

Audit and Risk Subcommittee
Wednesday 29 June 2022 at 10.00am

AGENDA

Audit and Risk Subcommittee Agenda

Meeting to be held in the Council Chamber
36 Water Street, Whangārei
on Wednesday 29 June 2022, commencing at 10.00am

Recommendations contained in the agenda are NOT decisions of the meeting. Please refer to minutes for resolutions.

MEMBERSHIP OF THE AUDIT AND RISK SUBCOMMITTEE

Chairperson, Colin Kitchen

Councillor Amy Macdonald

Councillor Joce Yeoman

Councillor Rick Stolwerk

Ex-Officio Penny Smart

Independent Advisor Stuart
Henderson

KARAKIA / WHAKATAU

RĪMITI (ITEM)

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1.0 NGĀ MAHI WHAKAPAI/HOUSEKEEPING

2.0 NGĀ WHAKAPAHĀ/APOLOGIES

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7.1 Confirmation of Confidential Minutes - 30 March 2022

TITLE: Confirmation of Minutes - 30 March 2022

From: Judith Graham, Corporate Services P/A

**Authorised by
Group Manager/s:** Bruce Howse, Pou Taumatua – Group Manager Corporate Services, on

Ngā mahi tūtohutia / Recommendation

That the minutes of the Audit and Risk Subcommittee meeting held on 30 March 2022, be confirmed as a true and correct record.

Attachments/Ngā tapirihanga

Attachment 1: Audit and Risk Subcommittee minutes 30 March 2022 [↓](#) 

Audit and Risk Subcommittee
30 March 2022

Audit and Risk Subcommittee Minutes

Meeting held in the Held remotely
on Wednesday 30 March 2022, commencing at 10.00am

Tuhinga/Present:

Chairperson, Colin Kitchen
Councillor Amy Macdonald
Councillor Joce Yeoman
Councillor Rick Stolwerk
Ex-Officio Penny Smart
Independent Audit & Risk Advisor Danny Tuato'o
Independent Finance Advisor Stuart Henderson

I Tae Mai/In Attendance:

Full Meeting

Pou Taumatua - GM Corporate Services – Bruce Howse
Tumuaki – Chief Executive Officer – Malcolm Nicolson
Finance Manager – Simon Crabb
Personal Assistant Corporate Services – Judy Graham

Part Meeting

Human Resources Manager – Beryl Steele
Corporate Systems Champion – Kym Ace
Corporate Strategy Manager – Kyla Carlier
Deloitte Partner – Peter Gulliver
Deloitte Forensic I Risk Advisory – Ian Tuke
Deloitte Associated Director I Forensic I Risk Advisory – Dominic Salmon

The Chair declared the meeting open at 10.03am with a Karakia by Independent Audit & Risk Advisor

Ngā Mahi Whakapai/Housekeeping (Item 1.0)

Ngā whakapahā/Apologies (Item 2.0)

There were no apologies.

Nga whakapuakanga/Declarations of Conflicts of Interest (Item 3.0)

It was advised that members should make declarations item-by-item as the meeting progressed.

Audit and Risk Subcommittee
30 March 2022

Confirmation of Minutes - 24 November 2021 (Item 4.1)

Report from Judith Graham, Corporate Services P/A

Moved(Smart / Yeoman)

That the minutes of the Audit and Risk subcommittee meeting held on 24 November 2021 be confirmed as a true and correct record.

Carried

Internal Audit Schedule (Item 5.1)

Report from Judith Graham, Corporate Services P/A

Moved (Kitchen / Macdonald)

That the report 'Internal Audit Schedule' by Judith Graham, Corporate Services P/A and dated 11 January 2022, be received.

Carried

Secretarial Note: Item 5.2 Audit Fee Proposal For Year Ending 30 June 2022 and 30 June 2023 was addressed following Item 5.3 Deloitte -Fraud and Corruption Risk Assessment

Audit Fee Proposal For Year Ending 30 June 2022 and 30 June 2023 (Item 5.2)

Report from Bruce Howse, Pou Taumatua – Group Manager Corporate Services

Moved (Stolwerk / Smart)

1. That the report 'Audit Fee Proposal For Year Ending 30 June 2022 and 30 June 2023' by Bruce Howse, Pou Taumatua – Group Manager Corporate Services and dated 11 February 2022, be received.
2. That the subcommittee recommend to council the approval of **base** audit fees of \$156,300 for FY22 and a further \$15k in audit fees for the Enterprise Project implementation workstream.
3. That the subcommittee recommend to council the approval of **base** audit fees of \$178,800 for FY23 and a further \$25k in audit fees for the Enterprise Project implementation workstream.
4. That the subcommittee recommend to council the agreement in principle to the approach outlined in the **attached** Deloitte proposal for the setting of audit fees for FY24 and FY25.

Carried

Northland Regional Council counteroffer 2023 audit fees was accepted by Deloitte and approved by the AOG.

Fee proposal for 2023 has now been included.

Setting principles and guidelines on fees going forward 2024 and 2025.

Deloitte Partner Peter Gulliver advised the Subcommittee that he would be stepping down at the end of this year due to the rotation rule.

Audit and Risk Subcommittee
30 March 2022

Deloitte - Fraud and Corruption Risk Assessment (Item 5.3)

Report from Simon Crabb, Finance Manager

Moved (Stolwerk / Smart)

1. That the report 'Deloitte - Fraud and Corruption Risk Assessment' by Simon Crabb, Finance Manager and dated 11 January 2022, be received.

Carried

Secretarial Note: additional recommendation added to item 5.3

Moved (Kitchen / Smart)

2. Subcommittee support the implementation of the recommendation outlined in the fraud and corruption report by Deloitte.

Carried

Deloitte Forensic I Risk Advisory Ian Tuke and Deloitte Associated Director I Forensic I Risk Advisory Dominic Salmon went through the fraud and corruption risk assessment presentation with the subcommittee which included the fraud gap analysis, survey and workshops outcomes.

Actions:

- Councillors to receive fraud awareness training 2-3 hour workshop
- Complete review of strengthen the Fraud limitation officer role – and who they report to in the organisation.
- Continue with implementation of the whistle blower independent phone line.
- GM Corporate Services to start implementing recommendations from the Deloitte fraud and corruption risk assessment report outlined on pages 34-36 of the report.

Internal Audit Update - Kaipara District Council Rating Review (Item 5.4)

Report from Simon Crabb, Finance Manager

Secretarial Note: Subcommittee confirms receiving via email Tuesday 29 March updated Rates review – Kaipara District Council.

Moved (Stolwerk / Kitchen)

- That the report 'Internal Audit Update - Kaipara District Council Rating Review' by Simon Crabb, Finance Manager and dated 4 March 2022, be received.

Carried

Deloitte Partner – Peter Gulliver spoke to the subcommittee on the finding of the recent Kaipara District Council review.

Finding were consistent to that of Far North District Council is that far too many people had access to the rating system. Deloitte has recommended and Kaipara District Council has agreed to reduce the number of staff having access to the rating system.

Deloitte Partner – Peter Gulliver highlighted to the Subcommittee the issue with the Kaipara District Council Rating system on the allocation of part payments, with part payments first allocated to Kaipara District Council.

Action:

Audit and Risk Subcommittee
30 March 2022

- GM Corporate Services to follow up on Far North District Council on the progression on modifying their rating system.
- Rating service agreements to be modified to include appropriate allocation methodology for 2022/2023 of all Territorial Authorities.

Internal Audit Maturity Assessment (Item 5.5)

Report from Bruce Howse, Pou Taumatua – Group Manager Corporate Services

1. That the report 'Internal Audit Maturity Assessment' by Bruce Howse, Pou Taumatua – Group Manager Corporate Services and dated 12 January 2022, be received.

Subcommittee have agreed not to accept item 5.5 Internal Audit Maturity Assessment report as general consensus of the Subcommittee felt there was missing information that would have likely alter the outcome of the assessment.

Moved (Stolwerk/Smart)

Internal Audit Maturity Assessment (item 5.5) to remain laid on the table until a further review has been completed.

Carried

Action: GM Corporate Services, Chief Executive Officer, Independent Audit & Risk Advisor Independent Finance Advisor to meet with Deloitte Partner – Peter Gulliver for future discussion and tightening up the wording on the report.

Investment Policy Revision - Incorporate Protocols for Reporting Investment Fund Gains/Losses (Item 5.6)

Report from Simon Crabb, Finance Manager

Moved (Kitchen / Stolwerk)

1. That the report 'Investment Policy Revision - Incorporate Protocols for Reporting Investment Fund Gains/Losses' by Simon Crabb, Finance Manager and dated 15 March 2022, be received.
2. That the subcommittee endorse that the proposed changes presented in this report are incorporated into councils Investment Policy

Carried

Action:

- Gains and losses to be explained to whole Council for a better understanding on the long term investment.
- More thinking to be done around the amount of reserve to be transferred – historical gains last 3 to 5 year and report back to the subcommittee.

TITLE: **Receipt of Action Sheet**

From: Judith Graham, Corporate Services P/A

Authorised by Bruce Howse, Pou Taumatua – Group Manager Corporate Services, on
Group Manager/s:


Whakarāpopototanga / Executive summary

The purpose of this report is to enable the meeting to receive the current action sheet.

Nga mahi tutohutia / Recommendation

That the action sheet be received.

Attachments/Ngā tapirihanga

Attachment 1: Audit and Risk Subcommittee Action Sheet [↓](#) 

TITLE: Internal Audit Schedule

From: Judith Graham, Corporate Services P/A

Authorised by Group Manager/s: Bruce Howse, Pou Taumatua – Group Manager Corporate Services, on

Whakarāpopototanga / Executive summary

The internal audit schedule, as adopted by the Subcommittee, is provided in Table 1.

The schedule shows the timing for each internal audit item and a status update on progress.

All items scheduled for 2020/21 have been completed and work is in progress and on track for all items scheduled for 2021/22.

Ngā mahi tūtohutia / Recommendation

That the report 'Internal Audit Schedule' by Judith Graham, Corporate Services P/A and dated 16 June 2022, be received.

Background/Tuhinga

Table 1. Internal Audit Schedule

Key				
Complete		Underway	Deferred	Not Started
Year	Item	Status		
2020/21	FNDC rates collection, audit to confirm robustness of collection of NRC rate revenue and general title arrears recovery process.	Audit complete. Findings reported to Subcommittee in June 2021. FNDC have implanted audit recommendations in part, some still work in progress. Further follow up has been initiated.		
2020/21	Human resources procedures.	Audit complete. Findings reported to Subcommittee in September 2021. Findings will be implemented through Human Resources work programme.		
2020/21	Fraud control environment (counter-fraud gap analysis).	Audit complete. Findings reported to Subcommittee in June 2021. Additional work underway to strengthen control environment.		
2020/21	Insurance – AON insurable risk review.	Audit complete. Findings presented to Subcommittee in December 2020. Insurance renewals due November 2021.		
2021/22	KDC rates collection, audit to confirm robustness of collection of NRC rate revenue and general title arrears recovery process.	Complete. Letter sent to KDC requesting update on progress with actions, KDC to respond in the new financial year.		
2021/22	Property management.	Work in progress. Findings to be reported to Subcommittee in mid/late-2022.		
2021/22	Risk management.	Deferred. Replaced with 'Fraud and Corruption Risk Assessment' as reported to Subcommittee in June 2021. Potential to undertake in 22/23 or 23/24.		

2021/22	Procurement.	Deferred. Replaced with 'Strengthen the Management of Third parties' as reported to Subcommittee in June 2021. Potential to undertake in 22/23 or 23/24.
2021/22	Fraud and Corruption Risk Assessment.	Complete and actions implemented.
2021/22	Strengthen the Management of Third parties.	Complete and action implemented.
2022/23	WDC rates collection, audit to confirm robustness of collection of NRC rate revenue and general title arrears recovery process.	Work to commence in 2022/23.
2022/23	Externally managed funds – SIPO, governance, reporting, treasury management.	Work to commence in 2022/23.
2022/23	Legislative compliance.	Work to commence in 2022/23.

Attachments/Ngā tapirihanga

Nil

TITLE: **Audit Plan FY22**

From: Bruce Howse, Pou Taumatua – Group Manager Corporate Services

Authorised by Bruce Howse, Pou Taumatua – Group Manager Corporate Services, on
Group Manager/s:

Whakarāpopototanga / Executive summary

The audit plan for FY22 is attached.

Ngā mahi tūtohutia / Recommendation

That the report 'Audit Plan FY22' by Bruce Howse, Pou Taumatua – Group Manager Corporate Services and dated 11 April 2022, be received.

Background/Tuhinga

Nil.

Attachments/Ngā tapirihanga

Attachment 1: Audit Plan FY22 [↓](#) 

TITLE: Internal Audit Maturity Assessment - Update

From: Bruce Howse, Pou Taumatua – Group Manager Corporate Services

Authorised by Group Manager/s: Bruce Howse, Pou Taumatua – Group Manager Corporate Services, on

Whakarāpopototanga / Executive summary

Deloitte have undertaken an internal audit (IA) maturity review of NRC. The initial report from the review was presented to the March 2022 Audit and Risk Subcommittee, where it was decided that further discussion was required before the report could be accepted. Further discussion has taken place and Deloitte has provided a revised report (**attached**).

The maturity of NRC's IA function was assessed at an overall level of 2 out of 5 (5 being the highest maturity level). The report provides several recommendations for NRC to improve its IA maturity to a level of between 3-4 which is considered an appropriate level for NRC.

The Corporate Strategy Team has developed a plan (**attached**) to increase our maturity rating in line with the recommendations in the report and ensuring that this is progressively implemented over time. This work aligns with the quality systems refresh work that the Continuous Improvement group have been undertaking, which should further enhance NRC's IA maturity.

Ngā mahi tūtohutia / Recommendation

That the report 'Internal Audit Maturity Assessment - Update' by Bruce Howse, Pou Taumatua – Group Manager Corporate Services and dated 12 May 2022, be received.

Background/Tuhinga

Not applicable.

Attachments/Ngā tapirihanga

Attachment 1: Northland Regional Council IA Maturity Review - Final [↓](#) 

Attachment 2: Internal Audit Improvement Plan [↓](#) 

TITLE: Risk Management Activity Update

From: Kym Ace, Corporate Systems Champion and Kyla Carlier, Corporate Strategy Manager

Authorised by Bruce Howse, Pou Taumatua – Group Manager Corporate Services, on 16
Group Manager/s: June 2022

Whakarāpopototanga / Executive summary

The Risk Management Activity Update Report outlines the summary of Council’s progress in risk management related activities including updates on Corporate, Fraud, Dishonesty and Corruption Risks.

Ngā mahi tūtohutia / Recommendation

That the report ‘Risk Management Activity Update’ by Kym Ace, Corporate Systems Champion and Kyla Carlier, Corporate Strategy Manager and dated 7 June 2022, be received.

Background/Tuhinga

Risks Register

1. The corporate, fraud, dishonesty and corruption risk registers have been refreshed following leadership review.
2. The risks and their treatment/s (mitigation action/s) are being managed by staff through the Promapp risk module. Risk reporting is being provided quarterly to the Audit and Risk Subcommittee. The monitoring of the corporate and fraud dishonesty and corruption risk registers is performed by the Corporate Systems Champion monthly.
3. The top ten corporate risks, their pre-control (inherent) and post control (residual) rating and trending (traffic light) are summarised in **Table 1**.
4. The corporate risks, their risk types, pre-control (inherent) and post control (residual rating) are summarised in **Attachment 1**.
5. Key changes and additions from this quarter’s review are identified in **Table 2**. Some top risks which were retained through the review have been expanded or narrowed, and this is reflected in the relevant risk descriptors within the full document.

Table 1. Top ten corporate risks listed as their residual scores rank

Key – Risk rating				
Extreme		High	Moderate	Low
Key – Trend		Increasing	Decreasing	Static
#	Risk Statement	Inherent Rating	Residual Rating	Trend

012	Non-compliance with Health and Safety at Work Act 2015	20	20	
080	Changes in legislation and central government policy impacting council's resources, budgets and activities.	25	20	
014	Cyber security attack	20	16	
136	Capability and operational capacity to manage events and directives	20	16	
221	Workload	20	16	
230	Climate change response	20	16	
245	Failure to prepare for future of local government review/reforms and its impacts	20	16	
246	Recruitment and retention of specialist staff	20	16	
244	Failure to respond to the impacts COVID-19	25	15	
015	Core IT applications/system are not designed and/or implemented to support all organisational processes, or applications will stop working	20	15	

Table 2. Key Top Risks - changes and additions through the review

Key				
New specific risk		Decreased rating	Increased rating	Treatment added risk /activity update and rating remains static
Status	Description	Commentary		
	Local body elections may change the composition of Councillors	Identification of the risk of council changing at the local body elections 2022		
	Failure to respond to Covid-19 impact	Residual risk consequence decreased from major to moderate as we have: <ul style="list-style-type: none"> Advanced Covid Business Continuity planning and actions Developed a covid recovery plan which is now being implemented 		
	Recruitment and retention of specialist roles	Residual risk likelihood decreased from frequent too often as we have: <ul style="list-style-type: none"> Increased the salary pool from 3% to 5% Investigated and implemented a range of initiatives to improve these issues. We acknowledge that we still have high turnover and a high number of vacancies.		
	Contingent Liabilities – Sustainable solvents site, dam failure and Marine Farm abandoned structures	Marine farm abandoned structures - Enforcement proceedings against a major consent holder are being progressed with Council's Lawyer. More outstanding bonds have been lodged therefore reducing the risks. Good		

		<p>but slow progress on the management of this risk.</p> <p>Sustainable solvents site - Stage one - clean-up above ground completed successfully and under budget. Environment Court proceedings - WDC claimed costs recovery of \$2.6m for the clean-up works. This was awarded. A next step meeting regarding the land has been scheduled. There is a much lesser risk now the clean-up has been completed. The site is deemed a contaminated site but is not currently impacting anyone.</p> <p>Dam failure – meetings have been held to discuss these. No further action required.</p>
	Climate Change response	<p>Given the potential impacts of climate change on council’s operations and the difficulties in recruiting staff, the inherent and residual likelihood have remained static (extreme). This risk is expected to decrease over time as council’s climate change response strategies and activities are implemented and the new team embeds. The climate change risks will be fully reviewed as part of these activities.</p>
	Capability and operational capacity to manage events and directives	<p>Inherent and residual likelihood have remained static (extreme), and we recognize the consequential impacts of covid, recruitment, and the retention of staff on this risk remaining extreme.</p>
	Workload	<p>Inherent and residual likelihood have remained static even though:</p> <ul style="list-style-type: none"> • We have reduced workshops to one day per week • We have reduced the frequency of some reporting, and • Managers are endeavouring to support workloads <p>Despite these efforts workloads have not decreased, turnover is increasing, and the risk rating remains extreme.</p>
	Investment Portfolio	<p>Residual risk consequences increased from moderate to major in recognition of:</p> <ul style="list-style-type: none"> • High inflation • Potential devaluation of the housing market • The potential for a decrease in rates revenue • MMH signaling a decrease in revenue • Equity markets flat trending negative

	Organisation Culture	Residual risk likelihood increased from likely to often in recognition of: <ul style="list-style-type: none"> Increased staff turnover and record levels of new roles Staff skills and capability Flexible working arrangements and the hybrid culture Workload
	Non-compliance with Health and Safety at Work Act 2015	Increase residual likelihood from likely to often and decrease residual consequences from severe to major. This reflects the results of the recent Contractor Health and Safety internal audit and the difficulties in recruiting a new Health and Safety specialist. New treatments have been added: <ol style="list-style-type: none"> To perform contractor health and safety audit on an annual basis; and The provision of a Health and Safety resource to familiarize and support managers with significant hazards and other health and safety questions on a quarterly basis (resource dependent).

Risk Appetite

Risk appetite is the decision about the amount and type of risk Council is willing to take to achieve its objectives. This is an area that was identified in the risk maturity matrix as requiring further development. We are investigating options to advance this work and will report back once we have a roadmap established.

Deep Dives

The Corporate Systems Champion facilitates risk owners to provide deep dives into each corporate risk in accordance with the following schedule (**Table 3**), initially focussing on the corporate risk with the highest pre-controls risk rating or where specifically requested due to increasing risk ratings. The deep dive on cyber security and changes in legislation and central government policy impacting council's resources, budgets, and activities are included as a separate agenda item (Item Risk Deep Dives).

Table 3. Risk deep dive schedule

#	Corporate Risk	June 2022	September 2022	November 2022
6	Changes in legislation & central government policy impacting council's resources, budgets, and activities.	√		
7	Cyber security	√		
8	Core IT applications/systems are not designed and/or implemented to support all organisational processes		√	


9	Enterprise Project		√	
10	Noncompliance with H&S at Work Act 2015			√

Response to COVID-19 Resurgence – Omicron Variant

Council's Crisis Management Team (CMT) was activated in response to the announcement by the Government that New Zealand would move to Alert Level 4 in March 2020. The role of Council's CMT is to lead Council's internal response, ensure Council's essential services remain operational, manage the changes to Council's operations and service as required, and support staff well-being and safety during the crisis.

At the time of writing this report the CMT remains active, proactively monitoring the response as the country moves through the Protection Framework (Traffic Light System) and all the ever-changing requirements. Covid business continuity plans continue to be refined and the Covid Recovery Plan has been developed. This plan is being implemented with significant focus on supporting the mental and physical well-being of staff throughout this time.

Attachments/Ngā tapirihanga

Attachment 1: Top 10 Corporate Risks [↓](#) 

TITLE: Risk Deep Dives

From: Kym Ace, Corporate Systems Champion and Kyla Carlier, Corporate Strategy Manager

Authorised by Group Manager/s: Bruce Howse, Pou Taumatua – Group Manager Corporate Services, on 16 June 2022

Whakarāpopototanga / Executive summary

This report presents deep dives into the risks:

- Changes in legislation and central Government policy impacting on council’s resources, budgets, and activities; and
- Cyber security attack.

The inherent and residual rating of these risks are considered extreme.

Potential causes of these risks include:

1. Changing political environment.
2. Changing social and economic environment.
3. Changing legislative environment including 3 Waters, RMA reform, Local Government reform, Human Resources Legislation, Climate Change, and Emergency Management.
4. Threats to information generated externally to NRC or from within the organisation.
5. The increasing global trend of cyber-crime.

Ngā mahi tūtohutia / Recommendation

That the report ‘Risk Deep Dives’ by Kym Ace, Corporate Systems Champion and Kyla Carlier, Corporate Strategy Manager and dated 14 June 2022, be received.

Background/Tuhinga

<p>Risk</p>	<p><i>Changes in legislation and central Government policy impacting council's resources, budgets, and activities.</i></p> <p>R00080</p> <p>There is a risk to NRC that legislation and/or central government policy could change which can potentially impact Council's resources, budgets and operational activities. These changes can cause significant costs to council and our ratepayers.</p>		
<p>Inherent Risk Score:</p> <p><i>Unmitigated</i></p>	<p>Likelihood: 5 (Frequent)</p>	<p>Consequence: 5 (Severe)</p>	<p>Inherent Risk: 25 Extreme</p>
<p>Underlying Causes (threats):</p>	<ol style="list-style-type: none"> 1. Changing political environment. 2. Changing social and economic environment. 		

<p><i>How do you see these causes now – have they changed are there new causes?</i></p>	<p>3. Changing legislative environment including 3 Waters, RMA reform, Local Government reform, Human Resources Legislation, Climate Change, and Emergency Management.</p>																																	
<p>Current treatments:</p> <p><i>Are you assured that these treatments are effective, sustainable and evidenced?</i></p> <p><i>Would you do more, or is the risk reduced?</i></p>	<p>1. Ensure that we track central government proposals, policy and legislation. Consider the potential impact on council resourcing and submit where we consider proposed changes have a more than a minor impact (e.g. seek that the government use ‘lead-in’ times for any legal/process changes).</p> <p>2. Current proposals, their implications/impacts and treatments:</p> <table border="1" data-bbox="507 616 1412 1960"> <thead> <tr> <th>Changes/Proposals</th> <th>Implications/Impacts</th> <th>Treatment actions</th> </tr> </thead> <tbody> <tr> <td>3 Waters reform</td> <td>Moderate</td> <td>Ensure good collaboration and connection with relevant entities</td> </tr> <tr> <td>RMA reform</td> <td>Significant</td> <td>Participate directly and in conjunction with the regional sector</td> </tr> <tr> <td>Local Government Reform</td> <td>Significant</td> <td>Participate directly and in conjunction with the local government sector</td> </tr> <tr> <td>Climate Change</td> <td>Significant</td> <td>Participate directly and in conjunction with the local government sector and the community</td> </tr> <tr> <td>Emergency Management</td> <td>Moderate</td> <td>Increased engagement with tangata whenua and clearer definitions of roles and responsibilities for Civil defence</td> </tr> <tr> <td>Human Resources Legislation</td> <td>Workload impacts on HR team.</td> <td>Need to keep up with the legislation changes and refresh our policies and procedures</td> </tr> <tr> <td>Protected Disclosures</td> <td>Extension of whistleblower requirements which could lead to more personal grievances.</td> <td>Policy review and training</td> </tr> <tr> <td>Fair Pay</td> <td>Pay negotiations</td> <td>Maintain relationship with unions and keep staff informed</td> </tr> <tr> <td>Slavery</td> <td>Could affect procurement requirements</td> <td>Policy and process review</td> </tr> <tr> <td>Income Insurance Scheme</td> <td>Levies on employer (Levy estimated 1.39%), employee contributions (estimated 1.39%), impacts on payroll</td> <td>Policy review and training, budgetary considerations</td> </tr> </tbody> </table> <p>3. Council prepares and budgets for implementation of new government policy.</p>	Changes/Proposals	Implications/Impacts	Treatment actions	3 Waters reform	Moderate	Ensure good collaboration and connection with relevant entities	RMA reform	Significant	Participate directly and in conjunction with the regional sector	Local Government Reform	Significant	Participate directly and in conjunction with the local government sector	Climate Change	Significant	Participate directly and in conjunction with the local government sector and the community	Emergency Management	Moderate	Increased engagement with tangata whenua and clearer definitions of roles and responsibilities for Civil defence	Human Resources Legislation	Workload impacts on HR team.	Need to keep up with the legislation changes and refresh our policies and procedures	Protected Disclosures	Extension of whistleblower requirements which could lead to more personal grievances.	Policy review and training	Fair Pay	Pay negotiations	Maintain relationship with unions and keep staff informed	Slavery	Could affect procurement requirements	Policy and process review	Income Insurance Scheme	Levies on employer (Levy estimated 1.39%), employee contributions (estimated 1.39%), impacts on payroll	Policy review and training, budgetary considerations
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	<p>4. Assess and communicate any government guidance on the changes to relevant staff / teams.</p> <p>5. There is a process to engage following changes which includes: Identifying any changes through strategic management reviews, budget variations are prepared as indications are available and activity/ies review to assess feasibility of operations – significant resourcing changes set out in Annual / Long Term Plans as needed.</p> <p>6. Communicate/workshop central government policy/law changes and implications for resourcing needs with councillors.</p> <p>7. Ensure council processes, policies and plans are structured to be adaptable and responsive as possible.</p>		
<p>Recommendations of Management/Planned Treatments</p> <p><i>If more needs to be done, what do you suggest – and what are the limitations or constraints?</i></p>	<p>Recommendations include:</p> <ol style="list-style-type: none"> Continue to monitor and review as necessary. Investigate Complywith solution for identification and management of legal compliance risk including information about changes in legislation and policy, getting clarity that obligations are complied with, and controls identified and managed. Include government policy / law changes as item / topic in strategic management reviews. 		
<p>Improvements to span of control:</p> <p><i>How will the implementation of planned treatments be effective in improving our ability to mitigate the risk?</i></p>	<p>The treatments will enable us to better manage legislation and/or central government policy changes. The proposed treatments are considered the most effective available to council to address this risk.</p>		
<p>Date actions to be delivered:</p>	<p>Ongoing and as resources are available.</p>		
<p>Target Residual Risk Score:</p> <p><i>Assumes all mitigations in place and where we would like to get to</i></p>	<p>Likelihood: 5 (Frequent)</p>	<p>Consequence: 4 (Major)</p>	<p>Residual Risk: 20 Extreme</p>

<p>Risk</p>	<p>Cyber security attack.</p> <p>R00014</p> <p>There is a risk of cyber security attack causing disruption to Council systems and possible loss of data</p>
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<p>Inherent Risk Score: <i>Unmitigated</i></p>	<p>Likelihood: 5 (Frequent)</p>	<p>Consequence: 4 (Major)</p>	<p>Inherent Risk: 20 Extreme</p>
<p>Underlying Causes (threats): <i>How do you see these causes now – have they changed are there new causes?</i></p>	<p>Information security relates to both electronic and manual storage of data, and corporate/personal information. In addition, it considers real time information/instructions that are electronically transmitted through the operational network. Threats to information can be generated externally to NRC or from within the organisation. There is an increasing global trend of cyber-crime therefore the inherent risk assessment assumes that with current controls (such as firewalls, VPN’s, threat protection monitoring) there is an almost certain risk that NRC could fall victim to an intentional or opportunistic cyber event. This type of event would have a major consequence for NRC impacting core services. In addition to the several technical preventative controls in place that are operating effectively, NRC has compensating soft controls around staff and contractor competency, to be alert to activities such as phishing attacks and to ensure the protection of physical information.</p>		
<p>Current treatments: <i>Are you assured that these treatments are effective, sustainable and evidenced? Would you do more, or is the risk reduced</i></p>	<ol style="list-style-type: none"> 1. Multiple layers of defences (Perimeter and endpoint). InPhySec managed Security Operations Centre (SOC) monitors alerts and detections. Strengthened security policies were implemented in October 2020 to increase the security posture removing access to some non-business and high-risk website sites. 2. Modern detection applications in place and constantly monitoring, and use artificial intelligence for threat detection. (CrowdStrike, Mimecast, Netscope). 3. Education programme (Mimecast, fraud, and seminars). 4. Passwords for network accounts with elevated permissions are changed regularly and stored in an encrypted password safe. 5. Action on recommendations conducted from resultant monthly reporting. 6. Cyber Security Audit performed to assess the risk and develop a roadmap for strengthening our security posture. The InPhySec recommendations have been scheduled into the roadmap for implementation 2021/22. 7. Ensure our current systems are updated to current releases/versions. 8. Implementation of the Security Roadmap actions - Cyber roadmap is underway however current resourcing capacity limits the focus on its implementation. Policies are currently being reviewed and updated as the basis for improving our cyber culture and posture. 9. Review quarterly threat report and review treatments for top 10 trends. 		
<p>Recommendations of Management/Planned Treatments <i>If more needs to be done, what do you suggest – and what are the limitations or constraints</i></p>	<p>Recommendations include:</p> <ol style="list-style-type: none"> 1. Continue to operate robust IT management processes that support a secure, efficient, and enabling technology environment. 2. Remain aware of the significant and increasing cyber security threats ensuring a balance of flexibility with risk and maintaining response and recovery plans. 3. Plan with continuous review and investment in technology (software, systems and hardware) to enable us to remain current, secure and agile. 4. Undertake an independent cyber maturity assessment review bi-annually. 		
<p>Improvements to span of control: <i>How will the implementation of planned treatments be effective in</i></p>	<p>The treatments will enable us to better manage cyber security risk. The proposed treatments are considered the most effective available to council to address this risk.</p>		

<i>improving our ability to mitigate the risk?</i>			
Date actions to be delivered:	Ongoing and as resources are available.		
Target Residual Risk Score: <i>Assumes all mitigations in place and where we would like to get to</i>	Likelihood: 4 (Often)	Consequence: 4 (Major)	Residual Risk: 16 Extreme

Attachments/Ngā tapirihanga

Nil

TITLE: Business with the Public Excluded

Whakarāpopototanga / Executive Summary

The purpose of this report is to recommend that the public be excluded from the proceedings of this meeting to consider the confidential matters detailed below for the reasons given.

Ngā mahi tūtohutia / Recommendations

1. That the public be excluded from the proceedings of this meeting to consider confidential matters.
2. That the general subject of the matters to be considered whilst the public is excluded, the reasons for passing this resolution in relation to this matter, and the specific grounds under the Local Government Official Information and Meetings Act 1987 for the passing of this resolution, are as follows:

Item No.	Item Issue	Reasons/Grounds
7.1	Confirmation of Confidential Minutes - 30 March 2022	The public conduct of the proceedings would be likely to result in disclosure of information, as stated in the open section of the meeting -.

3. That the Independent Financial Advisors be permitted to stay during business with the public excluded.
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Considerations

1. Options

Not applicable. This is an administrative procedure.

2. Significance and Engagement

This is a procedural matter required by law. Hence when assessed against council policy is deemed to be of low significance.

3. Policy and Legislative Compliance

The report complies with the provisions to exclude the public from the whole or any part of the proceedings of any meeting as detailed in sections 47 and 48 of the Local Government Official Information Act 1987.

4. Other Considerations

Being a purely administrative matter; Community Views, Māori Impact Statement, Financial Implications, and Implementation Issues are not applicable.