

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

<b>Date:</b>	<b>Tuesday, 15 September 2020</b>
<b>Time:</b>	<b>10.00am</b>
<b>Location:</b>	<b>Council Chamber 107 Heuheu Street Taupō</b>

# **AGENDA**

## **MEMBERSHIP**

**Chairperson** Mr Anthony Byett

**Deputy Chairperson** Cr Anna Park

**Members**

- Cr Kathy Guy
- Mr Danny Loughlin
- Cr John Mack
- Cr Christine Rankin
- Mayor David Trewavas
- Cr John Williamson

**Quorum** 4

**Gareth Green**  
**Chief Executive Officer**

## Order Of Business

<b>1</b>	<b>Apologies</b>	
<b>2</b>	<b>Conflicts of Interest</b>	
<b>3</b>	<b>Confirmation of Minutes</b>	
3.1	Risk & Assurance Committee Meeting - 9 June 2020 .....	3
<b>4</b>	<b>Reports</b>	
4.1	Audit New Zealand Report on the Interim Audit of Taupo District Council for the year ended 30 June 2020 .....	4
4.2	Receipt of Covid-19 Taupo District Council Emergency Management Response Internal Debrief Report.....	5
4.3	Project Quantum Status Report .....	6
4.4	Ministry for Primary Industries Recognised Assessment Report under the Food Act 2014 .....	9
4.5	Standard & Poor's Global Ratings Direct report .....	10
4.6	Business Continuity Update .....	11
4.7	Review of Sensitive Expenditure .....	13
4.8	Risk & Assurance Committee Schedule of Policies for Review .....	14
<b>5</b>	<b>Confidential Business</b>	
5.1	Confirmation of Confidential Portion of Risk & Assurance Committee Minutes - 9 June 2020 .....	15
5.2	Litigation Update .....	15

**3.1 RISK & ASSURANCE COMMITTEE MEETING - 9 JUNE 2020**

**Author:** Shainey James, Democratic Services Officer

**Authorised by:** Tina Jakes, Head of Democracy, Governance and Venues

**RECOMMENDATION(S)**

That the minutes of the Risk & Assurance Committee meeting held on Tuesday 9 June 2020 be confirmed as a true and correct record.

**ATTACHMENTS**

1. Risk & Assurance Committee Meeting Minutes - 9 June 2020

**4.1 AUDIT NEW ZEALAND REPORT ON THE INTERIM AUDIT OF TAUPO DISTRICT COUNCIL FOR THE YEAR ENDED 30 JUNE 2020**

**Author:** Brian Fox, Head of Regulatory and Risk

**Authorised by:** Gareth Green, Chief Executive Officer

**PURPOSE**

To receive the report on the interim audit of Taupō District Council for the year ended 30 June 2020.

**DISCUSSION**

Audit NZ representatives will be in attendance to present the auditors' report on the interim audit of Taupō District Council for the year ended 30 June 2020.

**CONCLUSION**

It is recommended that the report be received and the Audit New Zealand representatives thanked for their presentation.

**RECOMMENDATION(S)**

That the Risk & Assurance Committee receives the report on the interim audit of Taupō District Council for the year ended 30 June 2020 and thanks the Audit New Zealand representatives for their presentation.

**ATTACHMENTS**

1. Audit New Zealand Interim Audit report on Taupo District Council 2019-20

**4.2 RECEIPT OF COVID-19 TAUPŌ DISTRICT COUNCIL EMERGENCY MANAGEMENT RESPONSE INTERNAL DEBRIEF REPORT**

**Author:** Ian Connon, Civil Defence Emergency Manager

**Authorised by:** Brian Fox, Head of Regulatory and Risk

**PURPOSE**

To receive an internal debrief report to Taupō District Council and South Waikato District Council on the activation of the Emergency Operations Centre (EOC) in response to the Covid-19 pandemic.

**DISCUSSION**

Independent facilitator Mr Phil Parker conducted a debrief of the Covid-19 Emergency Operations Centre activation for the period 26 March 2020 to 2 June 2020. The report is attached for receipt.

**CONCLUSION**

It is recommended that the Committee receives the report.

**RECOMMENDATION(S)**

That the Risk & Assurance Committee receives the internal debrief report on the Covid-19 Emergency Operations Centre (EOC), provided by independent facilitator Mr Phil Parker, dated 7 August 2020.

**ATTACHMENTS**

1. Internal debrief report to Taupo District Council and South Waikato District Council, provided by independent facilitator Mr Phil Parker, dated 7 August 2020

### 4.3 PROJECT QUANTUM STATUS REPORT

**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.

#### DISCUSSION

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

On 4<sup>th</sup> June Steering deferred decision regarding revised Project timeline and Go Live approach to wider Leadership team. On 18<sup>th</sup> June SLT were presented with the options and decided to continue with Big Bang approach (all modules live at same time) with 1 July 2021 Go Live date. (3 month delay to plan)

This was the minimum timeframe possible for Property and Revenue stream – due to Covid-19 delays. While this timeframe is achievable it is ambitious given constraints on resources presently. As such there is a planned stage gate at end of first round of User Acceptance Testing in March 2021 to assess system readiness. If required at that point we will move to a Phased approach and continue with Financial Go Live on 1 July and delay go live of Property and Revenue, along with Enterprise Content management until 1 October 2021.

Resourcing both by the business to the project and the project team itself is the critical factor in our ability to meet timeline and we are all working closely together mitigating any resourcing impacts on BAU. During Covid-19 lockdown resignations of key project staff has amplified this risk, resulting in some activities coming under significant strain – particularly data migration and system integration. Recently we have been given approval to recruit to fill the resource gap. Data migration resource has since been secured and Integration resource is still being actively sought. Once resourcing onboard we will reassess the overall impact on timeline.

Financial stream is continuing and is 6 weeks behind schedule. The delays of lockdown pushed some tasks into known black out period for Finance and has impacted business availability to the project until Annual report is complete. There is a plan in place to pull back the outstanding tasks once blackout period is lifted and should not have any long term impact on overall timeline. User Acceptance testing is still on track to start 5 October.

Property and Revenue stream is fully under way with design workshops kicking off at beginning of July – business has been fully engaged and for most part excited by what they have seen of the system and what it will offer going forward. Design phase is on track to revised plan.

ECM (document management) stream is working through with the business some of the changes that will be required and making good progress. Data migration is a significant piece of work and critical to outcomes for Property and Revenue stream due to the tight integration.

Budget is on track – the additional costs that will be incurred by the 3-month extension will be managed within the existing annual plan budget.

Recent project health check by external consultant identified some recommended action items around benefits and risk management that will be undertaken over the next period to improve visibility and reporting.

Below is a summary of the known risks:

Risk Theme	High, Med, Low	Risk Mitigation
<b>Organisational Change Management</b> 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	High	Change planning continues with terms of reference developed to put higher focus on training. Development of internal skills and ownership of change and improvement – leader led approach Training resource secured internally to focus on

Risk Theme	High, Med, Low	Risk Mitigation
realise the project benefits		<p>creation and delivery of training for Core organisational wide modules.</p> <p>Early development and communication of the system familiarisation and training plan as much as practical</p> <p>Early involvement of the business in solution design and configuration to bring them on the journey</p>
<p><b>Resourcing</b></p> <p>Key Project team roles are not adequately resourced resulting in delays to data migration, integration, test execution and reduction in quality due to inability to support the business through other phases.</p>	Med	<p>Team roles identified in advance to ensure right skills on board to deliver project</p> <p>Report on capacity and/or capability issues as soon as identified to Steering</p> <p>Contract out key pieces of work as necessary to maintain quality and timelines where possible</p> <p>Actively recruiting for data migration and integration</p>
<p><b>Resourcing</b></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.</p> <p>Project Manager working with 3<sup>rd</sup> levels to manage the inevitable tension between BAU and Project in current times and between us mitigate the load on key staff to ensure we don't burn people out</p> <p>Further resourcing was identified for training and has been sourced internally</p>
<p><b>Technical Risks</b></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><b>Service Level Risk</b></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 – to be increased as more modules go live</p> <p>Post Go Live support on site consultancy increased priority</p>
<p><b>Change of Timeline</b></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) and Rotorua Lakes council are ahead of our timeline – we are in regular contact to take on their learnings.</p> <p>Delays due to Covid-19 resulted in a 3 month delay to project timeline overall.</p> <p>Additional costs that are inevitable from the time extension will be managed within Annual Plan budget.</p>

Risk Theme	High, Med, Low	Risk Mitigation
<p><b>Change of Scope</b></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>Change Terms of Reference being put together to clearly outline roles and responsibilities.</p> <p>Engagement sessions with the business have commenced early to introduce the change early</p>

### CONCLUSION

Resourcing is the primary factor to success for both BAU and Project and we are continuing to work closely together to try and make it all work. We are currently recruiting to solve this issue. Identified risks are being reviewed and managed or contingency plans developed.

### RECOMMENDATION(S)

That the Risk & Assurance Committee receives this report.

### ATTACHMENTS

Nil

**4.4 MINISTRY FOR PRIMARY INDUSTRIES RECOGNISED ASSESSMENT REPORT UNDER THE FOOD ACT 2014**

**Author:** Scott Devonport, Consents and Regulatory Manager

**Authorised by:** Brian Fox, Head of Regulatory and Risk

**PURPOSE**

To present to the Risk & Assurance Committee the Ministry for Primary Industries' Recognised Assessment Report (Surveillance Assessment) undertaken in accordance with the Food Act 2014. The report is attached for receipt.

**CONCLUSION**

It is recommended that the Committee receives the report.

**RECOMMENDATION(S)**

That the Risk & Assurance Committee receives the Ministry for Primary Industries' Recognised Assessment Report (Surveillance Assessment) August 2020 undertaken in accordance with the Food Act 2014.

**ATTACHMENTS**

1. Ministry for Primary Industries Recognised Assessment Report (Surveillance Assessment) dated 20 August 2020

**4.5 STANDARD & POOR'S GLOBAL RATINGS DIRECT REPORT**

**Author:** Alan Menhennet, Head of Finance and Strategy

**Authorised by:** Gareth Green, Chief Executive Officer

**PURPOSE**

To receive a report issued by Standard & Poor's Global Ratings Direct.

**DISCUSSION**

Standard & Poor's Global Ratings Direct has issued a report on Taupō District Council's credit rating. The report is attached for receipt.

**CONCLUSION**

It is recommended that the report be received for information.

**RECOMMENDATION(S)**

That the Risk & Assurance Committee receives the Standard & Poor's Global Ratings Direct report on Taupō District Council, dated 22 June 2020.

**ATTACHMENTS**

1. Standard & Poor's Global Ratings Direct report dated 22 June 2020

**4.6 BUSINESS CONTINUITY UPDATE**

**Author:** Jamie Dale, Risk Manager

**Authorised by:** Brian Fox, Head of Regulatory and Risk

**PURPOSE**

To update the Risk and Assurance Committee on the implementation of business continuity planning for the Taupō District Council.

**DISCUSSION**

At the last meeting of the Risk and Assurance Committee held in June a Business Continuity Policy and Framework was adopted. This policy and framework established the methodology for a business continuity program that will ensure that the Taupō District Council maintains operational integrity of critical business functions and ensures that such business functions can be maintained or restored within acceptable timeframes.

The policy is based on a 6-step process for business continuity to meet the requirements of ISO 2230 – Security and resilience – Business continuity systems – Requirements, BS 11200 – Crisis Management Guidance and Good Practice and AS NZS 5050 – Business Continuity – Managing disruption risks.

1. Policy and programme Management
2. Embedding
3. Analysis
4. Design
5. Implementation
6. Validation

Progress to date on the 6 steps is as follows:

Step 1 – Policy and Programme Management. (completed)

A Business Continuity Policy and Framework was developed with the assistance of a New Zealand company called Risk Logic and was adopted by the committee at its last meeting held in June 2020.

Step 2 – Embedding Business Continuity. (partially completed)

This involves the integration of business continuity awareness and practice into business as usual activities and organisational culture.

This has been completed in part with a workshop provided by Risk Logic for all third-tier managers to introduce them to the principles of business continuity. We had a plan with Risk Logic pre Covid-19 to do some scenario exercises to build on this training however after spending 6 weeks in a pandemic disruption it was agreed that this planned exercise would probably not deliver the outcomes we anticipated and was cancelled. Any additional work on embedding would be picked up in the analysis and design steps with staff.

To ensure that this embedding does take place and the Council's knowledge base on business continuity grows to meet its needs, the Council's Risk Manager has completed training and passed an international exam to achieve a Certificate of Business Continuity Institute (CBCI) and is certified as competent in the BCI Good Practice Guidelines (GPG) 2018. With the knowledge from this course he will be working with critical activity and function managers to learn about business continuity and resilience and to develop continuity plans to the required standards (see attachment 1)

Step 3 – Analysis (underway)

This is the stage in the business continuity process that reviews and assesses the organisation to identify its objectives, how it functions and the constraints on our operating environment. The main tool used for this is the business impact analysis (BIA) and they generally fall into 4 types and in

practice which ones an organisation opts to complete will vary depending on the size, complexity and type of organisation

1. Initial BIA – which is a high-level analysis that can be used to set the framework for more detailed BIAs and clarify the scope of the BCP programme
2. Product and Service BIA – used to identify and prioritise products and services at a strategic level
3. Process BIA – determines the processes required for the delivery of prioritised products and services
4. Activity BIA – identifies and prioritises the activities that deliver the most urgent products and services and the resources needed to do so.

In practice you do not need to complete all four BIA types and which ones an organisation opts to complete will vary depending on the size, complexity and type of organisation.

For the Taupō District Council we have opted to run with an initial BIA to be completed by the Senior Leadership Team which will clarify and confirm the scope of the BCP programme followed up by process and activity BIAs completed by function managers and their staff (see attachment 2)

To facilitate this analysis and capture the information needed for moving into stage 4 – Design templates have been developed to capture for each critical function the (see attachment 3)

- Maximum tolerable period of disruption (MTPD)
- Recovery time objectives (RTO)
- Minimum business continuity objectives (MBCO)
- Recovery point objective
- Impacts of disruption
- Dependencies and recovery needs

This information will form the basis for continuity plans to be developed in step 4 – Design

## CONCLUSION

The Council is moving forward with the implementation of business continuity planning and organisational resilience. The work completed to date has focussed on ensuring we have the structure in place and the inhouse knowledge to develop plans that meet the needs of the Council and increase its resilience.

The next step – Analysis will deliver essential information for the development of business continuity plans. The information should start identifying the critical single points of failure that will require special consideration when developing continuity plans. It is important that we get this stage right as the quality of the plans that will be developed from the information captured in this step.

## RECOMMENDATION(S)

That the Risk & Assurance Committee receives the information in this report.

## ATTACHMENTS

1. Business Impact Analysis Steps
2. CBCI Certificate
3. Business Impact Analysis Templates

**4.7 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.

**DISCUSSION**

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 2020 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.

**CONCLUSION**

This report is a governance summary of a compliance review of the policy for the 6 months period from 1 January 2020 to 30 June 2020.

This report covers the second half of the 2019/20 financial year.

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

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.

**RECOMMENDATION(S)**

That the Risk & Assurance Committee receives the information in the Sensitive Expenditure Report for the period 01 January to 30 June 2020.

**ATTACHMENTS**

1. Sensitive Expenditure Report - 1 January to 30 June 2020

**4.8 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 and Assurance Committee Schedule of Policies - September 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
<b>Agenda Item No: 5.1</b> Confirmation of Confidential Portion of Risk & Assurance Committee Minutes - 9 June 2020	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
<b>Agenda Item No: 5.2</b> 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]*.