

ATTACHMENTS

Risk & Assurance Committee Meeting

2 March 2023

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GREAT LAKE TAUPŌ
Taupō District Council

TAUPŌ DISTRICT COUNCIL

PERFORMANCE REPORT

January 2023

January 2023

CEO's COMMENTARY

Kia Ora Koutou

Welcome back everyone into a brand-new year, I hope you all managed to have a break over the Christmas period and spent plenty of quality time with loved ones and enjoyed the few days of sun. I would also further like to give a big shoutout to those that worked through the holiday period to keep our district moving, your hard work and dedication is outstanding.

A new year brings new opportunities and as many of you know, I announced my resignation at the end of 2022 due to accepting the role of Chief Executive Officer at the New Plymouth Council which I begin on the 27th of March. This was an incredibly difficult decision for my family and I, given that the Taupo District is (and always will be) our home. For me to be able to lead an organisation in the sector I am passionate about in my own community has been an amazing experience, and one that I will always be grateful for, and proud of. However, the time has come for my career to expand my horizons, and in this respect, I am looking forward to continuing our journey with challenges and new beginnings.

If you stayed around the district over the holiday season you might have noticed our facilities were very busy, in fact we even had our busiest day for a few years at the AC Baths with more than 1600 visitors on January 6th. It was great to see the community buzzing with people, enjoying all that we have to offer and utilizing it with respect, we work hard to provide these resources for the community which is why it is a rewarding feeling seeing the amount of use they have received.

Speaking of hard work, our projects have been full steam ahead again after the well-deserved break. The Town Centre Transformation is onto its final stage with some landscaping and roadworks being carried out to get those final touches in place, the most exciting part is the mana whenua features going in and remaining covered until the blessing and unveiling on the day of the grand opening, these will make this space very unique to Taupo.

Another project coming to its completion date is the new Airport Terminal. With new furniture and discussions of blessings in place, it is exciting to see this coming together where we will be able to share with the community very soon. On the 7th of February transition of functionality will take place with a morning flight departing from the old terminal and the afternoon flight landing in the new terminal.

Like Council's around the country, we're busy responding to the Government's reform programme, this includes Three Waters Reform, the replacement of the Resource Management Act and the Future for Local Government review. The level of reform is unprecedented and happening faster than we would like. We are taking every opportunity to provide feedback and input to influence the development of legislation that best meets the needs of our communities. We will continue to keep you updated with the actions Council has taken and feedback it has provided.

As mentioned above, this will be my last report as the Chief Executive of the Taupo District Council. In that respect, I would like to publicly acknowledge the amazing team of staff (past and current) that make this organisation tick. Very little of what I have had the privilege to be involved in over the last almost eighteen years could not have been

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achieved without the hard work and dedication of many individuals, right throughout the organisation.

In these post COVID times, communities seem to be quick to blame public servants (and others) for things occurring that they are not comfortable with. I would like to note for the record that almost without exception, the people that I have been fortunate to work with over the years at Taupo District Council have been dedicated to outcome, striving to do their best, and willing to sacrifice to get an outcome for the place that they love. Our people are our biggest asset, and they deserve all of our respect.

Likewise, I would like to acknowledge and thank the Governance team of our district, past and present. Not only did you give "a boy from TOrangi" a chance to lead this place, but you have also supported the team, myself, and my family through good and bad times. Being a student of local government, I observe Council's all around the country, and I know that Taupo has been extremely well served over the years by the standard and dedication of our elected members.

On top of that, the way that the Governance and Management teams work together to achieve cool things, while respecting the boundaries of roles, is unique, and sets us apart. Thank you to you all for that support and openness to approach things this way.

Lastly, I can reflect on a lot of projects that I am incredibly proud of being a small part of over the years. Notable examples include the work around the Commercial and Industrial Structure Plan (which resulted in planning provisions protecting our CBD, as well as physical upgrade programmes etc), the advancement of our relationships with Tangata Whenua (including things such as the Mana Whakahono agreement for TOrangi, but demonstrated by the feedback around trust by our iwi partners during the recent CouncilMark review), and the planned and controlled developments of our District that are continuing to make this place great.

We have worked through some significant challenges such as large wastewater spills, global pandemics, and adverse weather events. I have always been proud of how we have all rolled up our sleeves to get the work done, and how this has been recognised in subsequent reviews.

In my time we have built some great things that have changed the community, including assets such as Riverside Park, the Great Lake Pathway, the ET A, the Town centre Transformation, an airport terminal, many water and wastewater plants, playgrounds and skateparks. We have also continued to provide (and make improvements to) our amazing levels of service, consistently exceeding the national benchmarks around things like regulatory consents, operations of our three waters networks as well as our parks and garden networks.

There are however three things that I am most disappointed that I will not see to fruition. Firstly, the IRONMAN 70.3 World Championships, which is set down for 2024. As a sport I am passionate about (and has changed my life), I felt very privileged to have been able to work on this bid all those years ago, and then get so close to delivering it in 2020 before COVID delayed it. I will certainly be returning as a spectator for what will be an amazing few weeks for the Taupo District and New Zealand.

Secondly, I am saddened that I will not be able to see the opportunities for one of my "home-towns" - TOrangi as a result of the Mana Whakahono agreement. TOrangi has so many opportunities in the future, and I think that what we have set up here has the real potential to make a significant difference to that community, in a uniquely TOrangi way.

Lastly, not being able to see the completion of our Civic Administration Building is disappointing. It has been an incredibly difficult time for the organisation being spread over so many different venues and not having a "heart", being able to build and maintain

January 2023

culture under these circumstances has been challenging. The lack of a home base is the most common feedback as a negative element for working here from staff leaving the organisation, and during staff surveys. I understand that spending ratepayers' money on offices is never going to be a popular topic, and that people will struggle to understand the link between a physical spend on a building, and efficiencies gained as a result, however it is fundamental for the future of this organisation.

There is no other thing that will have a bigger positive impact on how we deliver for our community. For this building to be the partnership that it is going to be with our partners, makes it even more significant. I look forward to returning for a coffee in the new buildings cafe and being able to reflect on those days before we had a home.

With all that said, thank you again, it has been a blast.

Nga mihi nui



Gareth Green

CEO Taupo District Council



January 2023

2. Strategic Priorities

CAPITAL INVESTMENT PLAN

Deliver our Capital Investment plan as identified in year one of the LTP (including shovel ready monies). Progress in January:

- Significant work is underway to review all Annual Plan 23/24 candidate projects with the business and apply a prioritisation criterium to develop a plan that is realistic, deliverable and meets the needs of our District and its stakeholders. A workshop is planned with Council on 7th March.

HOUSING

Develop a housing strategy for the district. Key housing areas include social housing, housing for the elderly, papakāinga, and affordable housing. Progress in January:

- Work is being finalised on our Housing Strategy. The strategy will articulate the desired housing outcomes for Taupō.
- The strategy looks at all tools (regulatory and non-regulatory) available to council, supported by an implementation plan that lists actions Council will take.
- An East Urban Lands (EUL) release plan has been drafted. This plan looks at ways we can maximise social and economic outcomes for our community as the land is developed.
- In December we have put out an ROI seeking a single developer or development consortium to assist with delivery of housing on a super lot in the EUL. A portion of this development will include affordable housing. The ROI closes at the end of February.

RECREATION AND ARTS

Complete a recreation, arts and culture strategy to a standard enabling future investment decisions and lease decisions to be made. Progress in January:

Sport and Recreation:

- A discussion was held with elected members on 31 January during which a draft strategy document was provided for feedback.
- Strategy principles and priority projects were extracted from the draft to form a consultation document.
- Consultation with the community will take place between 22/02/23 and 22/03/23 where we will collect community feedback and hold engagement opportunities (Taupo, Mangakino and Tūrangi) for the community to speak with council staff and Elected Members
- A Hearing is scheduled for 4 April.

Art and Culture:

- A draft will be provided to council for discussion in March 2023.

REFORM

Prepare for reform/change of local government - specifically three waters, RMA and Future for Local Government. Progress in January:

Local Government Reform

- Officers are in the process of creating a submission on behalf of council after the initial workshop.

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- Submission to be discussed with Councillors on 16 February 2023 for feedback.
- Final draft submission to go before Council for adoption 28 February 2023.

RMA Reform

- Bills released early December
- Draft submission formulated and discussed with Councillors on 2 February
- Final submission to be lodged on 17th February 2023

Three Waters Reform

Better Off Funding

- Better Off Funding application approved, first funding instalment received, Owen Delany Park Improvements project commenced.

Three Waters Reform Transition:

Programme Management:

- Ongoing Programme Management, including establishment of full risk register.
- Council briefing on new obligations to receive DIA approval for Significant three waters decisions.
- Review of three waters reform bill #2 (Water Services Legislation) & bill #3 (Economic Efficiency & Consumer Protection).

Strategic & Corporate:

- Commenced review of TDC Policies, Objectives and District Plan in light of three waters reform.
- Completed work to investigate which land assets upon which three waters infrastructure sits should be transferred to Entity Band which should be retained by TDC.
- Commenced Legal Transfer RFI identifying which TDC assets are three waters related. This will inform the 'allocation schedule'.

People & Workforce

- All TDC staff are set up on the NTU human resources portal ('The Staff Room').
- Responded to HR RFIs - 'Terms & Conditions of Employment' and 'Staff Function Review'.
- Ongoing staff communications, e.g., briefings to Water and Wastewater operation teams.

Communication & Stakeholder Engagement:

- Limited to regular updates to TDC webpage and Facebook page.
- Ongoing engagement with DIA regarding finance policies & positions, including 'Debt Validation Approach', 'Accounting Considerations', & 'Transfer Principles'.

Finance:

- Responded to RFI on operation costs.

Data & Digital:

- Commenced planning for data migration to Entity B.

Iwi & Maori Engagement

- Communication of TDC's understanding of which land will transfer and also our draft submissions on Bill #2 and Bill #3.

WAYS OF WORKING

Provision of and preparation for our new work environment - both physically and the way we work. Progress in January:

- Design Reference Group team currently in place to review the design of the new civic administration building
- Once complete, this will feed into the ways of working project, which is scheduled to relaunch later this year.

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DIGITAL TRANSFORMATION

Completion and uptake of Project Quantum to realise the investment made and opportunities it presents to be more efficient, customer focused, digitally enabled and outwardly focused. Progress in January:

- Remediation of CiAnywhere HR, Finance and Cemeteries function underway.
- 4 new staff have joined the Digital Solutions Team - covering IT support, Information Management and Project Management (Digital) functions. Recruitment proving to be difficult in the current market for Business Analysts and Solution Analysts to cover CiAnywhere, 3 waters and business projects. Recruitment of IT professionals is challenging in the current environment.
- Public Wi-Fi in TDC venues nearing completion with GLC, TEC, Airport, Taupo and Tōrangī service centres complete and OD Park underway.
- Follow me printing project in planning phase with the goal to print from any office securely (using your existing swipe tag) and to understand and reduce our printing requirements ahead of the new building.

CLIMATE CHANGE

Develop a strategy for how the organisation and the district responds to our climate change challenges in the short, medium, and long term. Give effect to the short term "quick wins". Progress in January:

- Council adopted Emissions Reduction Targets and a Directive in August. Press release published and material is online. www.taupodc.govt.nz/climatechange
- Implementation plan being developed to meet agreed direction, including providing Business Case tools and supporting organizational awareness. This work will be completed by June 2023.
- Project plan being developed to look at Adaptation - the risks to Council and Taupo District from the effects of climate change, and any recommended actions. This work will be completed by June 2023.

WORLD-CLASS TEAM

Creating an empowered, engaged, and efficient workforce to be able to meet the organisational priorities. Progress in January:

- Employee Value Proposition work continues with Careers page refresh, an update to our Seek and Trade Me pages and a launch onto Linked In.
- Performance and Development process continues, Managers currently in the mid-year review phase.
- Engagement survey completed, with an uptick in the overall engagement score. Managers now conducting State of the Team conversations.

CONNECTIVITY

Play a lead role in drawing together national and regional agencies to support the work across the district, for better overall community outcomes. Progress in January:

- Membership and participation on a number of LGNZ, Taituara, and DIA working groups including Three Waters and Future of Local Government.
- Membership and attendance at the Taupo Collective Governance Group - a partnership with Tōwharetoa and a range of Government agencies working in the social sector.
- We also continue to work closely with DIA (Te Tari Taiwhenua), MBIE (HTkina Whakatutuki) and MOT (Te Manatō Waka) to provide monthly updates (focusing on budget, employment, and social procurement outcomes) for our Tranche 1 Three Waters Projects and Shovel Ready portfolio, and as a partner in our airport. Our monthly MBIE reporting updates continue for Taupo Town Centre Transformation (TTCT).

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LOCALISM

Providing opportunities to give smaller communities and interest groups a voice in what we do. Progress in January:

- Undertaking the development and execution of a suite of initiatives designed to build relationships with communities across the rohe and educate communities on how they can participate in the democratic decision-making process.
- Work continues to refine and prioritise how we support community groups to achieve aspirations and meet demand for this support. One priority area is building capability and capacity to improve future proofing of groups we have partnership agreements with, particularly as we near the last year of these agreements.
- Early-stage conversations are being had internally and with some community groups around desire for community plans to be developed with Council playing a facilitation role. A starting point has been the collation of information from each community on previous submission feedback, that can be fed into the early process of LTP development
- Our recent community response to Cyclone Gabrielle also strongly reflected our localism approach and support for communities

SERVICE

Lift our service standards through the organisation, benchmarked against non-local Govt peers. Progress in January:

- Despite the temperamental weather, all three Customer and Visitor Centres across the rohe have seen an increase in foot traffic in January. The Taup6 and T0rangi Customer and Visitor Centres have had an impressive 21.5% increase and 36% increase respectively. Taup6 reached over 350 customers a day, a number not seen since before the pandemic. A big drive behind these increases is the influx of tourists coming to experience our district and all it has to offer. The Tongariro Alpine Crossing has been a top enquiry for both the Taup6 and T0rangi Customer Services teams, along with the successful recycling campaign with enquiries for recycling bins reaching new levels. Mangakino is definitely a hot spot for Timber Trail enquiries and the library section a favourite for visiting whanau in the wet weather.
- Contact Centre was rocking it out this January. Lots of visitor queries were coming through especially regarding what can be done on rainy days!! Also, lots of thanks and praise to our hard-working rubbish and recycling team. The contact centre have enjoyed listening to the community this month and especially how they are getting on board with the recycling plan by separating the glass and plastic. Positive feedback around the fireworks and how appreciative it was since fireworks didn't happen in November. It's nice to have a change of positivity coming through the calls especially how busy the team has become in the past few months.
- At The Events Centre and AC Baths, the summer period has kicked off with the hydro-slides, rock wall, gym, and pools in full swing and as always, a favourite to locals and visitors alike. For the first time since early 2020 we are almost hitting our high numbers each day. As we were anticipating the influx over the festive/summer season, unfortunately our business was also hit with recruitment issues which was evidenced across similar service providers in Aotearoa. The team came together and filled in vacant shifts to keep our community happy. At times we had to close the pools due maximum capacity being reached and monitor a one-in-one-out approach to keep things open and safe for the public. There were some stressed customers as expected, but overall, there were more kinder ones than stressed which was awesome to see and kept the staff's morale high during this busy period.
- Operationally, we appreciate the tremendous growth this busy period has brought after the gloomy Covid season, and we look forward to getting back our numbers to how it was pre-Covid and be one of the safest aquatic playgrounds for all whanau in Taupo.

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INTEGRATED CO-GOVERNANCE AND MANAGEMENT

Through everything that we do. Progress in January:

- Ongoing comms and engagement with the whanau lead for Kohineheke in light of whanau aspirations for when the land interests of the Ancillary Claims Deed is vested free of reserve status in the original owners.
- -Te Kopu a Kanapanapa/Te Kaupapa Kaitiaki. A project initiation document has been drafted for the Iwi & Co-Governance Team to provide support individually or collectively to hap0 than hap0 being solely reliant on statutory bodies to transfer and unpack often complicated information to voluntary hap0 representatives.
- TMTB JMA negotiations - we expect this will commence shortly. Awaiting confirmation from TMTB.
- Wastewater management for Taup6 North - working committee meeting held with hap0 reps
- Continuing to work in partnership with Pukawa Marae / Ngati Manunui to plan and deliver district wide - Waitangi ki Pukawa Festival 2023
- Ongoing mahi with Ngati Turangitukua Mana Whakahono - preparation for establishment of co-governance committee and associated action points
- Follow up meetings with Ngati Te Rangiita reps regarding planning and process for a new Motutere Recreation Reserves Management Plan

Te Rea Maori Guidelines

- Drafting content

Maori Engagement Framework

- Drafting content

Co Governance and Iwi Partnerships Strategy

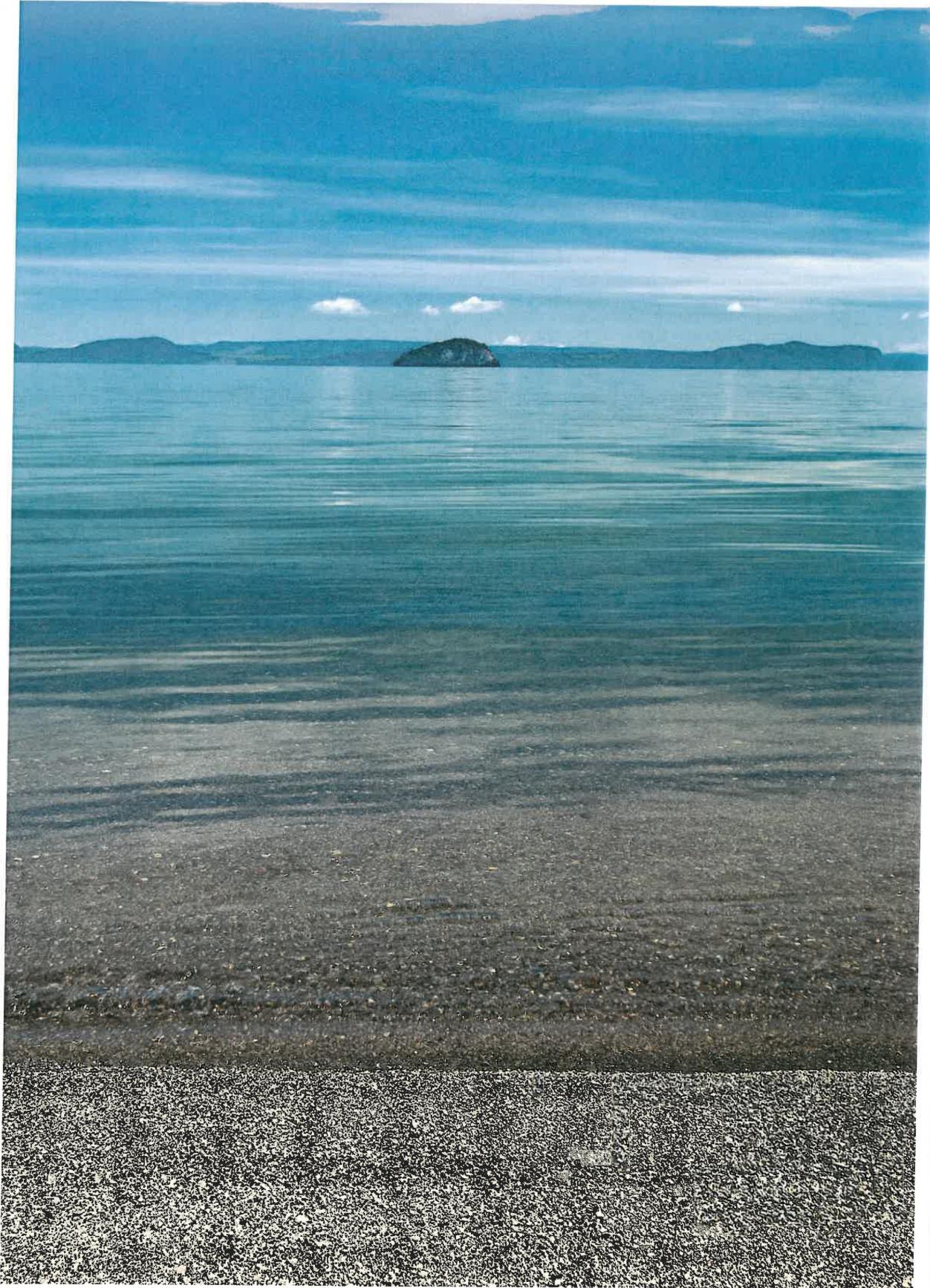
- Working on project plan
- Collating background information

Iwi Partnerships

- Working on setting up catch up with Raukawa and WRC
- Catch up with WRC Taupo staff working with Iwi Partners

Advocacy

- Natural and built environment act and Spatial planning act - summary points from a Te Ao Maori perspective for Policy team to consider in council's submission.



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3. FINANCIAL SUMMARY

3.1 REVENUE & EXPENDITURE PERFORMANCE

Figure 1 below sets out the Revenue & Expenses for the financial year to January 2023.

Revenue is ahead of budget across most key revenue lines. In particular, our subsidies and grants revenue is higher than budget because of revenue from central Government in relation to the Taupo Town Centre Transformation Project (\$4.15m), Kerb & Channel funding (\$1m) and Better-off funding of (\$0.493m). Other grant revenue is ahead of plan by \$645,000, but Waka Kotahi subsidy funding is behind plan (due to the timing of maintenance and capital work) by \$83,000

Development Contributions are ahead of plan (\$2.7m) mainly due to timing of when we estimated the contributions would fall due.

Revenue from fees and charges are also tracking higher than budget, driven by more property development and construction activity across the district. Specifically, building and resource consent fees are up on budget by \$480,000 year to date. Solid waste revenue is up by \$629,000 year to date, dog registration revenue is \$69,000 ahead of plan and revenue from our venues is also ahead of plan by \$448,000 due to high usage of pools & GLC over the holiday period.

Finance revenue is ahead of plan by \$603,000 due to gradually increasing returns on term investments as well as more cash than budgeted available to be invested.

\$000	YTD Actual	YTD Budget	YTD Variance
REVENUE			
Rates	48,551	48,453	98
Subsidies and Grants	8,883	2,673	6,210
Development Contributions	7,430	4,717	2,713
Fees and Charges	8,220	6,369	1,851
Finance Revenue	2,787	2,184	603
Other Revenue	701	768	(67)
TOTAL REVENUE	76,572	65,164	11,408
OPERATING EXPENDITURE			
Personnel Costs	16,384	15,647	(737)
Depreciation	14,520	14,501	(19)
Finance Costs	5,651	5,480	(171)
Other Expenses	25,835	25,869	34
TOTAL OPERATING EXPENDITURE	62,390	61,497	(893)
NET SURPLUS / DEFICIT	14,182	3,667	10,515

Figure 1: Statement of Revenue & Expenses at 31 January 2023

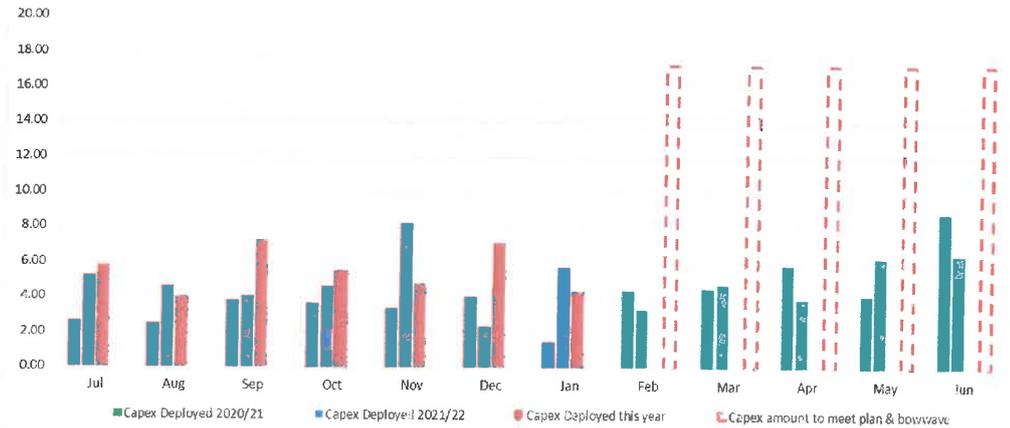
Total operating expenditure is more than budget year to date by \$893,000. This is due to:

- Personnel costs being higher than planned by \$737,000 this includes salaries funded by 3 waters transition funding, timing variances and other increases. We will provide a breakdown for the next Council meeting.
- Finance costs are higher than planned by \$171,000 as we see increased interest rates having an impact. The expected overrun in finance costs will be forecasted and a budget change resolution will be brought to the next Council meeting.

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3.2 CAPITAL INVESTMENT PERFORMANCE

We have deployed \$38.5m of capital expenditure in the July to January period. This is below the amount we need to achieve to meet the Annual Plan of \$74m plus the bow wave¹ from 2021/22 of \$50m. For the same period last year we had deployed \$34.6m.



¹ Bow wave is the portion of unspent capital & renewals budget carried forward from last financial year

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4. TREASURY REPORT

4.1 TREASURY COMPLIANCE

The table below sets details our compliance with the Treasury Management Policy as at 31 January 2023.

DEBT MANAGEMENT		
Measure	Compliance Status	Required by
Interest Rate Risk	✓	TMP
Funding Maturity	✓	TMP
Carbon unit coverage/ hedging	✓	TMP
Liquidity	✓	LGFA
Net Debt	✓	LGFA
Debt/ Revenue	✓	LGFA
Interest Cost/ Rates Revenue	✓	LGFA
Interest Cost/ Total Revenue	✓	LGFA
Debt affordability	} Measured at the end of the financial year only	LGA
Balanced budget benchmark		LGA
Debt servicing benchmark		LGA
INVESTMENT MANAGEMENT		
Investment Maturity	✓	TMP
Counterparty Credit Limit	✓	TMP
Strategic Asset Allocation	✓	TMP

Note: Carbon Units have been purchased to ensure our obligations for the 2023 and 2024 financial years are covered. The cost of these units aligns to the total cost of carbon set out in the 2023 Annual Plan.

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4.2 CEO DELEGATIONS REPORTING

CEO approval of budgeted expenditure over \$500,000:

07/02/2023 CN447 Tirohanga Road Widening - Inframax Construction
\$812024.75

08/02/2023 CN255 Extension of the Street Litter & Recycling Bin Collection
Contract 1.3.2023-28.2.2024 - Total Industrial Solutions \$219047.00

20/02/2023 CN473 Mangakino Water Pipelines 2023 - Nolan Drainage
\$1,027,387.02

CEO approval of unbudgeted expenditure over \$50,000: Nil to report
this month

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5. SIGNIFICANT PROJECTS

PROJECT	ON TIME	ON BUDGET	COMMENTS
WATER			
Kinloch Drinking Water Standards NZ Upgrade			<p>Construction underway, delays due to finalizing detailed design (contractor to submit EOT).</p> <p>Expecting additional costs due to Geotech design changes and cost fluctuation estimates.</p> <p>The watermain package is progressing well with completion on target for the end of June 2023.</p> <p>35% complete</p>
Omori Water Plant Upgrade			<p>Detailed design underway, timeline has slipped due to delays with Kinloch - contractor to submit EOT</p> <p>5% complete</p>
Tauhara Ridge Reservoir & Airport Connection			<p>Delays with consultants for modelling, however nearing completion. Reservoir design RFT with consultants to price.</p> <p>5% complete</p>
TRANSPORT			
Shared Paths and Access Pathways - ETA Shared Path			<p>Project completion anticipated within the coming month, formal opening day planned for March 2023.</p> <p>95%</p>
Tūrangi Street Revitalisation			<p>With the last street in Package 3 getting kerb and channel installed it will see the Contractor move into package 4 with Puataata Road being the first.</p> <p>Package 2 tree planting program was a success with all trees ordered for package 3 and scheduled to be installed end of April '23.</p> <p>Due to the concrete Ash plant closing down the contractor is trucking concrete from Taupo or Taumarunui, weather delays, contractor's overhead increases, concrete increase and other project costs increasing, it has placed strain on the budget making it difficult to complete all streets in all 5 packages. Currently working with contractor and MBIE on a resolution.</p> <p>70% complete</p>

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PROJECT	ON TIME	ON BUDGET	COMMENTS
COMMUNITY FACILITIES			
Te Kapua Park Playground Upgrade			Playground equipment provider has been procured and work under way to complete detailed design. Order equipment and secure main contractor by the end of the year. 40% complete
Tūrāngitukua Park Community Sports Facility			Some delays encountered due to design and material procurement, the final impact on overall programme and completion date is end of March 2023. This is being actively monitored. 90%
Tūrangi Recreation & Activities Centre (TRAC)			Project team undertaking a period of due diligence following completion of discovery and scoping phase. Aim is to present back findings and recommendations to new (mana Whakahono) co-governance group and elected members in the New Year. 14% complete
Mangakino Lakefront Upgrade Project			We have a signed contract with toilet supplier, Construction start date mid May 2023. Boat ramp renewal on hold until community consultation has been completed. Parks & Reserves advised they would complete a temporary repair before Christmas. 10% complete
WASTEWATER			
View Road Stage 2 LDS Expansion			Detailed design 95% complete, expecting site establishment in early March. Risk that the Cyclone may impact the supply of the pivots due to the supplier being located in Hawkes Bay and significantly impacted 6% complete
Kinloch WWTP Upgrade			Complete - Project to be closed out this month 99.9% complete

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PROJECT	ON TIME	ON BUDGET	COMMENTS
Taupo Wastewater Southern Trunk Main Upgrade - Stage 1 (multi-year project)			<p>Detailed design nearing completion, aiming to be out for tender in April.</p> <p>Risk around iwi regarding consenting requirements and their concerns around the design/alignment</p> <p>15% complete</p>
SCADA Upgrade			<p>Upfront engineering of standard FTView code blocks continuing apace.</p> <p>Test facility set up at Taupo WWTP. Test sites are Whakamaru WTP for processor managed plant and Mangakino WTP for RTU managed plant.</p> <p>Operators starting to review screens in test site for functionality.</p> <p>Timeline will be extended from the original 30-06-2023 end date due to requirement to replace discontinued equipment before converting to FTView.</p> <p>May need to bring in additional resources to address Taupo WWTP upgrade and conversion</p> <p>10% complete</p>
DEMOCRACY AND PLANNING			
District Plan			<p>Submissions have closed.</p> <p>119 submissions were received, and over 1300 submission points. These will be notified for further submissions in March.</p> <p>We are anticipating a hearing mid-2023, but this is subject to Commissioner availability</p> <p>70% complete</p>
SIGNIFICANT PROJECTS			
Taupo Town Centre Transformation			<p>We're in our final push to the finish line to make ready for openings on 9th and 11th March. There will still be works to complete after the opening.</p> <p>Costs are currently forecast to be approximately \$300K over budget however we won't know exactly for a few months as there are still a couple big ticket items we need to progress to get better cost certainty.</p> <p>95% complete</p>

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PROJECT	ON TIME	ON BUDGET	COMMENTS
3 Waters Reform Activities			<p>Bills #2 & #3 have been issued (draft submissions prepared) and increased DIA preparations for asset transfer, through issue of various documents and requests for information on all assets to transfer to Entity B.</p> <p>2023/24 will be financially challenging as Tranche 2 of DIA funding will not be directly accessible by Councils, however there are increasing demands on staff time to participate in transition activities.</p> <p>50% complete</p>
Taupō Airport Upgrade			<p>Airport Terminal is now live. Carpark software to go live week commencing 20th February.</p> <p>99.9% complete</p>
Waiora House			<p>Excellent progress in recent weeks with installation of exterior joinery and glazing and external cladding.</p> <p>Some delays encountered with cyclone Gabrielle the final impact on overall programme and completion date still being worked through.</p> <p>80% complete</p>
204 Crown Road - subdivision earthworks & Civil			<p>Seeking \$3.5m unbudgeted as part of annual plan.</p> <p>Options analysis underway in preparation for Exec discussion.</p> <p>5% complete</p>
EUL Stage 1 Lot 20 - Earthworks & Civil			<p>Seeking \$12.5m unbudgeted as part of annual plan.</p> <p>Further information being collated for Exec discussion.</p> <p>5% complete</p>

 ON TRACK
  ON TRACK (MAY NOT MEET TARGET)
  WILL NOT MEET TARGET
  ACHIEVED

REVIEW OF SENSITIVE EXPENDITURE– 01 July 2022 – 31 December 2022**1. OVERVIEW AND SCOPE**

This audit/review covers the 6-month period between 01 July 2022 – 31 December 2022 and was completed by reviewing records of sensitive expenditure made using the Purchase Order system and the Travel and Expense system within CiAnywhere.

Sensitive expenditure is defined in the Sensitive Expenditure Policy as any Council expenditure where there may be a perceived personal benefit to elected members or staff, or expenditure that could be considered unusual for the Council.

Sensitive expenditure will have one or more of the following attributes:

- Results in a perceived or real private benefit to the individual.
- May be an unusual expenditure item for Council.
- Does not directly align with the core business of Council or has a poor link to the business purposes of Council.
- Usually a discretionary expenditure item.
- Could be difficult to justify to the public.
- May involve a conflict of interest [legal or ethical].
- May be considered an extravagant or immoderate expenditure.

The review looks at expenditure incurred over the past 6 months against the requirements of the current Sensitive Expenditure Policy and results can be used to confirm compliance with the current Sensitive Expenditure Policy and identify opportunities for improvement in the management of sensitive expenditure.

2. OBSERVATIONS

Section 7 – Credit Cards	
<p>The Council has 7 credit cards issued to staff under the provisions of section 7 of the Policy. Full monthly breakdowns of credit card purchases are recorded in the Travel and Expenses section of the Ci Anywhere financial module for credit cards issued to staff.</p> <p>During the 6 months covered by this audit/review a total of 104 transactions were made on Council credit cards with 27 of these directly related purchases that fall within the definition of sensitive expenditure.</p>	
Policy Requirement	Observations
Private expenditure or credit is prohibited except in exceptional circumstances, where prior approval is required. In these rare cases the expenditure is to be fully reimbursed to Council prior to the monthly credit card payment being due.	No private expenditure identified
Not be used to obtain cash advances unless cash is required in an emergency (usually related to travel); or for official purposes (in rare circumstances)	No cash advances identified
Comply in all respects with the policy requirements specified for specific areas of expenditure	No non-compliance identified
Payments must be authorised like other invoices and in accordance with the Delegations Manual.	Authorisations completed in accordance with Delegations Manual and section 6 of the Policy.
Documentation to explain and corroborate transactions	Documentation available in Ci Anywhere

Section 8 – Travel and Accommodation	
<p>36 expenditures for accommodation and travel were identified and reviewed. These consisted of 23 via the purchase order system, 4 reimbursements and 9 were made using Council credit cards.</p>	
Policy Requirement	Observations
Air travel and/or accommodation is to be booked well ahead of the actual travel date, so the expenditure is the most cost-effective possible.	EPO and credit cards booked in advance. Reimbursements for taxis and parking expenses as needed.

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Private accommodation reimbursement will be made directly to the hosts.	No private accommodation identified
Wherever practicable and cost effective, shuttle, bus services or Uber are to be used in lieu of taxi	Taxi use appears reasonable
Rental cars are only to be used if it is impracticable or uneconomic to use a Council vehicle. Private use of a rental car is only permitted in exceptional circumstances and requires the express approval of the Group Manager or Chief Executive	No rental cars identified
No travel by private motor vehicle where travel by other means is more practical and cost effective. If used requires prior approval.	No reimbursements for private motor car use were identified.
No private travel without prior approval	No private travel identified
Travel for family, partners accompanying spouses are a personal expense.	No spouse or partner travel identified
No reimbursement of stopovers without prior approval.	No stop overs identified
No tipping within NZ. International only if customary.	No tipping identified

Section 9 – Meals/Food and Refreshments	
24 individual expenditures were identified and reviewed for meals/food and refreshments. These consisted of 14 using the purchase order system, four reimbursements and 6 made using Council credit cards.	
Policy Requirement	Observations
Reasonable and only associated with overnight out of town stays	No non-compliance identified
For non out of town breakfast and evening meals only outside 6.30am – 7.30pm	No incidents of non-compliance identified
Lunch and other food/refreshment expenses will only be approved or reimbursed if hosting external people and this has been pre-approved	No non-compliance identified
One beverage [alcoholic or non-alcoholic] with an evening meal	No non-compliance identified

Section 10 – Entertainment and Hospitality	
16 individual expenditures were identified and reviewed for entertainment and hospitality. These consisted of 6 using the EPO system, 1 reimbursement and 9 made using Council credit cards.	
Policy Requirement	Observations
Demonstrated justified business purpose, moderate and conservative expenditure	No non-compliance identified
Pre-approved where practical and always supported by clear documentation	No non-compliance identified
Liquor only when consumed along with food and the amount involved is reasonable and moderate	No non-compliance identified.

Section 11 – Goods and Services Expenditure	
No expenditure relating to goods and services as defined in the policy was identified.	
Policy Requirement	Observations
Loyalty rewards accruing to staff carrying out their official duties are treated as the property of Council.	N/A
Rewards/prizes obtained by chance and without inducement, may be retained by the individual if prizes received from a free competition entry or prize draw are declared to manager and recorded on gift register if over \$100 value and cannot be perceived as inappropriate.	N/A
Reimbursement for use of private assets requires prior approval	N/A
Purchases using Council supplier preferred rates are for staff and elected representatives and on cash sale basis.	N/A

Section 12 – Staff Support and Welfare Expenditure	
10 individual expenditures were identified and reviewed for staff support and welfare. These consisted of 8 using the CI purchasing system and 2 made using Council credit cards.	
Policy Requirement	Observations
Other than official uniforms and health and safety-related clothing, elected members or staff will not be clothed at the Council's expense	No non uniform clothing purchases identified
Care of dependants is a personal and private expense of staff members unless approved by CEO	No expenditure for care of dependents identified
Contribution to a social club[s] must be prudent and reasonable	No contributions identified
Farewells, long service and retirements includes spending on functions, gifts and other items and should not be extravagant and be pre-approved by the Group/Strategic Manager.	Spending on farewells long service and retirements includes spending on functions, gifts and other items approved by CEO and Executive.
Sponsorship to have a have a justified business purpose and must be moderate and conservative.	No sponsorships identified.

Section 13 – Donations and Gifts	
3 individual expenditures were identified and reviewed for donations and gifts. 2 were completed through the purchasing system and 1 was made using a Council credit card.	
Policy Requirement	Observations
Non-political and lawful in all respects	All gifts non-political and lawful
Donations made to a recognised organisation by normal commercial means [not to an individual] and appropriately documented	No donations identified
Not in cash [except as a koha and with the express approval of the Group Manager	No cash as a gift or as Koha identified
Gifts given with a monetary value exceeding \$100 must be recorded in Gift Register	No gifts in excess of \$100 were identified
Gifts given with a value up to \$300 require Senior Leadership approval. Over \$300 CEO approval.	No non-compliance identified.

Gifts received over \$100 recorded in Gift Register with express Senior Leadership approval.	All gifts received, regardless of value have been recorded in Gift Register
Giving or receiving of gifts must not trigger potential conflicts of interest.	No conflicts of interest identified

3. SUMMARY

No incidents of non-compliance with the Sensitive Expenditure Policy were identified in the 6-month period from 01 July 2022 – 31 December 2022.

Jamie Dale
Risk Manager

Nigel McAdie
Legal, Risk & Governance Manager

STRATEGIC RISK REGISTER FEBRUARY 2022

Strategic Risk	Risk Impact Description	Risk Drivers (Existing and Potential Causes)	Risk Owner	Inherent Likelihood	Inherent Consequence	Inherent Risk	Controls (Existing and Additional Controls Suggested)	Residual Likelihood	Residual Consequence	Residual Risk
				Almost Certain	Severe			Extreme	Possible	
Ineffective Relationship with Community	<ul style="list-style-type: none"> - Poor Council decision making - Damage to reputation - Reduced engagement - High turnover of elected representatives - Statutory non-compliance - Increased costs - Partnership objectives not being met - Delays in delivery of essential works 	<ul style="list-style-type: none"> - Community biases and assumptions about local government - Inadequate relationships with iwi and other critical community entities - Inequity in representation and increasing consultation demands - Insufficient communication from staff/councillors. 	Deputy Chief Executive Officer	Almost Certain	Severe	Extreme	<ol style="list-style-type: none"> 1. Annual Plan and Long-Term Plan community engagement 2. Communication Strategy 3. Māori and area wards 4. Community boards/Representative Groups 5. Monitoring of Council's performance 6. Council wards and representatives. 	Possible	Major	High
Compliance & Legal Liability	<ul style="list-style-type: none"> - Awarding of costs or damages against the Council - Negative publicity & reputational damage - Unbudgeted legal costs - Imprisonment 	<ul style="list-style-type: none"> - Breaches of contract or incorrect tendering or contract management practices - Legal appeals or reviews of Council's decisions - Claims in tort (negligence) - Breaches of or failure to meet statutory obligations/requirements - Staff unawareness of risk 	General Manager Corporate	Almost Certain	Severe	Extreme	<ol style="list-style-type: none"> 1. Project procurement and management policies and framework 2. Community engagement & consultation 3. Expert advice when required. 4. Up to date SOPs for critical activities 5. Performance monitoring and management 6. Indemnity insurances 7. Accreditation & audits. 	Possible	Moderate	Medium
Failure to Plan and Manage Council's Finances	<ul style="list-style-type: none"> - Unplanned rates increases - Increased borrowing - Reputational damage - Reduced investment and cash reserves - Higher costs for debt servicing 	<ul style="list-style-type: none"> - Budgeting errors - Unplanned CAPEX or OPEX - Gaps in financial controls - Inadequate project management discipline and procedures - Failure to have adequate self-insurance 	General Manager Corporate	Almost Certain	Severe	Extreme	<ol style="list-style-type: none"> 1. Budget setting by finance team and executive leadership, and approved by Council 2. Long term and annual planning 3. Financial monitoring and reporting (including audits) 4. Adequate insurance policies in place 5. Project procurement and management policies and framework 6. Contingency funding plans (debt, TEL fund) 7. Cash management policies, including Treasury Management Policy 8. Rates affordability assessments 9. S&P credit rating 	Possible	Moderate	Medium

Strategic Risk	Risk Impact Description	Risk Drivers (Existing and Potential Causes)	Risk Owner	Inherent Likelihood	Inherent Consequence	Controls (Existing and Additional Controls Suggested)	Residual Likelihood	Residual Consequence	Residual Risk	
				Almost Certain	Major		Extreme	Possible	Major	High
Failure to Attract and Retain Competent Workforce	<ul style="list-style-type: none"> - Inability to deliver services - Loss of institutional knowledge - Increased workplace stress and lower productivity - Loss of business opportunities - Legal liabilities from non-delivery of services 	<ul style="list-style-type: none"> - Tight labour market - Non-attractive remuneration. - Remuneration inflexibility associated with budgeting timeframes - Public perceptions of public service - Lack of succession planning - Unhealthy workplace culture and relations 	Deputy Chief Executive Officer	Almost Certain	Major	Extreme	<ol style="list-style-type: none"> 1. Remuneration policy review 2022 2. Workplace surveys & action plans 3. Leadership development 4. The Way We Work philosophy adopted 5. Identification of single points of failure for human resources 6. New CAB to house all staff together 7. Housing strategy 8. Maintaining positive relationships with unions. 9. Increasing productivity with reviews of actual workflow and increased use of technology 	Possible	Major	High
Inadequate Preparation for Change (Unexpected Change)	<ul style="list-style-type: none"> - Unplanned change - Increased costs - Statutory non-compliance associated with delays in delivering services - Failure to meet communities' needs - Ineffective partnerships - Delays in projects that require high levels of co-operation and co-ordination - Failure to meet lwi aspirations 	<ul style="list-style-type: none"> - Rapid law changes by central government - Lack of detailed knowledge on the effects of climate change - A lack of any strategic planning overview, - Dysfunctional relationships with partnerships required for effective planning - Changes in direction associated with triennial elections - Challenges with co-governance and ability to understand what is involved 	Deputy Chief Executive Officer	Almost Certain	Major	Extreme	<ol style="list-style-type: none"> 1. Submissions to government on proposed changes 2. Resourcing of a climate change strategy specialist 3. Annual and Long-Term planning procedures 4. Working in partnership with social agencies 5. Pre-election report preparation and presentation with post-election induction and training for all elected representatives 6. Growth modelling undertaken for strategic planning 7. Community surveys undertaken to ascertain community needs 8. Co-governance relationship agreements 9. Employment of lwi and Co-Governance Manager and team 10. Increasing resilience and adaptability. 	Likely	Major	High

Strategic Risk	Risk Impact Description	Risk Drivers (Existing and Potential Causes)	Risk Owner	Inherent Likelihood	Inherent Consequence	Inherent Risk	Controls (Existing and Additional Controls Suggested)	Residual Likelihood	Residual Consequence	Residual Risk
Failure to Maintain ICT Systems and Secure Records	<ul style="list-style-type: none"> - Loss of data security - Statutory non-compliance - Inability to access data - Financial loss - Interruption to lifeline services - Reputational damage 	<ul style="list-style-type: none"> - Malicious physical damage or modifications by third parties - Accidental damage from unexpected events (power outages, fire etc) - Hardware not being compatible with existing systems - Malware attacks and/or the use of incompatible software - Inappropriate use of ICT - Insufficient resources - Lack of knowledge on IT risks and vulnerabilities 	General Manager Corporate	Likely	Severe	Extreme	<ol style="list-style-type: none"> 1. Hardware redundancy built into ICT system 2. Realtime monitoring and awareness with intrusion detection and alarm systems 3. Use of endpoint protection systems 4. Use of approved and verified suppliers 5. Incident Response Plans 6. Regular patching of software 7. Security to prevent non-standard software 8. ICT policies and guidelines for users 9. Use of URL filters preventing access to malicious sites 10. Access and privilege controls for users 11. Security for network infrastructure 	Possible	Major	High
Inadequate Workplace Health and Safety	<ul style="list-style-type: none"> - Death, injury or illness of staff or contractors - Prosecution or fines for non-compliance - Imprisonment - Court orders for non-compliance - Negative publicity - Negative impact on staff morale - Projects 'frozen' for H&S investigations 	<ul style="list-style-type: none"> - Insufficient resourcing, - Lack of commitment within the organisation - Inability to respond adequately to the scale and complexity of H&S issues - Knowledge gaps within the organisation - Mismanagement of employees and contractors - Unsafe work practices 	General Manager Corporate	Almost Certain	Severe	Extreme	<ol style="list-style-type: none"> 1. Health and Safety included in CEO and staff KPIs 2. Health and Safety reporting to full Council 3. Health and Safety risk registers to record risks and controls 4. H&S information and inductions and training for all staff 5. H&S policies and procedures in place 6. Specific controls and staff training on contractor H&S management 	Unlikely	Major	Medium

RISK AND ASSURANCE SCHEDULE OF POLICIES FOR REVIEW, REPORTING AND AUDIT 2023				
	March	June	September	
POLICY REVIEWS & UPDATES				
<u>Human Resources</u>				
Review of Conflicts of Interest Guidelines – Staff		✓		
Protected Disclosures Policy update		✓		Existing Policy to be updated and adopted to reflect the passing of the Protected Disclosures (Protection of Whistleblowers) Act 2022
<u>Procurement & Disposal</u>				
Review of Procurement Policy				Due July 2024
Review of Asset Disposal Policy				Due June 2025
<u>Fraud</u>				
Review of Fraud Policy				Due July 2024
<u>Risk Management</u>				
Review of Risk Management Charter		✓		New RM Policy drafted. To be considered by the Committee at a future meeting
Review of Business Continuity Framework & Policy		✓		Review implementation of Policy
<u>Financial Management</u>				
Treasury Management Policy				Due November 2024
RISK MANAGEMENT REPORTING				
Strategic Risk Register	✓	✓	✓	
Health and Safety		✓	✓	Regular H&S reporting to the Committee to be introduced
EXTERNAL AUDIT / REPORTING				
Annual Report Audit Plan		✓		TBC with Audit NZ
2022 Annual Report Audit Management Report letter		✓		
Interim Management Letter			✓	TBC with Audit NZ
Building Consent Authority Accreditation		✓		Due March 2023
Pool Safe		✓		Audit completed every February
INTERNAL AUDIT / REPORTING				
Sensitive Expenditure Review	✓		✓	Six-monthly
Litigation update				As required
Annual Report	✓		✓	2023 Annual Report likely needing approval in October 2023
Long-Term/Annual Plan Update	✓	✓	✓	As required