

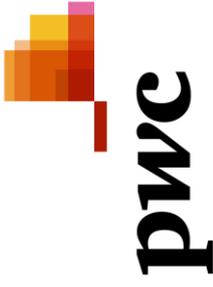
# *Independent Māori Statutory Board*

September 2016

## Report

### Te Tiriti o Waitangi Audit Action Follow-Up Health Check

**pwc**



Brandi Hudson  
Chief Executive  
Independent Māori Statutory Board  
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Auckland 1142

20 February 2017

Tēnā koe Brandi,

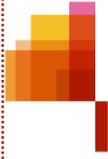
Subject: Te Tiriti o Waitangi Audit – Action Follow-Up Health Check

In accordance with Contract 90: Te Tiriti o Waitangi Audit Health Check signed by us on 25 May 2016, we are delighted to report the observations from our Action Follow-Up Health Check.

If you require any clarification or further information, please do not hesitate to contact us.

Nga mihi,

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**pwc**

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- We reserve the right, but will be under no obligation, to review or amend our detailed report if any additional information, which was in existence on the date of this report but not brought to our attention, subsequently comes to light.
- The statements in our detailed report have been made in good faith and on the basis that all information provided to us that we have relied upon is reliable accurate and complete. This information has not been subject to verification.

## ***Background and objectives***

The 2014 Te Tiriti o Waitangi Audits report (a follow-up of the 2012 Te Tiriti o Waitangi Audit) contained 25 action groups for the Auckland Council to address. The Waharoa Group, a committee set up by IMSB and Te Waka Angamua, was established in 2015 to monitor the progress made in implementing these action groups as set out in the annual project plans.

IMSB has requested PwC to assess and comment on the current “follow-up”<sup>1</sup> framework. The objective of this assessment was to:

- assess the design and operating effectiveness of the follow-up framework (including assignment of responsibilities, delivery and reporting) that Council and the IMSB rely on to drive progress of Te Tiriti o Waitangi Audit recommended actions
- assess the follow-up framework against good practice.
- identify recommendations to improve the follow-up framework

This report sets out the agreed follow up process going forward, as determined by the Waharoa group. This includes a combination of current practice, improvements arising from the Waharoa group’s evaluation of its performance a year in, and improvements as a result of the workshops and individual interviews facilitated by PwC. A flowchart, describing the process post-implementation of these improvements, can be found in the next section of this report. This flowchart has been reviewed and approved by the key IMSB and Council personnel involved in this engagement.

## ***Scope and approach***

Our assessment included the following key elements of a follow-up framework:

- Foundation for follow-up, including:
  - A proper tone at the top
  - An effective structure that:
    - Assigns follow-up roles to people with appropriate capabilities, objectivity and authority
    - Considers the different levels/follow-up roles of a) person/team responsible for completing the action, b)

manager/executive sponsor reviewing progress (1st line of defence), c) independent progress follow-up /assessor (2nd line of defence) – the Waharoa Group, d) independent assessor – Internal Audit

- A starting point or ‘baseline’ of current status, agreed recommended actions and closure criteria from which ongoing follow-up can be implemented.

- The design and operation of follow-up procedures, including:
  - Preparation of progress reporting by the person/team responsible for completing the action
  - Review of progress reporting by the manager/executive sponsor
  - Escalation of issues impacting successful completion of an action (e.g. actual progress is not aligned to agreed recommended actions, delays etc.)
  - Agreeing changes to the work programme
- Assessing and reporting results, including:
  - Reporting the follow-up results to Waharoa Group for timely action and follow-up if needed
  - Evaluating actions for closure and applying closure criteria
  - Evaluating the severity of any identified deficiencies
  - Reporting the follow-up results to the Finance and Reporting Committee through Te Toa Takitini Māori responsiveness portfolio report.

The approach included:

- Gaining an understanding of the design and operation of the follow-up framework through:
  - Reading relevant documentation describing the framework, the work programmes, example progress reports etc.
  - Interviewing staff at the IMSB and Council
  - Taking a close look at Action Group 9 (Hearings Policy) and the process that has been undertaken to follow-up on the completion of this action. The action 2014 Audit report states: “The Hearings Policy should be updated to recognise and provide for effective participation of Māori and the inclusion of tikanga Māori and Te Reo Māori where appropriate”.
- Assessing the design of the follow-up framework against good practices and according to relevant aspects of the Audit Monitoring and Evaluation Framework developed by the IMSB and PwC in 2012
- Identifying and reporting any gaps or suggested improvements

<sup>1</sup> After discussion with the different stakeholders, we came to the conclusion that the word “monitoring” has different meanings to different people. As a result we have agreed to use “follow-up” instead

- Developing and agreeing fit for purpose recommendations, with the IMSB and Council.

Key personnel involved included:

IMSB:

- Catherine Taylor (Manager - Policy and Evaluation)
- Taryn Charles (Principal Advisor – Cultural Outcomes)

Auckland Council:

- Sarah Howard (Manager Effectiveness for Māori, Te Waka Angamua)
- Stuart Harrington (Kaihautu - Waka Whanake, Te Waka Angamua)
- Rachael Peri (Kaitautāwhi Waitara - Programme Coordinator, Te Waka Angamua)
- Karryn Kirk (Kaihautu Mātauranga Māori – Senior Māori Knowledge Advisor, Te Waka Angamua)
- Mark Maloney (Head of Internal Audit).

## **Summary of findings and recommendations**

Our assessment of the documents obtained, and our discussions with IMSB and Council staff revealed that the follow-up framework has positively evolved since the establishment of the Waharoa Group in 2015. The group itself has also evolved, and has reviewed its own performance and made improvements over the course of the last year. Our work highlighted the following areas that could be enhanced:

- Leadership from the top, enabled through more regular reporting to the Māori Responsiveness Executive Leadership group
- Greater collaboration to arrive at agreed outcomes and clearer responsibilities, in particular with regard to how the Waharoa group and executive / operational business owners work together
- Greater consistency in reporting.

As a result, the Council and the IMSB agreed the following actions going forward (also set out in the “Suggested follow-up framework” flowchart in the next section of the report):

1. A Terms of reference for the Waharoa Group, to describe its role, responsibility, composition, and capturing the lessons learnt to date,

will be implemented to ensure no loss of momentum in subsequent years. This should include a process map including all the steps from the time the final audit report is received by the Council, to agreed recommendations, action tracking and completed actions. This should include who is involved and their delegations. It should also include a process for the preparation for upcoming audits.

2. The Waharoa group will engage with the relevant executive and operational business owners to undertake the detailed annual planning, including and review of the previous year’s progress. At this time they will define desired outcomes for each Te Tiriti o Waitangi Audit recommendation. This will enable greater flexibility when the audit recommendations may need to change to accommodate business change. This will also serve the purpose of ensuring that the outcome that the audit actions seek to achieve is well understood and achievable, within the timeframe set. Ideally the auditor will be part of the annual discussions.
3. In undertaking the annual project planning, executive and operational business owners’ accountabilities and responsibilities will be agreed jointly.
4. The Waharoa Group will, jointly with the relevant executive and operational business owner, agree closure criteria, as well as actual closure of actions, enabling greater buy-in and traction. Care should be taken to ensure closure criteria include all aspects to ensure the issues will be addressed. As the business and requirements change, the Waharoa group and the operational business owner may decide to adapt closure criteria, provided that the new actions still deliver the desired outcome. Council advised that the Waharoa Group will shortly work through the Action Group Register (with Actions due to be delivered in 2017) and revalidate the agreed closure criteria with the respective Action Owners. Subsequently, the Action Group Register will be subject to monthly review and update.
5. The Waharoa Group will consistently approve reporting on progress tabled at the Finance & Performance Committee, enabling transparency and traceability. We understand this review has already been implemented.
6. Progress on actions will be reported six-monthly to the Māori Responsiveness Executive Leadership group, re-establishing executive ownership.

7. Internal Audit will update the Māori Responsiveness Executive Leadership group on the results of their work.

8. Throughout the follow-up process, consistent formats of documentation and reporting will be used. We understand that issues around consistency have been resolved and this reporting approach has been in place to Finance & Performance since February 2016.

These recommendations are reflected in the flowchart in the next section of the report (“Suggested follow-up framework”).

With regard to the process that was followed to monitor the completion of Action Group 9 (Hearings Policy), we note that a number of the recommendations noted above apply, in particular:

- Responsibilities and accountabilities (see 3. above) should have been better defined upfront with regard to:
  - who should review of the Policy (before final approval by the Hearings Committee). As a result, the Policy was circulated to and reviewed by a number of staff, but the operational business owner (Senior Māori Knowledge Advisor), who drove the Policy update and communication process, is now wondering whether that many people needed to be involved.
  - the business as usual ownership of the Policy after implementation. Although the Democracy Services team is now owning the Policy, making this clear upfront would have better enabled the transition from Te Waka Angamua to them.

- Closure criteria should have been more specific with regard to the communication protocols and requirements (see 4. above). It stated: “The Hearings Policy is adopted by committee and communicated”. We understand that the Action was considered as closed after it was formally approved by the Hearing Committee and sent to the relevant stakeholders (in February 2016). Although this is in line with the defined closure criteria, the practice note, which is an important component of the communication has still not been approved in its final version as at July 2016. The practice note should have been part of the closure criteria and, as a result, the Waharoa Group (including the executive and operational business owners) should consider re-opening the Action to incorporate the issuing of the final practice note. We acknowledge that one root cause for these weaknesses is that the

Waharoa Group was established well after Te Waka Angamua started working on the Hearings Policy.

## **IMSB comment**

The Independent Maori Statutory Board supports the proposed improvements. In particular, we support the closer oversight by the Maori Responsiveness Leadership Group and the initiation of an annual review and planning process by action owners and the Waharoa Group. This will allow us to better align outcomes with actions, milestones and closure criteria prior to the commencement of a new year.

## **Auckland Council comment**

Auckland Council will agree with the IMSB what actions will be implemented, and the related timeframes.

## ***Inherent Limitations***

Due to the inherent limitations of any internal control structure it is possible that fraud, error, or non-compliance with laws and regulations may occur and not be detected. Further, IMSB and Auckland Council's overall internal control structures, within which the control procedures that we have reviewed operate, has not been audited and no opinion is expressed as to its effectiveness.

An assessment of internal controls is not designed to detect all weaknesses in control procedures as it is not performed continuously throughout the period and the tests performed are on a sample basis. Also, an assessment of internal controls does not provide all the evidence that would be required to form an audit opinion of the design or operating effectiveness of the controls subject to review.

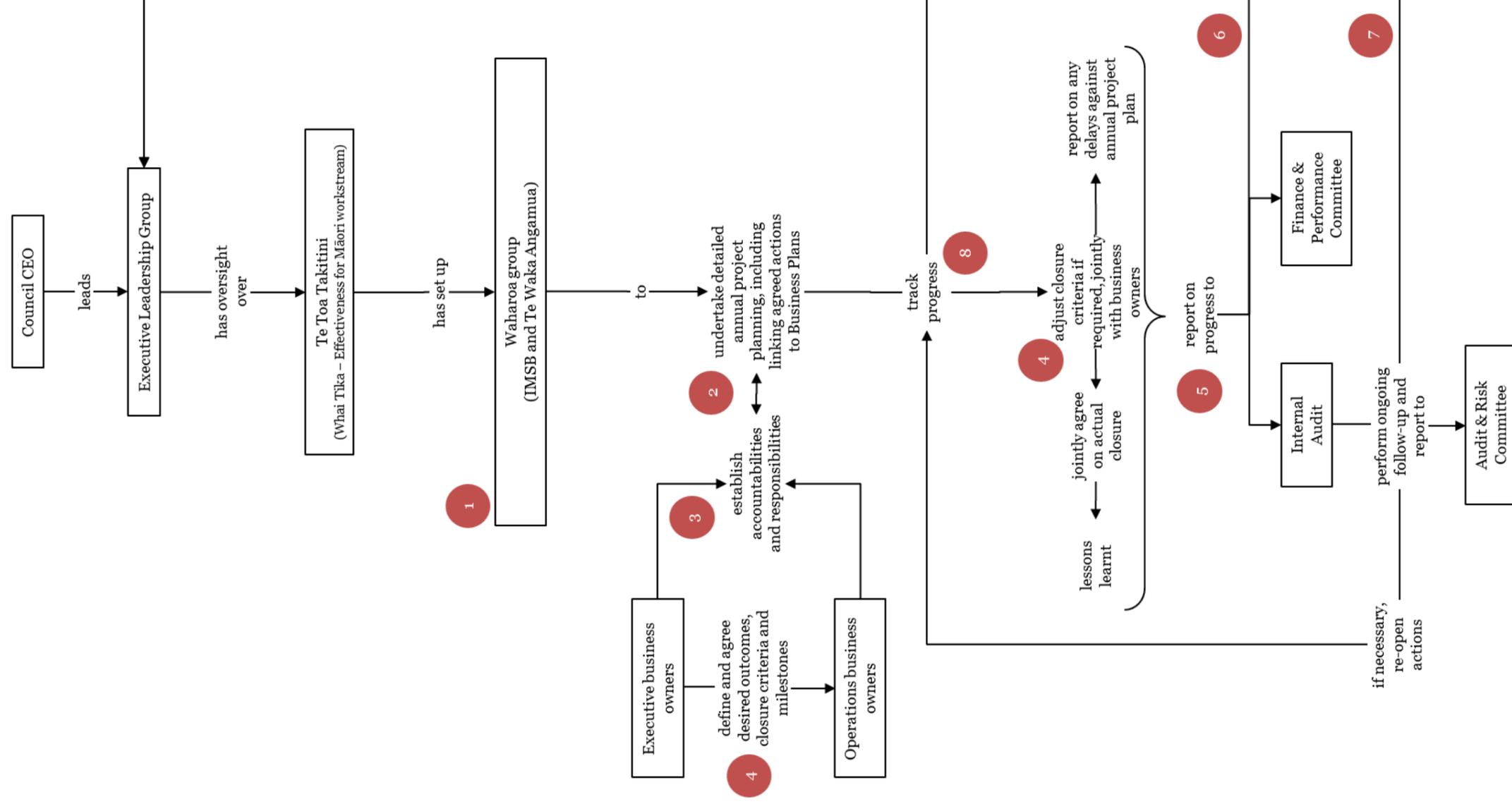
Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

# Suggested follow-up framework

We have prepared a flowchart describing what the follow-up framework could be after implementation of the recommendations in the prior part of the report.

## Related actions agreed with the Waharoa Group

- 1 A Terms of reference for the Waharoa Group, to describe its role, responsibility, composition, and capturing the lessons learnt to date, will be implemented to ensure no loss of momentum in subsequent years. This should include a process map including all of the steps from the time the final audit report is received by the Council, to agreed recommendations, action tracking and completed actions. This should include who is involved and their delegations. It should also include a process for the preparation for upcoming audits.
- 2 The Waharoa group will engage with the relevant executive and operational business owners to undertake the detailed annual planning, including and review of the previous year's progress. At this time they will define desired outcomes for each Te Tiriti o Waitangi Audit recommendation. This will enable greater flexibility when the audit recommendations may need to change to accommodate business change. This will also serve the purpose of ensuring that the outcome that the audit actions seek to achieve is well understood and achievable, within the timeframe set. Ideally the auditor will be part of the annual discussions.
- 3 In undertaking the annual project planning, executive and operational business owners' accountabilities and responsibilities will be agreed jointly.
- 4 The Waharoa Group will, jointly with the relevant executive and operational business owner, agree closure criteria, as well as actual closure of actions, enabling greater buy-in and traction. Care should be taken to ensure closure criteria include all aspects to ensure the issues will be addressed. As the business and requirements change, the Waharoa group and the operational business owner may decide to adapt closure criteria, provided that the new actions still deliver the desired outcome. Council advised that the Waharoa Group will shortly work through the Action Group Register (with Actions due to be delivered in 2017) and revalidate the agreed closure criteria with the respective Action Owners. Subsequently, the Action Group Register will be subject to monthly review and update.
- 5 The Waharoa Group will consistently approve reporting on progress tabled at the Finance & Performance Committee, enabling transparency and traceability. We understand this review has already been implemented.
- 6 Progress on actions will be reported six-monthly to the Māori Responsiveness Executive Leadership group, re-establishing executive ownership.
- 7 Internal Audit will update the Māori Responsiveness Executive Leadership group on the results of their work.
- 8 Throughout the follow-up process, consistent formats of documentation and reporting will be used. We understand that issues around consistency have been resolved and this reporting approach has been in place to Finance & Performance since February 2016.





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