support among stakeholders and create options for positive navigation safety improvements for commercial and recreational users of that part of the harbour.
5. As a partner of Greater Wellington under the Port and Harbour Marine Safety Code, CentrePort has supported Greater Wellington to commission the additional required work, alongside their own maintenance dredging programme (scheduled for April 2022), and also managed the consenting process.
6. Taking advantage of dredge availability in Wellington also reduced Greater Wellington's costs in undertaking the additional works.
7. Along with CentrePort, meetings had been held with two of the affected recreational groups to discuss possible changes. The next stakeholder engagement will focus on options for the recommended tracks and channel management, including the possibility of a controlled navigation zone.
8. The removal of the lumps near Falcon Shoal will not have any immediate commercial value for CentrePort, until such time other potential changes are considered and made.

Sunken/Derelict vessels

9. The vessel 'Sealion' is berthed at Glasgow wharf, with a caretaker on board. Harbour staff are working with the owner and CentrePort on future options for the vessel. The size and weight of the vessel is making this challenging in terms of looking for a cost-effective solution.
10. A 9-metre yacht came loose from the pile moorings in strong winds at Porirua on 25 March 2022. This was not the first time it had come loose and given the conditions there were few options. Coastguard was tasked to secure the vessel and when on site advised that the vessel had sprung a plank and was in danger of sinking.
11. Coastguard was requested to assist in recovering the vessel to the Mana Cruising Club and lifted it out of the water.
12. The former owner has taken responsibility for the vessel and has undertaken to remove it to a location ashore. It will not be re-launched so a positive outcome has been achieved.
13. On the same day a small launch had taken on water and capsized in the Onepoto arm of the harbour. Contact with the owner was maintained and he managed to recover the vessel.
14. On 1 April 2022 a member of the public notified us of a person in a poorly inflated dinghy trying to paddle out to an 8.5 metre yacht at anchor in Lowry Bay. There were concerns about his ability to do that safely. A Harbour Ranger met with the owner, assisted him to inflate his dinghy and delivered him to his yacht.
15. The yacht purchase was a \$1 Trade-Me sale. The owner appears to have few resources and there are ongoing concerns about the state of the vessel.
16. The yacht has been towed to Evans Bay where it was hauled out of the water and inspected the following day. After discussion with the owner we have made arrangements for it to go on a swing mooring while work is being undertaken. We will keep in touch with the owner as there are concerns as to whether he can make the vessel safe. Further action may be needed.
17. Messaging on Trade Me to target low value boats for sale is being looked into so that prospective buyers can be given some indication of boat ownership costs in order to minimise this type of situation.

Mana bridge jumping

18. Police were provided with details of three serious accident scenarios and were asked to consider how they would be investigated; there was a possibility that these could be passed to a Coroner to comment. Unfortunately, the feedback is that the Coroners are unlikely to look at this unless there is an actual accident which results in a death.
19. The change in weather is reducing the number of swimmers and beach goers in the area. However, on good weather days, it is evident that users of the launching area are in excess of the facilities provided, which results in vehicles and trailers taking over any adjacent parking. This is an issue for New Zealand Transport Agency (Waka Kotahi) and Porirua City Council, however it supports the view that the facilities are inadequate and are not fit for purpose.

20. A meeting was held with Porirua Community Police to discuss the launching area issue. They are looking at options where they could provide assistance and will consider increasing presence in that area.

Wave measuring buoys

21. The National Institute of Water and Atmospheric Research (NIWA) has provided a report comparing a year's data between the two wave buoy locations. In conjunction with CentrePort a decision has been made to place the second buoy near the first adjacent to Baring Head, which will improve NIWA's ability to provide regular buoy data.
22. This has been communicated to NIWA and a deployment date is awaited.

Navigation issues

Dry docking

23. On 27 March 2022 the Aratere went to Australia for dry dock and returned on 22 April 2022.
24. On 18 April 2022 the Straitsman went to dry dock and is expected to return about 9 May 2022.
25. Both these are trips to carry out regular maintenance, however, it does decrease Cook Strait freight and passenger capacity while there is a ship away. Most ferry crossings are often running behind schedule when a ship is out of service.

King wharf Navigation Pile

26. Early morning on Friday 25 March 2022, while attempting to berth in a strong gusty southerly wind, the Straitsman made contact with the Kings Wharf Pile Light.
27. The pile is located about 150 metres south of the end of Kings Wharf, approximately 50 metres from the corner of the reclaimed land on the south side of the container terminal. It is in about 12 metres of water.
28. Due to wind the ferry leant on the pile which bent the top structure over and also placed a 45degree bend just above the seabed. Refer to the Kings Wharf Pile Photos in [Attachment 1](#).
29. A tug then assisted the Straitsman to berth at Glasgow Wharf. The Strait Feronia was due to berth before dawn however they were required to stay out of the berth until the location of the pile could be confirmed.
30. Divers located and marked the pile by approximately 0830 and the Strait Feronia was given permission to berth. The pile had previously been damaged by a ship making contact in 2011 and was straightened in 2012.
31. A temporary marker, with the original light, was put in place on Wednesday 6 April 2022.
32. Navigation warnings are in place and the insurance company has been notified. A meeting was held on 13 April 2022 with CentrePort and StraitNZ Bluebridge to discuss options for a new pile replacement and possible alternatives.

Covid-19 risk

- 33. One of the Cook Strait ferries has been running with freight only to reduce the exposure of the ship’s crew to public and potentially COVID-19, as well as lessening the requirement of on-board crew to limit risk and protect freight capacity.

Cruise ship tendering

- 34. Approaches have been made by two different companies that want to bring cruise ships into Wellington. They would both like to anchor in the harbour and bring passengers ashore by small boats.
- 35. In 2019 I (Grant Nalder) went to Akaroa to see this in action along with the then Marine Manager of CentrePort. In general, transferring passengers ashore in small boats is not supported on safety grounds.
- 36. One of the booking agents has approached East by West (the Harbour ferry operator) to use their vessel for the ship to shore transfer. East by West are considering this as a one-off trial. The use of their boats would address several of the concerns regarding this activity. If this goes ahead the cruise ships are scheduled to arrive in January and February 2023.
- 37. Weather restrictions on transferring passengers by small boat mean they are more likely to be affected by weather conditions as opposed to when ships berth alongside a wharf.

**Ngā hua ahumoni
Financial implications**

- 38. The disposal of derelict or uninsured vessels will present unplanned expenditure from the operating budget.
- 39. Recommendations arising from the channel risk assessment may have a variety of financial implications for both CentrePort and Greater Wellington. Options for mitigating any financial impacts will be investigated.
- 40. We are contributing to part of the cost of the dredging work by working in conjunction with CentrePort relating to the Falcon Shoals areas. This will significantly reduce the cost to Greater Wellington.
- 41. Cruise ships are a source of regional income and if they choose not to come here or their visits become more prone to weather conditions this will impact on regional tourism.

Ngā āpitihanga

Attachment

Number	Title
1	Kings Wharf Pile Photos

**Ngā kaiwaitohu
Signatories**

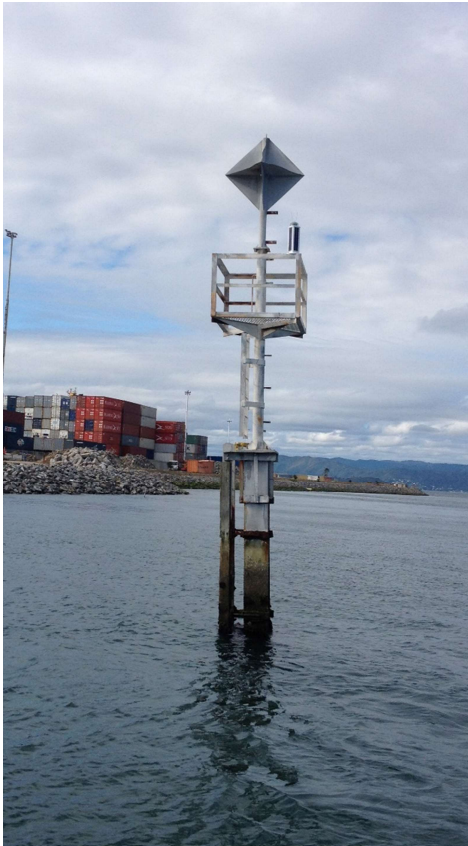
Writer	Grant Nalder – Manager, Harbours, Harbourmaster
Approvers	Al Cross – General Manager, Environment Management Samantha Gain – General Manager, Corporate Services

<p>He whakarāpopoto i ngā huritaonga Summary of considerations</p>
<p><i>Fit with Council’s roles or with Committee’s terms of reference</i></p> <p>This report allows the Committee to “review... Greater Wellington’s identification and management of risks faced by Council and the organisation... [including]... whether Greater Wellington is taking effective action to mitigate significant risks.”</p>
<p><i>Implications for Māori</i></p> <p>Risk mitigation can protect and preserve taonga.</p>
<p><i>Contribution to Annual Plan / Long Term Plan / Other key strategies and policies</i></p> <p>This report does not contribute directly to Council’s or Greater Wellington’s key strategies, plans, or policies.</p>
<p><i>Internal consultation</i></p> <p>Environmental Regulation were consulted relating to wharves.</p>
<p><i>Risks and impacts - legal / health and safety etc.</i></p> <p>Specific risks and related mitigations are discussed in the Analysis section of this report.</p>

Attachment 1 to Report 22.136

Kings Wharf Pile Photos

Kings wharf pile as it should be and with the top section bent at right angles:

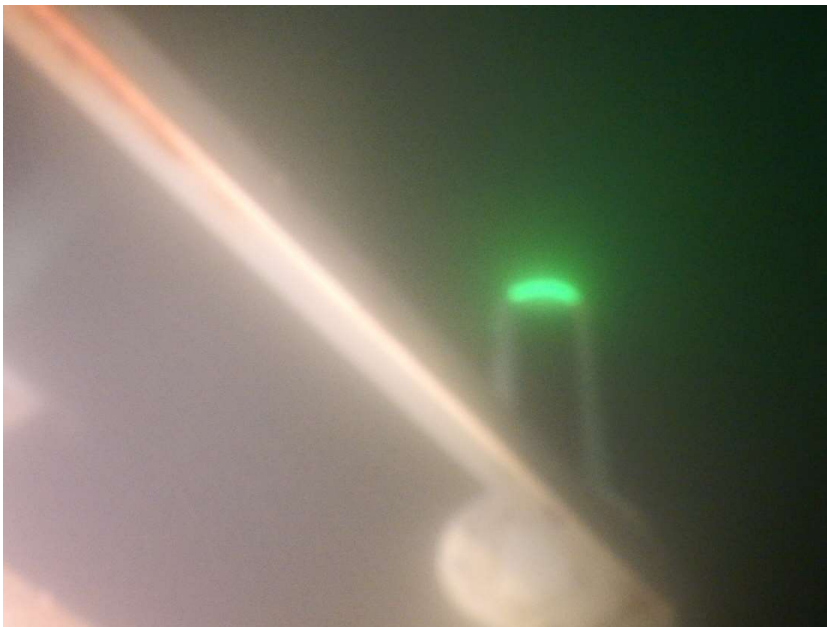


Attachment 1 to Report 22.136

The lower section bent just above the seabed and the deformed section of the 'I' beam:



The light was still working at 6 metres deep:



Attachment 1 to Report 22.136

The temporary replacement, with the same light:



Finance, Risk and Assurance Committee
3 May 2022
Report 22.172



For Information

BUSINESS ASSURANCE UPDATE

Te take mō te pūrongo

Purpose

1. To provide the Finance, Risk and Audit Committee (the Committee) with an update on Business Assurance reviews and related action points.

Te horopaki

Context

Business assurance/Internal audit action points

2. The open action points and relevant updates from prior audit reports are appended in [Attachment 1](#).
3. Since the previous Business Assurance update to the Committee (Report 21.465) all action points from the *Cyber security audit* have been completed.
4. Since the previous Business Assurance update to the Committee (Report 21.465) all action points from the *PMO audit* have been completed, with further work on a PMO roadmap still being completed.
5. The *Health and Safety audit* completed in July 2021 has several action points. These points will assist with informing the Health and Safety Strategy going forward and will be cleared in accordance with their priority. The COVID-19 Omicron outbreak has resulted in some delay to these actions due to the direct impact on staff as well as additional activity managing the impact of the outbreak on the organisation. A fuller update on the activity associated with these actions is contained in the Health, Safety and Wellbeing standing agenda item update (Report 22.158).

Te tātaritanga

Analysis

Internal audit arrangements

6. PwC is currently finalising the Procurement and Contract Management report which is estimated for completed at the end of April. There was a slight delay in kick off for this engagement given it commenced just before the Christmas break and the delivery team experienced COVID-19 related delays and staff unavailability.
7. The Business Assurance Plan through to 2024 is set out as a 'plan on a page' in [Attachment 1](#). Officers have provided a progress update on the plan and have also

included other assurance activity being undertaken outside the business assurance programme.

8. Attachment 1 also outlines any changes, delays, and items to note for each of the business assurance engagements included in the plan.
9. In the previous Business Assurance update to the Committee (Report 21.465) in October 2021, officers presented the proposed Business Assurance Plan. As part of developing this plan, Councillors and the Committee were provided the opportunity to provide feedback and input for consideration. While we did report on the proposed actions to address each of the Committee comments in the October paper, one area to note is:
 - a The suggestion for including a Regulatory Compliance and regulatory risk engagement. It was decided not to add this engagement to the Business Assurance Plan as there is a separate workstream currently being delivered internally by Environment Management.

Ngā tūāoma e whai ake nei

Next steps

10. For the Committee to agree with Officers the next internal audit topic to be completed.
11. Officers will continue to report back to the Committee on the progress of the business assurance plan delivery as the audits are completed and will continue to monitor the audit action points for completion.

Ngā āpitihanga

Attachment

Number	Title
1	Business Assurance Update May 2022

Ngā kaiwaitohu

Signatory

Approvers	Samantha Gain – General Manager, Corporate Services Alison Trustrum-Rainey – Chief Financial Officer
-----------	---

<p>He whakarāpopoto i ngā huritaonga Summary of considerations</p>
<p><i>Fit with Committee’s terms of reference</i></p> <p>The Committee’s Terms of Reference provide for it to “approve an internal audit plan”.</p>
<p><i>Implications for Māori</i></p> <p>There are no known impacts for Māori.</p>
<p><i>Contribution to Annual Plan / Long term Plan / Other key strategies and policies</i></p> <p>Internal audit / business assurance reviews the effectiveness of Greater Wellington’s internal controls framework and processes such that Council can deliver effectively on its objectives, including safeguarding assets as set out in its Long-Term Plan and Annual Plans. Internal audit supports the risk management policy and risk management framework.</p>
<p><i>Internal consultation</i></p> <p>The proposed internal audit arrangements were developed by management in consultation with a number of Greater Wellington’s third tier managers, with ELT oversight and review, and taking into account Committee and Council input provided in a workshop on 27 July 2021.</p>
<p><i>Risks and impacts: legal / health and safety etc.</i></p> <p>Internal audit acts to reduce risk by ensuring controls are operating as Greater Wellington has developed through its policies and procedures.</p>

Attachment 1

Business Assurance Update

For: Finance, Risk and Assurance Committee
May 2022

Progress on the 2021/24 Business Assurance Plan

Progress on the 2021/24 Business Assurance Plan

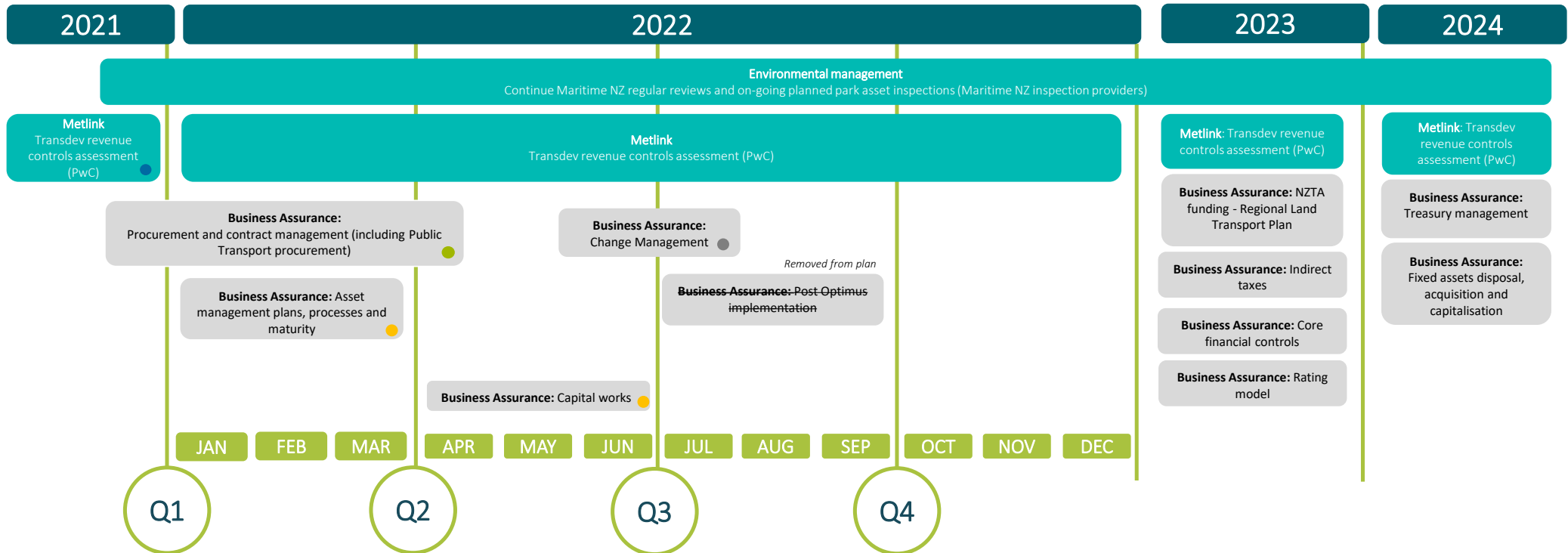
The below table provides an update on the status of individual business assurance engagements which were approved for delivery during 2021/22.

Engagement Key :

- PwC to deliver
- External party to deliver

PwC Status Key :

- Completed
- In progress/ on track
- Delays or changes expected
- Not Yet Started



Business Assurance Review Status 2021/2022

The below table provides an update on the status of individual Business Assurance reviews included in the 2022 Business Assurance plan

Review	Scoping	Terms of Reference	Fieldwork	Draft	Management Comments	Final Deliverable	Comments
Procurement and contract management (including Public Transport procurement) Sponsor: Samantha Gain						Estimated completion date: April 2022	There were some delays in starting this review due to COVID leave, however the review is progressing well, a draft report is being developed and shared with management and will be presented at the next Finance, Risk and Audit Committee.
Change Management Sponsor: Donna Hickey						Estimated start date: July 2022	Scoping for this review is scheduled to start in mid-2022 to provide the new Change Manager time to settle into their role before commencing this review.
Capital works and Asset management plans, processes and maturity Sponsor: Samantha Gain						Estimated start date: September 2022	These two individual reviews will be delivered concurrently given both scope areas impact the same teams and have interdependencies. This is proposed to move to mid/late 2022 given the volume of BAU and project commitments currently faced by the Finance team.

Changes or items to note

Post Optimus implementation review

The Optimus post-implementation review is proposed to be removed from the Business Assurance plan given management will consider and assess Optimus strengths and lessons learned for similar future projects.

Update on Business Review actions

Context

Resourcing constraints in GW have contributed to delays in the business assurance programme, caused by several factors including:

- Covid 19: staff absence due to contracting Covid / requirement to isolate / managing family
- Vacancies: some positions difficult to fill following resignations, in a hot recruitment market
- Other work priorities (particularly affecting Finance department): delayed audit for Annual Report; implementation of Ngatahi

[Can input some context on why not much has changed since the last report – Sam/Sue to guide]

Follow up of Open Actions

The below table provides a summary view of our current open and completed assurance actions since the last report in October 2021.

Audit Area	Engagement	Closed Actions #	Open Actions #	Overdue Actions #	Commentary
Health, Safety & Wellbeing	Internal Audit Review July 2021	0	20	3	No actions have been closed since the last report in October 2021 due to COVID-19 related delays.
ICT	Cyber Security March 2020	6	0	0	All actions have been completed
Project Management Office	Project Management Office review February 2021		2	2	Internal discussion on delegations for the PMO/Purchasing and recommendation to ELT. Work currently underway, in context of developing process for business case approvals.

Finance, Risk and Assurance Committee
3 May 2022
Report 2022.161



For Information

GREATER WELLINGTON REGIONAL COUNCIL AUDIT PLAN FOR THE YEAR END ENDED 30 JUNE 2022

Te take mō te pūrongo

Purpose

1. For the Finance, Risk and Audit Committee (the Committee) to receive the audit plan issued to Greater Wellington Regional Council (Greater Wellington) by external auditors Audit New Zealand (Audit NZ).

Te tāhū kōrero

Background

2. The Auditor-General has appointed Audit NZ to carry out the audit of Greater Wellington for the 2021/22 financial year.
3. As required by the Auditor-General, Audit NZ have provided Greater Wellington with an audit plan.
4. The audit plan sets out the areas of audit focus, risks & issues, audit timelines and audit process for 2021/22 financial year ([Attachment 1](#)).

Te tātaritanga

Analysis

5. The audit timetable is outlined below:

Audit visit	Dates
Interim audit	30 May to 10 June 2022
Final audit	26 September to 31 October 2022

6. The draft annual report is expected to be presented to the Committee in September 2022 and adopted by the Council in November 2022.
7. Audit NZ will cover the below key audit risks during their audit visit:
 - a. The risk of management override of internal controls
 - b. Valuation of property, plant and equipment (subject to revaluation) – water infrastructure assets
 - c. Fair value assessment of property, plant and equipment (non-revaluation year).

- d. Note that management’s approach to the above fair value assessment is being presented in a separate report to the committee. (Refer Report 2022.162)
 - e. Impact of the November 2016 earthquake – tax treatment of insurance proceeds
 - f. Procurement and contract management
 - g. Climate change (climate emergency declared)
8. Note that management’s approach to the above fair value assessment of property, plant and equipment in a non-revaluation year is being presented in a separate report to the Committee at this meeting (refer *Report 22.162*).

Ngā hua ahumoni
Financial implications

9. There are no financial implications arising from this report. The audit fees for the year have been budgeted.

Ngā tūāoma e whai ake nei
Next steps

10. Officers will report to the Committee on progress of the audit in future Committee meetings.

Ngā āpitihanga
Attachments

Number	Title
1	Greater Wellington audit plan 2022

Ngā kaiwaitohu
Signatories

Writer	Ashwin Pai – Financial Controller
Approvers	Alison Trustrum-Rainey - Chief Financial Officer Samantha Gain - General Manager, Corporate Services

<p>He whakarāpopoto i ngā huritaonga Summary of considerations</p>
<p><i>Fit with Council’s roles or Committee’s terms of reference</i></p> <p>The Committee’s specific responsibilities include to “review the Council’s audit plan from the external auditors.”</p>
<p><i>Implications for Māori</i></p> <p>There are no known impacts for Māori.</p>
<p><i>Contribution to Annual Plan / Long term Plan / Other key strategies and policies</i></p> <p>External audit provides assurance that the policies, controls, processes and systems in place at the Council will enable efficient delivery of the Long Term Plan and Annual Report.</p>
<p><i>Internal consultation</i></p> <p>The Finance and relevant people involved with the audit plan were consulted.</p>
<p><i>Risks and impacts: legal / health and safety etc.</i></p> <p>The Council’s management of relevant risks is addressed in the report.</p>

Audit plan

Greater Wellington Regional Council

For the year ending 30 June 2022

Audit plan

I am pleased to present our audit plan for the audit of Greater Wellington Regional Council (the Regional Council) for the year ending 30 June 2022. The purpose of this audit plan is to discuss:

Audit risks and issues	2
Group audit	8
Our audit process	9
Reporting protocols	14
Audit logistics	15
Expectations	18

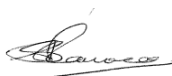
The contents of this plan should provide a good basis for discussion when we meet with you.

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

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

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

Yours sincerely



Clint Ramoo
 Appointed Auditor
 4 April 2022

Audit risks and issues

Focus areas



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

Audit risk/issue	Our audit response
The risk of management override of internal controls	
<p>There is an inherent risk in every organisation of fraud resulting from management override of internal controls. Management are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Auditing standards require us to treat this as a risk on every audit.</p>	<p>Our audit response to this risk includes:</p> <ul style="list-style-type: none"> • testing the appropriateness of selected journal entries; • reviewing accounting estimates for indications of bias; and • evaluating any unusual or one-off transactions, including those with related parties.

Valuation of property, plant and equipment (subject to revaluation) – water infrastructure assets	
<p>The Regional Council revalues its infrastructure assets on a five year rolling cycle. The last revaluation was performed in 2019/20 for flood protection assets. With the current environment having a significant impact on costs – for example, supply chain disruptions and labour cost escalations, and the fact that valuers were struggling to access the water assets during the Covid-19 lockdown periods, the Regional Council’s existing revaluation policy has been reviewed and it was assessed that the five year cycle was insufficient in this instance. Currently, there are indications there maybe potential material changes to the fair value of infrastructural assets. The Regional Council has decided to bring forward its water infrastructural asset revaluation to 2021/22.</p>	<p>For infrastructure assets we will:</p> <ul style="list-style-type: none"> • assess the valuation process, including the competence and experience of the person completing the valuation; • review the valuation report to assess whether the requirements of PBE IPAS 17 <i>Property, Plant and Equipment</i> (including the appropriateness of the valuation basis) have been met; • review the method of valuing the infrastructure assets and assess if the applicable method used is in line with the financial reporting framework, including the reasonableness of the data and key assumptions used; • ensure changes to useful lives have been appropriately taken up, and values and depreciation charges have been appropriately accounted for; • ensure the information on the condition of assets for the infrastructure assets have been taken into consideration; • assess the presentation and disclosure of information related to the valuation in the financial statements. <p>As part of the process, we will:</p> <ul style="list-style-type: none"> • enquire into the processes employed by the Regional Council to ensure that the items revalued are complete. If any items have been excluded from the revaluation we will enquire into the reasons for this; • review how the Regional Council satisfies itself that the revaluation is appropriate; • discuss the results with, and obtain an assurance letter from, the valuers; and • obtain an understanding of how the Regional Council is tracking with its planned capital programme taking into consideration the uncertainty over the delivery of the programme due to a number of factors, including the significant constraints in the construction market.

Fair value assessment of property, plant and equipment (non-revaluation year)	
<p>For those assets that are not due to be revalued, accounting standards require the Regional Council to perform a comprehensive analysis to determine whether there is a significant difference between the fair value and the carrying value that would trigger the need for the Regional Council to revalue (a fair value assessment).</p> <p>Accounting standards also require the Regional Council to complete an assessment of whether there are potentially any indications of impairment (an impairment assessment), and whether an adjustment is needed to the value of any assets as a result of this.</p> <p>Management should perform a fair value assessment as at 30 June 2022 by reviewing recent contract prices and applying relevant cost indices taking into account the cost pressures and significant constraints that exist within New Zealand and the Greater Wellington construction industry and the limited availability of resources in the sector (including various trades and project managers). Where a full valuation has taken place prior to the year ended 30 June 2021, the impact of the current economic conditions is considered significant and a full valuation may be necessary if we consider the movement to be material.</p> <p>The Regional Council should perform this assessment prior to year end to allow time for a revaluation if the fair value assessment indicates that there needs to be one.</p>	<p>We will review the robustness of the Regional Council's assessment of whether the asset class' fair value has significantly moved compared with its carrying value. This will include considering the appropriateness of the Council's methodology and key assumptions.</p> <p>To strengthen the 2022 fair value assessments, we recommend that management:</p> <ul style="list-style-type: none"> • factor in its own cost information into the fair value assessment. The Regional Council has cost information available to it from ongoing construction projects; this should be factored into the analysis; • consult with the valuers who performed the previous valuations - they will have construction cost data available which will further improve the Regional Council's assessment; and • consider if it would be useful to have the assessment reviewed by an independent valuer – given the current environment (creating uncertainties) and cost escalation. <p>With regard to the impairment assessments, we will review the assessment performed by management and assess this against our knowledge of the Regional Council's operations and changes that may impact on the useful life of the assets or its future service potential.</p>

Impact of the November 2016 earthquake – tax treatment of insurance proceeds	
<p>The November 2016 earthquakes caused damage to several Regional Council owned property and assets, particularly buildings and investment properties owned by the CentrePort Limited Group (CentrePort). A key area of focus was judgements made in the allocation of proceeds from CentrePort's insurance claim for tax purposes.</p> <p>In December 2021, the Group received formal communication from Inland Revenue in respect of the tax treatment of the November 2016 Kaikōura earthquake insurance proceeds received by CentrePort. In the Regional Council's Group financial statements an additional income tax expense of \$23.5 million was recognised based on earlier discussions with Inland Revenue. The clarified position meant that, subject to conditions, the additional income tax expense was not required. Under PBE IPSAS 14 <i>Events after the reporting date</i> this was considered an adjusting event and the Group financial statements should have been adjusted to reflect the clarified taxation position. The Regional Council did not make the required adjustments and the Group tax expense and deferred tax liability were therefore materially overstated, leading to a qualified audit opinion.</p>	<p>We will review:</p> <ul style="list-style-type: none"> the accounting journal entries to determine whether the prior period error is correctly adjusted for and the disclosures to determine whether the correction of the prior period error is appropriately disclosed.
Procurement and contract management	
<p>We have previously recommended that the Regional Council reviews its procurement and contract management processes to ensure there is sufficient central oversight over individual business unit practices; and that it ensures its organisational procurement policy and guidelines are finalised.</p>	<p>We will follow up with management as to their progress in terms of addressing our previous recommendations.</p>

Climate change (climate emergency declared)	
<p>The Regional Council is committed to being a Carbon Positive organisation by 2035. A number of initiatives and projects have been identified to make this goal a reality.</p> <p>From an accountability perspective it is important that the Regional Council enhances its reporting back to stakeholders as to the progress it is making towards achieving its 2035 target.</p> <p>While the Regional Council is not categorised as a Climate Reporting entity in terms of recently passed legislation, there is nothing that prevents the Regional Council from reporting on its progress.</p>	<p>We will:</p> <ul style="list-style-type: none"> • Maintain a watching brief with regards to initiatives and policies implemented by the Regional Council to address the climate emergency. • Obtain an update from management in terms of the impact of climate change on the Regional Council. • Review the Annual Report to ensure sufficient and appropriate disclosures are made with relation to climate change impacts and initiatives.

Items impacting the sector that we will review as part of our audit work:

- Covid-19: Impact on public sector reporting
- Software as a Service (SaaS)
- Adoption of PBE FRS 48 *Service Performance Reporting*
- Three water reforms

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

Fraud risk

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

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

- What role does Council play in relation to fraud? How do you monitor management's exercise of its responsibilities?
- Has a robust fraud risk assessment been completed? If so, is the Council satisfied that it had appropriate input into this process?

- How does management provide assurance that appropriate internal controls to address fraud risks are in place and operating?
- What protocols/procedures have been established between the Council and management to keep you informed of instances of fraud, either actual, suspected, or alleged?
- Are you aware of any actual, suspected, or alleged fraud? If so, have the results of management's investigation been reported to ? Has appropriate action been taken on any lessons learned?

Our responsibility

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

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

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

Group audit



The group comprises:

- Greater Wellington Regional Council;
- Wellington Regional Council Holdings Limited and its subsidiaries:
 - Greater Wellington Rail Limited; and
 - CentrePort Limited

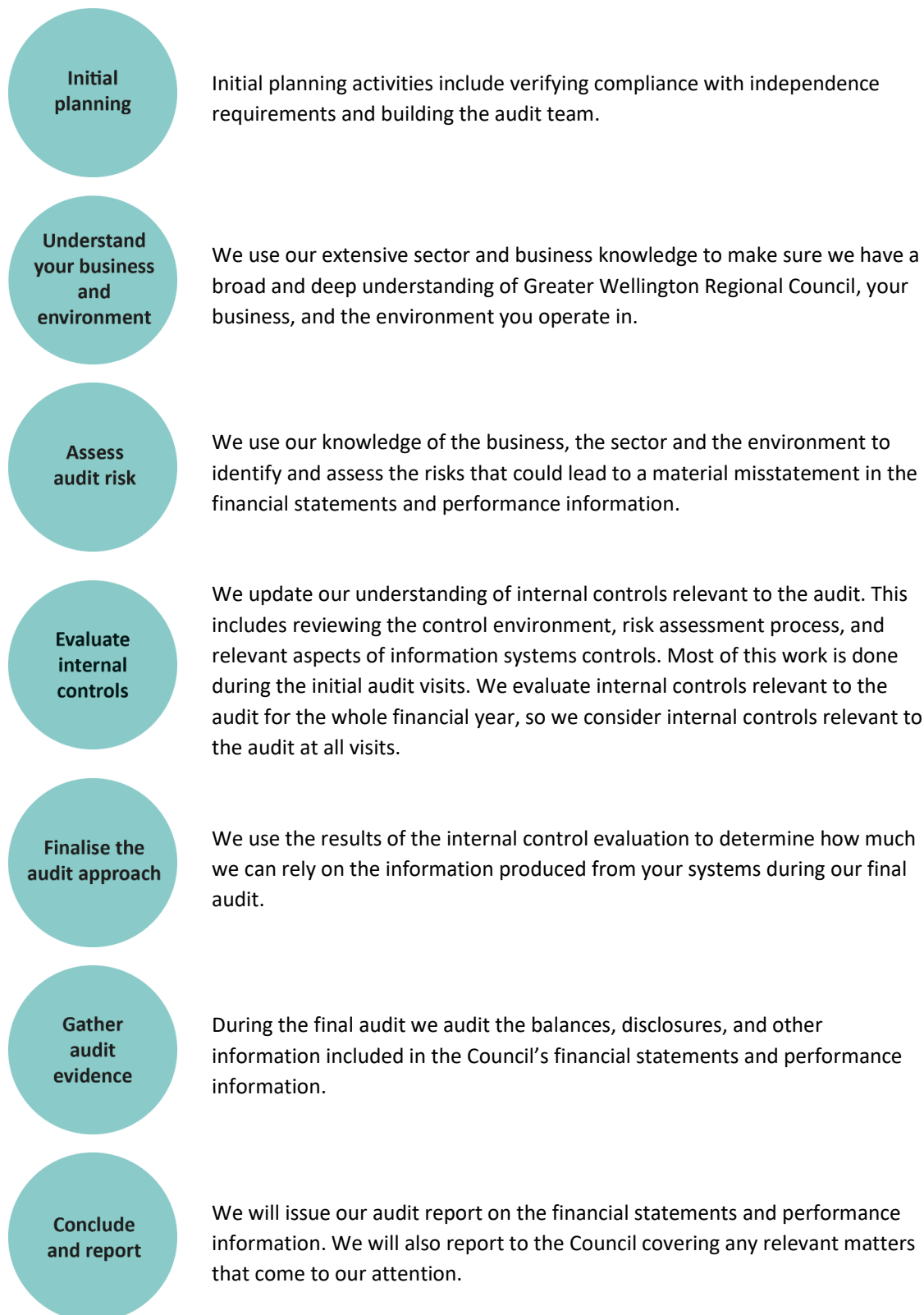
Our auditor's report covers the group as a whole. Our audit approach is developed to ensure we have sufficient information to give an opinion on the group. In designing our group audit approach, we considered the structure of the group and identified the entities which are included in the group financial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

Significant component	Work to be performed
CentrePort Limited	<p>This component will be audited by James Sheppard from Deloitte.</p> <p>Group instructions will be issued to the component auditor that will specify information we require.</p> <p>The group audit risks relevant to this component are:</p> <ul style="list-style-type: none"> • impact of the November 2016 earthquakes; • CentrePort's revalued property, plant and equipment, including adjustments required to reflect remediation costs associated with damaged land; and • risk of management override of controls. <p>The audit work on this component will be a full financial statements and performance report audit.</p>
Wellington Regional Council Holdings Limited	<p>These components will be audited by me.</p> <p>The audit work on these components will be a full financial statements and performance report audit.</p>
Greater Wellington Rail Limited	

We will report any significant internal control deficiencies to the Council and management of the group. This will include any deficiencies identified by the group engagement team or brought to our attention by the component auditor. We will communicate deficiencies related to group-wide internal controls; or internal controls at each component.

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

Our audit process



Materiality

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

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

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

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

The Council and management need to consider materiality in preparing the financial statements and service performance information and make their own assessment of materiality from a preparer's perspective. IFRS Practice Statement 2, *Making Materiality Judgements*, provides guidance on how to make materiality judgements from a financial statements preparer's perspective. Although this guidance is primarily aimed at for-profit entities, the same principles can be applied by public benefit entities. Management and the Council should not rely on our materiality assessment as a basis for owning and making judgements about the integrity of the financial statements and service performance information.

Financial statements materiality

For planning purposes we have set **overall group materiality** for the financial statements at \$160,010,000 based on the forecasts for the 2022 financial year. This is subject to change once the actual results for the current year are available. For this audit we are only applying this overall group materiality to the fair value of property, plant and equipment.

For this audit we have set a lower, **specific group materiality** of \$15,300,000 for all items not related to the fair value of property, plant and equipment.

Overall group materiality	\$160,010,000
Specific group materiality	\$15,300,000
Group clearly trivial threshold	\$765,000
Overall parent materiality	\$102,900,000
Specific parent materiality	\$12,500,000
Parent clearly trivial threshold	\$625,000

We have set **overall parent materiality** for the financial statements at \$102,900,000 based on forecasts for the 2022 financial year. This is subject to change once the actual results for the current year are available. For this audit we are only applying this overall parent materiality to the fair value

of property, plant and equipment. We have set a lower, **specific materiality** of \$12,500,000 for all items not related to the fair value of property, plant and equipment.

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

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

We will report all uncorrected misstatements to the Council other than those that are **clearly trivial**. We consider misstatements of less than \$765,000 to be clearly trivial for the **group** financial statements and misstatements of less than \$625,000 to be clearly trivial for the **parent** financial statements unless there are qualitative considerations that heighten its significance. We will ask for each misstatement to be corrected, other than those that are clearly trivial. Where management does not wish to correct a misstatement we will seek written representations from management and the Council on the reasons why the corrections will not be made.

Misstatements

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

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

Materiality for service performance information

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

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

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

Material measure	Materiality
Percentage of scheduled bus trips that depart their timetabled starting location on time (punctuality) – to 5 minutes	5% of result

Material measure	Materiality
Percentage of scheduled rail services on-time (punctuality) – to 5 minutes	5% of result
Tonnes of CO2 emitted per year on Metlink Public Transport Services	8% of result
Monitor compliance with resource consents: rates of compliance for high risk activities where historical compliance rates are below 80%	5% of result
Percent of identified vulnerable floodplains with a FMP in place	8% of result
Number of events in the bulk water supply preventing the continuous supply of drinking water to consumers	5% of result
Compliance with part 4 of the drinking water standards (bacteria compliance criteria)	0% of result
Compliance with part 5 of the drinking water standards (protozoal compliance criteria)	0% of result
Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured:	
a) attendance of urgent call-outs: time from local authority receiving notification to service personnel reach the site	8% of result
b) resolution of urgent call-outs: time from local authority receiving notification to service personnel confirming resolution	8% of result

Professional judgement and professional scepticism

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

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

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

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

How we consider compliance with laws and regulations

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

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

Wider public sector considerations

A public sector audit also examines whether:

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

Reporting protocols

Communication with management and the



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

Audit logistics

Our team



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

Our senior audit team members are:

Clint Ramoo	Appointed Auditor
Debbie Perera	Engagement Quality Review Director
Thomas Boeschstein	Audit Manager

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

Timetable



We set out below the proposed dates for our interim and final audit as well as the planned adoption date of the Annual Report based on discussions with management. The timetable is subject to change due to the impact of the nationwide auditor shortage and any Covid-19 related implications.

	Dates
Interim Audit site visit	30 May to 10 June 2022
Final Audit site visit	26 September to 31 October 2022
Adoption of Annual Report	23 rd November 2022

AuditDashboard

In 2021, we used AuditDashboard, our online portal, to transfer files between your employees and Audit New Zealand. Overall, the use of AuditDashboard was well received and ensured the audit ran smoothly with information being available in a timely manner.

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

The benefits of AuditDashboard

Your team will be invited to collaborate on one central request list in a shared space. The ability to drag and drop files makes it easy to fulfill requests. Real-time status updates provide greater visibility to everyone and helps to keep everyone organised and on the same page. It will be easy to:

- see what has been asked for;
- assign specific tasks to your own people and see who each request is assigned to;
- see when each request is due and track the progress of requests;
- exchange information securely; and
- see what has been uploaded.

There will be no change to the information that the audit team asks for. Rather than emailing an Excel spreadsheet, we will request information using AuditDashboard, which your team will then use to upload files.

Working remotely

Covid-19 restrictions, such as lockdowns, and resultant changes to our own and our client's work locations, including increasing numbers working from home since the start of the pandemic have meant we changed how we worked with our clients over the last two years.

Lockdowns meant that our clients and our auditors did not always have access to their premises and information and had to work remotely. For clients who are able to work remotely, with access to systems and electronic documentation, as well as being prepared for the audit, audits continued to progress and progress well.

Performing our audit work during higher alert level restrictions confirmed that aspects of our audit work can be done efficiently off-site. We plan to continue to perform aspects of your audit remotely as there are some benefits to you and us of having our team off-site for parts of the audit. For you these benefits include:

- Staging and sending the information we request for audit over an agreed period of time as opposed to having all the information requested ready for our arrival at one agreed date.
- Less time spent on travel, so we will have more time focus on auditing what matters and raising issues earlier.

- Reduction in disbursements as we will incur less travel and overnight costs.
- Less auditor time on site which allows you to get on with your work and enables planned focused conversations when these take place.

To complete audit work off-site and fully obtain the benefits detailed above, you will need to:

- ensure that you can assess your systems remotely.
- store supporting documents electronically and be able to easily retrieve these.

During the previous audit, we were able to perform some of our audit work at Council remotely. Based on our experience we found that Greater Wellington Regional Council has good systems and processes in place to facilitate any future off-site work by us.

We recognise different organisations are positioned differently to enable off-site audit work. We will be discussing and agreeing off-site working expectations in conjunction with our information requests with you as part of your 2022 audit. This will include our continued use of AuditDashboard to manage our information requests.

Expectations



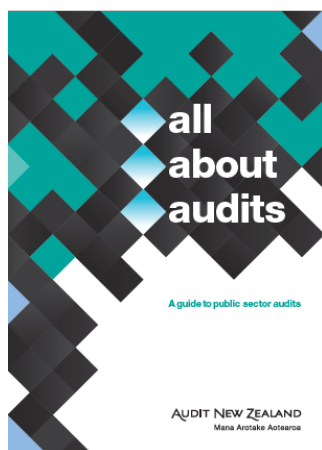
For the audit process to go smoothly for both you and us, there are expectations that each of us need to meet.

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

We expect that:

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

To help you prepare for the audit, we will liaise with management and provide them with a detailed list of the information we will need for the audit. We have also published information to help explain the audit process:



Health and safety



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

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

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

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

www.auditnz.parliament.nz

PO Box 99

Wellington 6140

Phone: 04 496 3099



Finance, Risk and Assurance Committee
3 May 2022
Report 22.162



For Decision

FAIR VALUE ASSESSMENT OF PROPERTY PLANT AND EQUIPMENT

Te take mō te pūrongo

Purpose

1. To outline Greater Wellington Regional Council's (Greater Wellington) approach to determining materiality to be used in the fair value assessment of property, plant and equipment to the Finance, Risk and Audit Committee (the Committee).

He tūtohu

Recommendations

That the Committee **endorses** the process for setting materiality for the fair value assessment of property, plant and equipment outlined in this report, including a materiality threshold of ten percent.

Te tāhū kōrero

Background

2. In accordance with accounting standards, Greater Wellington revalues its classes of property, plant and equipment on a rolling three to five years cycle to ensure that their carrying values do not materially differ from their fair values. Revaluations are staggered over the said period to spread the cost and workload involved. The current asset revaluation cycle is summarised below:

Asset class	Previous Valuation	Next Valuation
Flood Protection	June 2020	June 23 – June 25
Parks and Forests	June 2018	June 2022 in progress
Public Transport	June 2019	June 22 – June 24
Regional Water Supply	June 2018	June 2022 in progress
Navigation Aids	June 2019	June 22 – June 24

3. For those assets that are not due to be revalued, accounting standards require Greater Wellington to perform a comprehensive analysis at each reporting date to determine whether there is a significant difference between the fair value and the carrying value that would trigger the need for a revaluation.
4. In previous years, each class of assets not on the valuation cycle was measured against an appropriate index to get an indication of potential value changes. This was done by using Statistics New Zealand indices.

5. However, with the current environment of supply chain disruptions, labour cost escalations, etc. having a significant impact on costs, Audit NZ have expressed concerns that the Statistics New Zealand indices are no longer appropriate to be used in isolation to provide this fair value assessment. Audit NZ recommend management must consider assessing fair value of property, plant and equipment against most recent actual or quoted costs as opposed to solely relying on index data.
6. Audit NZ also recommend management table internally set materiality thresholds for approval by the Committee which will determine the timing of the next full valuation of the asset classes stated above.

Te tātaritanga Analysis

7. The methodology for setting materiality applied by Greater Wellington is derived from PBE IPSAS Standards and industry practice. The main consideration in the assessment are materiality of estimated movements and the presence of objective evidence.
8. IPSAS standards require the accounting treatment and disclosures of events and transactions to be guided by the principle of materiality as set out in IPSAS 1: *Presentation of Financial Statements*. Elements of the financial statements and transactions are deemed to be material when their omission or misstatement “*could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements or service performance information*” (Par. 7). Materiality can be viewed as a quantitative and or qualitative concept and should be assessed individually and collectively. In assessing whether the fair value movements are material to the financial statements, Greater Wellington management will conduct both qualitative and quantitative analysis.
9. Accounting standards do not specify thresholds for determining materiality, rather this area remains subject to management’s judgement based on the knowledge of the environment in which the entity operates. The judgments applied in this assessment have been developed from a combination of management’s knowledge of the assets, its operating environment and external factors.
10. Management has considered a quantitative threshold of 10%, which is an industry standard, for the overall movement on the respective asset classes subject to a fair value assessment for the year ending 30 June 2022.
11. Consequently our assessment is based on the assumption that where the movement in the selected market indicators is more than 10%, this will be taken to be an indicator that the carrying value of that asset class may be materially different from the fair value. This result will trigger a full revaluation assessment in the subsequent financial year. Inversely where the indicative movement is less than 10%, no further work will be performed.
12. Further, management will take all factors into account in determining any updates to the carrying value of the asset classes for the current financial year.
13. *PBE IPSAS 17 Property, Plant & Equipment* (Par. IG3) states that in assessing whether there is any indication that a revalued asset’s carrying amount may differ materially

from that which would be determined if the asset were revalued at the reporting date, an entity considers, as a minimum, the following external indications:

- a. Significant changes affecting the entity have taken place during the period, or will take place in the near future, in the technological, market, economic, or legal environment in which the entity operates or in the market to which the asset is dedicated.
 - b. Where a market exists for the assets of the entity, market values are different from the carrying amounts.
 - c. During the period, a price index relevant to the asset has undergone a material change.
14. Internal indications that a revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date, an entity considers, as a minimum:
- a. Evidence is available of obsolescence or physical damage of an asset.
 - b. Significant changes affecting the entity have taken place during the period, or are expected to take place in the near future, that might impact the extent to which, or manner in which, an asset is used or is expected to be used. Adverse changes include the asset becoming idle, or plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite. Favourable changes include capital expenditure incurred during the period to improve or enhance an asset in excess of its standard of performance assessed immediately before the expenditure is made; and
 - c. Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse or better than expected.
15. Management will further consider actual costs or unit rates to ascertain the asset values. However, since very few assets are constructed over the course of a year the use of actual costs is expected to be limited.
16. In the instances of limited actual costs information being available internally, Management will also consider getting the appropriate information from external asset valuers for performing the fair value assessment.

Ngā hua ahumoni Financial implications

17. There are no financial implications arising from this report.
18. Using this methodology there is risk that unbudgeted professional valuations may be required. This will be brought to Council for approval either as part of Annual Plan process or as an out of cycle request.
19. For noting, Greater Wellington funds all capital projects with debt. The valuation increase and subsequent impact on depreciation has no impact on rates, unlike other Councils that do fund depreciation from rates.

Ngā tikanga whakatau
Decision-making process

20. 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).

Te hiranga
Significance

21. Officers have considered the significance of the matters, taking into account the Council’s significance and engagement policy and decision making guidelines. Officers consider that the matters to be considered have low significance, due to their administrative nature.

Te whakatūtakitaki
Engagement

22. Due to the low significance of the matters for decision, no engagement was considered necessary.

Ngā tūāoma e whai ake nei
Next steps

23. Officers will share the fair value assessment with Audit NZ and keep the Committee updated on the progress.

Ngā kaiwaitohu
Signatories

Writer	Ashwin Pai – Financial Controller
Approvers	Alison Trustrum-Rainey - Chief Financial Officer Samantha Gain - General Manager, Corporate Services

<p>He whakarāpopoto i ngā huritaonga Summary of considerations</p>
<p><i>Fit with Council’s roles or Committee’s terms of reference</i></p> <p>The Committee’s specific responsibilities include to review management’s fair value assessment of property, plant and equipment.</p>
<p><i>Implications for Māori</i></p> <p>There are no known impacts for Māori.</p>
<p><i>Contribution to Annual Plan / Long term Plan / Other key strategies and policies</i></p> <p>The fair value assessment will enable efficient delivery of the Annual Report.</p>
<p><i>Internal consultation</i></p> <p>The Finance and relevant people involved with the asset management across the Council were consulted.</p>
<p><i>Risks and impacts: legal / health and safety etc.</i></p> <p>The Council’s management of relevant risks is addressed in the report.</p>

Finance, Risk and Assurance Committee
3 May 2022
Report 22.167



For Information

OPTIMUS UPDATE – MAY 2022

Te take mō te pūrongo

Purpose

1. To inform the Finance, Risk and Assurance Committee (the Committee) of the progress to date on the Optimus Programme.

Te tāhū kōrero

Background

2. The Optimus Programme commenced in 2020 to replace Greater Wellington’s suite of financial systems including:
 - a SAP: finance, payroll and plant maintenance
 - b Essbase: Budgeting and Forecasting
 - c Springboard: recruitment.
3. The functionality delivered by the vendor (TechnologyOne) includes human resource (HR) management and payroll, core financial management, contract register, supply chain management, enterprise asset management, strategic asset management and budget, forecast and reporting.
4. The programme delivered these modules in a phased rollout. The project commenced in February 2020 and has completed the key phases HR and Payroll June 2021; Contract Register September 2021; Enterprise Budgeting, Finance, Supply Chain and Enterprise Asset Management February 2022.
5. The programme closes out in June 2022 with the final release of two modules HR E-Recruitment and Strategic Asset Management.
6. The TechnologyOne system has been named by Greater Wellington staff and is referred to as Ngātahi; “Working together as one”.

Te tātaritanga

Analysis

HR & Payroll

7. As outlined in Report 21.331, *Optimus Update July 2021*, the HR and Payroll module was successfully implemented in June 2021. The software is well received by both HR and Payroll teams and the wider Greater Wellington user community.

8. The first tax year end and associated legislative changes effective from 1 April 2022 have been successfully completed with ease compared to the previous processes due to the automated software as a service provisioning of the required updates.
9. The final module release of E-recruitment is ready for final user testing and planning is underway for implementation. The implementation is dependent on resourcing in the HR & Payroll team.

Budgeting and Forecasting

10. The budgeting system was set up during 2021 with the 21-24 Long Term Plan loaded in readiness for the release of the Finance module. The first major planning round to be fully prepared in Ngātahi is the 2022/23 Annual Plan, which is currently under way. This is progressing well and on track.

Finance, Contract & Supply Chain Management, Asset Management Go-Live

11. PricewaterhouseCoopers (PwC) were engaged to conduct a stage gate review to provide advisory and independent assurance to the Steering Committee that the programme had completed all appropriate activities needed to achieve a successful “go live” of the final significant release – Finance, Contract Register, Supply Chain Management and Asset Management.
12. The PwC report presented to the Steering Committee as part of the final “go live” decision raised no significant amber or above issues in each of the following four categories assessed:
 - a Solution and data readiness
 - b Change and business readiness
 - c Cutover readiness
 - d Support readiness.
13. Finance, Contract Register, Supply Chain Management and Asset Management achieved go live with an effective date of 1 February 2022.
14. To date most Greater Wellington staff have expressed a high degree of satisfaction in the new system, citing the ease of use the new system and significant improvement in the availability of information.

Next steps

15. The programme is wrapping up with the remaining team transitioning from the project to business as usual in the ERP systems team within Finance. There are four permanent positions supporting the final transition activities, ongoing training and business familiarisation and post go live continuous improvement.

Ongoing initiatives

16. The following initiatives will be completed as part of the operational business group plan for the remainder of the 2022 calendar year:
 - a Ongoing familiarisation training and support of the Greater Wellington user base.

- b Expense Management (P-card and Expense Claim management) module implementation. This is ready for release and will be rolled out in May.
- c Finalisation of Strategic Asset Management module.
- d Development of reporting required for the next planning round and financial year end.
- e First major software version release.
- f Set up for the next Long-Term Plan.

Ngā hua ahumoni
Financial implications

17. The programme has completed within the allocated funding.

Ngā kaiwaitohu
Signatories

Writer	Jenni Horton – Optimus ERP Programme Manager
Approvers	Alison Trustrum-Rainey - Chief Financial Officer Samantha Gain - General Manager, Corporate Services

<p>He whakarāpopoto i ngā huritaonga Summary of considerations</p>
<p><i>Fit with Council's roles or with Committee's terms of reference</i></p> <p>The Committee's specific responsibilities include providing assurance to the Council on the programme progressing satisfactorily to plan, in line with its stated objectives.</p>
<p><i>Implications for Māori</i></p> <p>There are no known impacts for Māori.</p>
<p><i>Contribution to Annual Plan / Long Term Plan / Other key strategies and policies</i></p> <p>The programme contributes to the council by providing Greater Wellington staff the business management and reporting tools to enable business groups to plan, manage and deliver our core activities. The programme creates a foundation for continuous process improvement and efficiency across the organisation.</p>
<p><i>Internal consultation</i></p> <p>This paper is an information only paper and therefore no wider consultation has occurred.</p>
<p><i>Risks and impacts - legal / health and safety etc.</i></p> <p>The Council's management of relevant risks is addressed in the report.</p>

Finance, Risk and Assurance Committee
3 May 2022
Report 22.159



For Information

HOLIDAYS ACT REMEDIATION PROJECT UPDATE

Te take mō te pūrongo

Purpose

1. To provide a status update on the Holidays Act Remediation settlement for current and past employees.

Te horopaki

Context

1. In June 2016, Greater Wellington Regional Council (Greater Wellington) acknowledged that Holidays Act remediation would be required after engaging Deloitte to investigate compliance within the then current payroll system. This required Greater Wellington to investigate payment anomalies back to six years before that date and bring our systems in to a compliant state moving forward.
2. Deloitte produced a report outlining a number of high-level issues specific to Greater Wellington's compliance with the Holidays Act and it was felt the Optimus Programme (including implementation of a new HR and payroll module) would provide the ideal platform by which to become compliant moving forward. Through the Optimus Programme, the TechnologyOne payroll system has been configured to what is considered compliant with the Holidays Act, and is now implemented.
3. Historic remediation, in relation to leave payments made to employees prior to the new payroll system implementation, is being dealt with separately, by using a third party's configurable calculator to make the relevant calculations based on the historic data held by Greater Wellington.

Te tātaritanga

Analysis

4. In June 2021, \$1.9 million was provisioned in the 2020/21 Annual report for the remediation payments.
5. Greater Wellington completed a special payment run on the 18 March 2022 covering all current employees remediation payments, as at start of June 2021 (the date the new payroll system went live). Feedback has been good, and very few questions have been raised to date. The amount paid was \$351,571.56 to 474 employees. The decision was taken not to recover overpayments.

6. The current phase is the calculation and communication plan to enable payments to terminated staff. The intention is to complete the final calculations and testing in this calendar year with a view to launching the registration process and initial pay rounds for past employees late June for completion around October 2022, then hand the process for ongoing applications to Payroll as an ongoing BAU process.
7. The final phase will be a final wash up payment covering underpayments for current employees in the last twelve months, plus holiday pay and termination pay underpayments for employees who terminated between the current employee remediation payment (to June 2021) and washup.

Ngā hua ahumoni
Financial implications

8. The indicative amount of \$1.9 million calculated in June 2021 has been provisioned in the 2020/21 Council Annual Report financials.
9. There is no specific budget allocated for this work. The general finance budget is covering current financial year costs. Our current numbers demonstrate there is capacity in the provision to cover this year’s project costs, expected to be \$172,000.
10. The amount for former staff payments are not yet finalised. The current estimate is \$600,000. The current estimate for the final phase payments to current staff is \$350,000. Added to the project costs and payment to active staff, the estimated total is \$1.5 million, well within the budget provision of \$1.9 million.

Ngā tūāoma e whai ake nei
Next steps

11. While a specific date for completion of payments to former staff is difficult to assess, the intention is to have completed the bulk of these payments by the end of next financial year. Any remaining claims will then be handled as an ongoing BAU Payroll function.

Ngā kaiwaitohu
Signatories

Writer	Alison Trustrum-Rainey - Chief Financial Officer
Approver	Samantha Gain - General Manager Corporate Services

He whakarāpopoto i ngā huritaonga Summary of considerations
<p><i>Fit with Council's roles or with Committee's terms of reference</i></p> <p>The Committee is responsible for financial, risk and audit matters and this review impacts all three areas.</p>
<p><i>Implications for Māori</i></p> <p>There are no known impacts for Māori.</p>
<p><i>Contribution to Annual Plan / Long Term Plan / Other key strategies and policies</i></p> <p>There is no long term plan or policy impact.</p>
<p><i>Internal consultation</i></p> <p>No consultation is required. Officers are acting to meet our statutory obligations.</p>
<p><i>Risks and impacts - legal / health and safety etc.</i></p> <p>This course of action is demonstrating Council officers are taking the risk averse approach to this review.</p>

Finance, Risk and Assurance Committee
3 May 2022
Report 22.174



For Decision

RESOLUTION TO EXCLUDE THE PUBLIC

That the Committee excludes the public from the following parts of the proceedings of this meeting, namely:—

Cyber Security Roadmap Update – May 2022 – Report PE22.171

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:

Cyber Security Roadmap Update -May 2022 – Report PE22.171	
<i>Reason for passing this resolution in relation to each matter</i>	<i>Ground(s) under section 48(1) for the passing of this resolution</i>
<p>The report contains information about Greater Wellington’s cyber security status. Release of this information exposes Greater Wellington to cyber-attack threats by making it easier for the public to know our cyber security status. It is necessary for Greater Wellington to exclude the information contained in this report from the public domain to prevent the information being used for improper gain or advantage (section 7(2)(j)).</p> <p>Greater Wellington 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 risk.</p>	<p>The public conduct of this part of the meeting is excluded as per section 7(2)(j) of the Act – to prevent the disclosure of use of official information for improper gain or improper advantage.</p>

This resolution is made in reliance on section 48(1)(a) of the Act and the particular interest or interests protected by section 6 or section 7 of that Act or section 6 or section 7 or section 9 of the Official Information Act 1982, as the case may require, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public.