

**I give notice that
a Risk & Assurance Committee Meeting will be held on:**

Date:	Tuesday, 10 March 2020
Time:	10.00am
Location:	Council Chamber 107 Heuheu Street Taupō

AGENDA

MEMBERSHIP

Chairperson Mr Anthony Byett
Deputy Chairperson TBC

Members Mayor David Trewavas
Cr Kathy Guy
Cr John Mack
Cr Anna Park
Cr Christine Rankin
Cr John Williamson
Mr Danny Loughlin

Quorum 4

Gareth Green
Chief Executive Officer

Order Of Business

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2	Conflicts of Interest	
3	Confirmation of Minutes	
	Nil	
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4.1 ELECTION OF DEPUTY CHAIRPERSON

Author: Tina Jakes, Head of Democracy, Governance and Venues

Authorised by: Gareth Green, Chief Executive Officer

PURPOSE

To enable the election of a deputy chairperson for the Risk & Assurance Committee.

DISCUSSION

Clause 25 of Schedule 7 of the Local Government Act 2002 sets out the voting systems that is to be used for certain appointments including the election or appointment of the deputy chairperson as follows:

25. Voting systems for certain appointments

This clause applies to—

- (a) *the election or appointment of the chairperson and deputy chairperson of a regional council; and*
- (b) *the election or appointment of the deputy mayor; and*
- (c) *the election or appointment of the chairperson and deputy chairperson of a committee; and*
- (d) *the election or appointment of a representative of a local authority.*

[(2) If this clause applies, a local authority or a committee (if the local authority has so directed) must determine by resolution that a person be elected or appointed by using one of the following systems of voting:—

(a) the voting system in subclause (3) ("system A");

(b) the voting system in subclause (4) ("system B").]

[(3) System A —

(a) requires that a person is elected or appointed if he or she receives the votes of a majority of the members of the local authority or committee present and voting; and

(b) has the following characteristics:—

- (i) *there is a first round of voting for all candidates; and*
- (ii) *if no candidate is successful in that round there is a second round of voting from which the candidate with the fewest votes in the first round is excluded; and*
- (iii) *if no candidate is successful in the second round there is a third, and if necessary subsequent, round of voting from which, each time, the candidate with the fewest votes in the previous round is excluded; and*
- (iv) *in any round of voting, if 2 or more candidates tie for the lowest number of votes, the person excluded from the next round is resolved by lot.]*

(4) System B—

(a) requires that a person is elected or appointed if he or she receives more votes than any other candidate; and

(b) has the following characteristics:

- (i) *there is only 1 round of voting; and*
- (ii) *if 2 or more candidates tie for the most votes, the tie is resolved by lot.]*

A 'lot' means that the Committee can either toss a coin, put the two names in a hat, draw straws or whatever other method the Committee determines in order to select the candidates in the event of an equality of votes.

The Committee must firstly determine whether System A or System B is to be used for the election process for the deputy chairperson. Once decided, the Committee must then proceed to call for nominations. Once nominations have closed, voting will take place using the option that the Committee has chosen.

In accordance with the requirements of the process, Resolutions 1 and 2 must be taken separately.

RECOMMENDATION(S)

That the Risk & Assurance Committee:

1. Confirms that System ___ be used to determine the election process for the Deputy Chairperson; and
2. Elects _____ as the Deputy Chairperson of the Risk & Assurance Committee.

ATTACHMENTS

Nil

4.2 PRESENTATION FROM AUDIT NEW ZEALAND

Author: Brian Fox, Head of Regulatory and Risk
Authorised by: Gareth Green, Chief Executive Officer

PURPOSE

To receive a presentation from Mr Leon Pieterse, Audit Director, Audit New Zealand and approve arrangements for the annual external audit.

The Audit Engagement Letter from Audit New Zealand is attached, along with the Audit Plan for the year ending 30 June 2020.

RECOMMENDATION(S)

That the Risk & Assurance Committee approves arrangements for the annual external audit as set out in the Audit Engagement letter dated 28 February 2020 and the Audit Plan for the year ending 30 June 2020, and thanks Mr Leon Pieterse for his presentation.

ATTACHMENTS

1. Audit Engagement Letter dated 28 February 2020
2. Audit Plan for the year ending 30 June 2020

4.3 PRESENTATION FROM AON - INSURANCE MARKET

Author: Brian Fox, Head of Regulatory and Risk

Authorised by: Gareth Green, Chief Executive Officer

PURPOSE

To receive a presentation from Council's insurance brokers, AON, about the insurance market.

CONCLUSION

It is recommended that the information be received.

RECOMMENDATION(S)

That the Risk & Assurance Committee receives the information and thanks the AON representatives for their presentation.

ATTACHMENTS

Nil

4.4 ELECTORAL OFFICER'S REPORT ON 2019 ELECTIONS

Author: Tina Jakes, Head of Democracy, Governance and Venues

Authorised by: Gareth Green, Chief Executive Officer

PURPOSE

To receive a report from the Electoral Officer regarding Taupō District's 2019 Local Government elections. The Electoral Officer, Mr Warwick Lapp will be in attendance at the meeting.

RECOMMENDATION(S)

That the Risk & Assurance Committee receives the report from Electionz.com following the 2019 Local Government elections and thanks Mr Warwick Lapp for his presentation.

ATTACHMENTS

1. Election Debrief Report on 2019 Elections [A2643432]

4.5 GRANTS & PARTNERSHIPS POLICY COMPLIANCE AUDIT - PRICEWATERHOUSECOOPERS

Author: Brian Fox, Head of Regulatory and Risk

Authorised by: Gareth Green, Chief Executive Officer

PURPOSE

To receive a report from PricewaterhouseCoopers on the audit of Taupō District Council's compliance with its Community Grants & Partnerships Policy.

DISCUSSION

PricewaterhouseCoopers were engaged to audit Taupō District Council's Community Grants & Partnerships Policy compliance. The report has been issued and is attached.

CONCLUSION

It is recommended that the Committee receives the information.

RECOMMENDATION(S)

That the Risk & Assurance Committee receives the report from PricewaterhouseCoopers - Taupō District Council Grants & Partnerships Policy and thanks the PwC representatives for their presentation.

ATTACHMENTS

1. Taupo District Council Internal Audit Report - Grants & Partnerships Policy - dated December 2019 (PricewaterhouseCoopers)

**4.6 TREASURY MANAGEMENT POLICY COMPLIANCE AUDIT - DRAFT TERMS OF REFERENCE
- PRICEWATERHOUSECOOPERS**

Author: Brian Fox, Head of Regulatory and Risk

Authorised by: Gareth Green, Chief Executive Officer

PURPOSE

To approve the draft Terms of Reference for an audit of Council's compliance with its Treasury Management Policy. The draft Terms of Reference document is attached for consideration.

RECOMMENDATION(S)

That the Risk & Assurance Committee approves the draft Terms of Reference for the audit of Council's compliance with its Treasury Management Policy.

ATTACHMENTS

1. Draft Terms of Reference for Audit of Treasury Management Policy - dated February 2020 (PricewaterhouseCoopers)

4.7 PROJECT QUANTUM UPDATE

Author: Debbie Hodgson, Senior Project Manager

Authorised by: John Ridd, Head of Economic Development and Business Transformation

PURPOSE

To receive an update on the Enterprise Resource Planning (ERP) replacement project (Project Quantum) and Governance Structure

BACKGROUND

Project Quantum is the replacement of the council's ERP system with Technology One software solution CiAnywhere.

December 2018 Council approved entering into a five-year contract for the provision of software services with Technology One to value of \$2,588,267 + GST. Subsequent to that decision an additional resolution was made by council for the addition of Enterprise Content Management to scope of project to the value of \$670,000 +GST.

The project is being delivered in two phases:

- Phase 1 implemented Human Resources and Payroll functions with indicative Go Live date November 2019
- Phase 2 will implement Financial, Property, Regulatory, Compliance and Customer Services functions alongside implementation of ECM document management with revised indicative Go Live date March 2021

The project continues to be managed in accordance with the Taupō District Council Project Framework and the Execution Phase will be implemented using Technology One's Solution Implementation Methodology v2.0

Governance meetings are scheduled monthly and additional meetings added as needed.

DISCUSSION

There are no decisions being sought at this stage, the following update is provided for your information.

HRP Payroll functions successfully went live in November 2019, on time and budget. The system is bedding in and issues arising being managed via support.

Financial and ECM streams commenced in October 2019 and are tracking to plan to date. Property, Regulatory, Compliance and Customer Services functions are due to commence March 2020 as per plan.

In November 2019 NZ Audit submitted their Quantum programme proposal for additional audit assurance work required. (see attachments) The focus of this review is on the project methodology and the controls and processes regarding the transition from one system to the other. As Risk Assurance committee was not sitting at the time, this proposal was passed by Steering committee and Mayor signed off approval. Audit NZ are reviewing requested project documentation and are due onsite for first round of audit April 2020.

Below is a summary of the known risks.

Risk Theme	High, Med, Low	Risk Mitigation
<p>Organisational Change Management</p> <p>This type and scale of Organisational Change Management is new to Taupō District Council and this may impact user adoption of the solution and the ability to realise the project benefits</p>	High	<p>Change planning underway with terms of reference developed</p> <p>Development of internal skills and ownership of change and improvement</p> <p>Development and the use of Business Readiness Maturity Models</p> <p>Early development and communication of the system familiarisation and training plan</p> <p>Early involvement of the business in solution design and configuration to bring them on the journey</p>
<p>Resourcing</p> <p>Business representatives required for key parts of the project may not be available delaying design input, test execution and training</p>	Med	<p>Project planning considered and avoids periods of peak activity in affected teams</p> <p>Key staff have been identified in advance and support for BAU activities is being put investigated and put in place</p> <p>Further resourcing was identified for application support and has been sourced.</p>
<p>Technical Risks</p> <p>The current solution has been in place for several decades. There is the risk of additional costs and extended timeline in relation to the data migration complexity and discovery of previously unknown interfaces</p>	Med	<p>Interface catalogue developed, and detailed investigation of integrations is underway.</p> <p>There is a limited number and scale of interfaces in scope for both Phases.</p> <p>As there is no internal resource with right skillsets this work will be contracted to ensure quality of the system's interfaces.</p>
<p>Service Level Risk</p> <p>Whenever a new system goes live there is risk of significant drop in service level as staff get used to new ways of doing job and system issues are identified and resolved.</p>	Med	<p>Business system support analyst appointed to manage support requests</p> <p>Support community for break/fix issues processes in place.</p> <p>Application Management Support contract in place to provide remote assistance up to 20 hours per month</p> <p>Post Go Live support on site consultancy increased priority</p>
<p>Change of Timeline</p> <p>Property and Revenue is a new solution and not gone live in NZ to date. There is risk of additional costs and extended timeline resulting from Vendor initiated timeline changes due to development/ testing delays</p>	Med	<p>NZ Beta site (Whangarei DC) going live 6 months prior to TDC and we can take on their learnings.</p>
<p>Change of Scope</p> <p>Enterprise Content management was approved as an addition to scope in July 2019 to be implemented in parallel with existing phase 2.</p> <p>There is a risk the change combined with Project Quantum and other activities, is too great for the organisation to adopt.</p>	Med	<p>The budget proposed covers engagement with a highly experienced ECM implementation partner recommended by multiple councils.</p> <p>A change manager has been recruited and business readiness assessment is underway</p>

CONCLUSION

Project is tracking to timeline and budget and identified risks are being managed.

RECOMMENDATION(S)

That the Risk & Assurance Committee receives this report in addition to Audit NZ proposal for Quantum programme additional assurance (A2601531)

ATTACHMENTS

1. NZ Audit - Quantum Programme additional Assurance proposal

4.8 CIVIL DEFENCE EMERGENCY MANAGEMENT - CAPABILITY AND ASSESSMENT REPORT

Author: Brian Fox, Head of Regulatory and Risk

Authorised by: Gareth Green, Chief Executive Officer

PURPOSE

To receive a capability and assessment report on Taupō District Council's Civil Defence Emergency Management.

DISCUSSION

A report on Council's Civil Defence Emergency Management has been issued and is attached.

CONCLUSION

It is recommended that the Committee receives the information.

RECOMMENDATION(S)

That the Risk & Assurance Committee receives the capability and assessment report on Taupō District Council's Civil Defence Emergency Management.

ATTACHMENTS

1. Taupo District Council - Civil Defence Emergency Management Capability Assessment Report dated July 2019

4.9 STANDARD & POOR'S GLOBAL REPORT - LOCAL GOVERNMENT DEBT

Author: Brian Fox, Head of Regulatory and Risk

Authorised by: Gareth Green, Chief Executive Officer

PURPOSE

To receive a report from Standard & Poor's Global (S&P) about local government debt in New Zealand.

DISCUSSION

S&P issued a report in February entitled "New Zealand Councils Can Carry Growing Debt". The report is attached.

CONCLUSION

It is recommended that the Committee receives the information.

RECOMMENDATION(S)

That the Risk & Assurance Committee receives the Standard & Poor's Global report dated 16 February 2020 and entitled "New Zealand Councils Can Carry Growing Debt".

ATTACHMENTS

1. S&P Report dated 16 February 2020 - New Zealand Councils Can Carry Growing Debt

4.10 6 MONTHLY REVIEW OF SENSITIVE EXPENDITURE

Author: Jamie Dale, Risk Manager

Authorised by: Brian Fox, Head of Regulatory and Risk

PURPOSE

To update elected members of the findings of the Sensitive Expenditure policy compliance review and highlight any areas for improvement.

EXECUTIVE SUMMARY

This report is a governance summary of a compliance review of the policy for the 6 months period from 1 January 2019 to 30 June 2019.

This report covers the second half of the 2018/19 financial year.

As in previous reviews, the review process and methodology has been undertaken after discussion with Council's external auditors Audit NZ.

RECOMMENDATION(S)

That the Risk & Assurance Committee receives the information in the Sensitive Expenditure Report for the period 01 January 2019 to 30 June 2019.

BACKGROUND

In 2012 Audit NZ raised matters relating to formal internal reviews of sensitive expenditure in its end of year management letter. Council management agreed with the points raised by Audit NZ and in conjunction with them developed a methodology for undertaking such reviews. Since then reviews of sensitive expenditure have been undertaken every 6 months covering the first and second months of the Council's financial years.

This compliance review for the period 1 January to 30 June 2019 considered all expenditure and reimbursements authorised by staff via the electronic purchase order system, payroll reimbursements and all purchases made by credit card by the Taupō District Council.

CONSIDERATIONS**Alignment with Council's Vision**

Council's vision is 'to be the most prosperous and liveable district in the North Island by 2022'. This is accompanied by a core set of values to underpin decision-making, the following of which are relevant to this particular proposal: Quality and Value.

Financial Considerations

The financial impact of the proposal is estimated to be \$Nil

Legal Considerations

None

Policy Implications

There are no known policy implications.

Māori Engagement

Council is bound by various Acts to consult and/or engage with Māori, including a duty to act reasonably and in good faith as a Te Tiriti ō Waitangi partner. Equally, Council has a responsibility to develop and proactively foster positive relationships with Māori as key stakeholders in our district, and to give effect to the

principles of Te Tiriti o Waitangi including (but not limited to) the protection of Māori rights and their rangatiratanga over tāonga. While we recognise Māori in general, we also need to work side by side with the three ahi kaa / resident iwi of our district.

Although good faith does not necessarily require consultation, it is a mechanism for Council to demonstrate its existence and commitment to working together as district partners. Appropriately, the report author acknowledges that they have considered the above obligations including the need to seek advice, guidance, feedback and/or involvement of Māori on the proposed recommendation/s, objective/s, project/s or service/s outlined within this report.

Risks

There are no known risks. The Council's risks in this are minimised as a result of this compliance audit of sensitive expenditure and recommendations.

SIGNIFICANCE OF THE DECISION OR PROPOSAL

Council's Significance and Engagement policy identifies the following matters that are to be taken into account when assessing the degree of significance of proposals and decisions:

- a. The level of financial consequences of the proposal or decision;
- b. Whether the proposal or decision will affect a large portion of the community or community of interest;
- c. The likely impact on present and future interests of the community, recognising Maori cultural values and their relationship to land and water;
- d. Whether the proposal affects the level of service of an activity identified in the Long Term Plan;
- e. Whether community interest is high; and
- f. The capacity of Council to perform its role and the financial and other costs of doing so.

Officers have undertaken a rounded assessment of the matters in clause 11 of the Significance and Engagement Policy (2016), and are of the opinion that the proposal under consideration is of low importance.

ENGAGEMENT

Taking into consideration the above assessment, that the decision is of a low degree of significance, officers are of the opinion that no further engagement is required prior to Council making a decision.

COMMUNICATION/MEDIA

No communication/media required. Review findings will be communicated to Audit NZ and detailed working papers will be available for their perusal during their annual audit as has been the case previously.

CONCLUSION

The ongoing reviews of sensitive expenditure will aid Council's overall risk management profile and is entirely in keeping with the current Risk Management Charter.

ATTACHMENTS

1. Sensitive Expenditure Report - Jan - June 2019

4.11 RISK & ASSURANCE COMMITTEE SCHEDULE OF POLICIES FOR REVIEW

Author: Brian Fox, Head of Regulatory and Risk

Authorised by: Gareth Green, Chief Executive Officer

PURPOSE

To receive a Schedule of Policies regularly reviewed by the Risk & Assurance Committee of Taupō District Council in accordance with the Committee's Terms of Reference.

A Schedule of Policies is attached. This contains details of Council policies falling within the Terms of Reference of the Risk & Assurance Committee, including dates of last review and when the policies will next appear before the Committee.

The Committee's Terms of Reference are also attached.

RECOMMENDATION(S)

That the Risk & Assurance Committee receives the Schedule of Policies for review.

ATTACHMENTS

1. Risk & Assurance Committee Schedule of Policies for Review - March 2020
2. Risk and Assurance Committee Terms of Reference 2019-22

5 CONFIDENTIAL BUSINESS

RESOLUTION TO EXCLUDE THE PUBLIC

I move that the public be excluded from the following parts of the proceedings of this meeting.

The general subject matter of each matter to be considered while the public is excluded, the reason 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 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for the passing of this resolution
Agenda Item No: 5.1 Litigation Update	Section 7(2)(g) - the withholding of the information is necessary to maintain legal professional privilege	Section 48(1)(a)(i)- the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 7

I also move that *[name of person or persons]* be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of *[specify]*. This knowledge, which will be of assistance in relation to the matter to be discussed, is relevant to that matter because *[specify]*.