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Committee Council
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Report on the Finance, Risk and Assurance Committee meeting, 22 September 2016

1. Purpose

To inform the Council of the Finance, Risk and Assurance Committee (the Committee) meeting of 22 September 2016.

2. Reports

2.1 Summary of Financial Statements for the two months ended 31 August 2016

The Committee received a report on the summary performance report for the two months ended 31 August 2016 and an updated full year forecast to June 2017.

Overall the Council is in a favourable financial position against budget for the year-to-date position and currently marginally over budget for the full year forecast.

The year to date operating position is \$2.0m favourable to budget due to the timing of activity across Public Transport, Environment Management and Catchment Management. Capital expenditure is \$2.3m favourable to budget due to the timing of some Matangi 2 expenditure (\$1.0m), ICT projects, and the catchment Hutt Riverlink programme property purchases.

Capital expenditure is forecast to be \$2.9m favourable to budget, primarily due to the later than planned utilisation of the Matangi 1 upgrade contingency fund and lower labour capitalisation rates for Water Supply.

2.2 Annual Report for the year ended 30 June 2016

The Committee was presented with the Draft Annual Report and Draft Annual Financial Statements for the year ended 30 June 2016 to review as part of their role as the Audit Committee of the Council.

2015/16 has been a very successful year for GWRC, as detailed in the “Key Achievements” section of the Draft Annual Report. GWRC has achieved its intended level of performance, with nearly all performance targets met.

Officers informed the Committee of the recent High Court judgement on the rates setting processes of the Kaipara District Council and Northland Regional Council. Officers are currently reviewing the judgment to consider its potential implications for Greater Wellington Regional Council.

2.3 Tax Risk Governance Framework and High Level Tax Compliance Review

The Committee received the Pricewaterhouse Coopers (PwC) tax risk governance framework and indirect tax compliance review report.

The framework recommends adopting a conservative approach towards tax compliance and outlines tax risk management strategies, responsibilities for tax issues, and reporting requirements to the Committee.

Overall, in its tax compliance review, PwC concluded that GWRC maintains a high-level of tax compliance. Of the matters identified in the report, most represent tax opportunities for GWRC to consider, as opposed to areas of tax risk.

2.4 Summary Risk Report

The Committee was updated on changes to the risk register and Wellington Water’s risk management strategy.

Three risks were added to the risk register during the June quarter. The risks added were:

- Biosecurity incursions exceeding GWRC’s response capability;
- Park maintenance equipment causing vegetation to catch fire; and
- Business disruption due to a cyber-attack.

Wellington Water presented their risk management policy to the Committee. Topical risks include:

- Unchlorinated water supply;
- Health and safety;
- Source water quality and demand during summer; and
- Water supply seismic resilience.

2.5 Health and Safety Update

The Committee received an update on high and extreme risks, with a focus on managing lone / remote working risks. Support items that are provided to remote / lone workers includes:

- Personal Locator Beacons;
- Mobile phones and RT radio;
- ERoad vehicle system that includes GPS;
- Calendar and buddy systems and the Beacon Hill Budy Protocol;
- Personal Protective Equipment; and
- Training tailored to individual needs, such as field based first aid training.

Erin Ganley, Manager, Risk and Assurance, Wellington Water, spoke to the Committee about Wellington Water's approach to risk management. Wellington Water works to an International Standard Framework. Risk is assessed using consequence and likelihood, looking at:

- Harm to people;
- Harm to the environment;
- Service delivery;
- Financial impact; and
- Reputaion and organisational integrity.

2.6 General Managers' Report to the Finance, Risk and Assurance Committee 22 September 2016

The Committee received a report from the general managers of People and Customer and Corporate Services on activities relating to the Committee's areas of responsibility. These activities included finance, ICT, treasury, legal and procurement, programme management office, health and safety, customer contact, communications and marketing, and human resources.

2.7 Corporate Services Update

The Committee received an oral update from Dave Humm, General Manager, Corporate Services/CFO about the current direction of Corporate Services. The data centre infrastructure has been updated with stronger back up capability, security and infrastructure improvements, and simplification and rationalisation.

Corporate Services is concentrating on working smarter, offering more value for the same resources. Key aspects of this are to enhance core systems and providing more business assurance.

Enhanced core systems will be achieved by:

- Improved user experience
- Enabling better decisions through better information
- Modernised business process and systems
- Improved operational efficiency
- Self service and mobility tools
- Empowering managers to understand and control their finances.

Greater business assurance will provide compliance with policies and processes which will ensure additional assurance internal controls are working effectively. This can be achieved by taking a partnership approach that will add value by examining and enhancing processes and focus on the organisation's risks.

3. The decision-making process and significance

No decision is being sought in this report.

3.1 Engagement

Engagement on this matter is unnecessary.

4. Recommendations

That the Council:

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

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