

ATTACHMENTS

Risk & Assurance Committee Meeting

13 September 2023

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**TAUPŌ DISTRICT COUNCIL
MINUTES OF THE RISK & ASSURANCE COMMITTEE MEETING
HELD AT THE COUNCIL CHAMBER, 107 TE HEUHEU STREET, TAUPŌ
ON FRIDAY, 7 JULY 2023 AT 9.30AM**

- PRESENT:** Mr Bruce Robertson (in the Chair, until 12.04pm), Mr Anthony Byett, Cr Anna Park, Mayor David Trewavas, Cr Danny Loughlin (in the Chair from 12.11pm, for items 6.1 and 6.2), Cr Rachel Shepherd, Cr Kevin Taylor
- IN ATTENDANCE:** Chief Executive (J Gardyne), General Manager People and Customer (L O'Brien), General Manager Operations and Delivery (A Moraes), Legal, Risk and Governance Manager (N McAdie), Finance Manager (J Paenga), Environmental Services Manager (J Sparks), Project Management Office Manager (P Fletcher), Infrastructure Project Manager (E May), Risk Manager (J Dale), Health, Safety and Wellbeing Manager (M McGill), Programme Manager (L Chick), District Aquatics Manager (P Ramsay), Executive Assistant (M Bennett), Governance Quality Manager (S James)
- MEDIA AND PUBLIC:** Audit New Zealand Audit Director, Mr Wikus Jansen van Rensburg (via MS Teams, for items 1-5.2)

The Independent Risk & Assurance Committee Chairperson, Mr Bruce Robertson welcomed everyone to the meeting. He referred to the Council workshop held the previous day, thanking attendees and noting that the discussion about risks had been a good starting point for Taupō District Council to build on going forward.

1 KARAKIA

Chairperson Mr Bruce Robertson recited an opening karakia.

2 WHAKAPĀHA | APOLOGIES

RACC202307/01 RESOLUTION

Moved: Mr Bruce Robertson
Seconded: Cr Rachel Shepherd

That the apologies received from Committee member Cr John Williamson and staff member Ms Sarah Matthews be accepted.

CARRIED

3 NGĀ WHAKAPĀNGA TUKITUKI | CONFLICTS OF INTEREST

Nil

4 WHAKAMANATANGA O NGĀ MENETI | CONFIRMATION OF MINUTES

4.1 RISK & ASSURANCE COMMITTEE MEETING - 19 MAY 2023

RACC202307/02 RESOLUTION

Moved: Cr Danny Loughlin
Seconded: Cr Anna Park

That the minutes of the Risk & Assurance Committee meeting held on Friday 19 May 2023 be confirmed as a true and correct record.

CARRIED

5 NGĀ RIPOATA | REPORTS**5.1 REPORT TO COUNCIL ON THE AUDIT FOR THE YEAR ENDED 30 JUNE 2022**

Chairperson Mr Robertson welcomed the Audit New Zealand Audit Director, Mr Wikus Jansen van Rensburg, who was present on MS Teams video.

The Finance Manager introduced the item and added that staff and Audit New Zealand auditors had discussed the status of some of the outstanding items earlier in the week, with a view to closing particular items off. Mr Jansen van Rensburg confirmed that Audit New Zealand and Council staff would continue to liaise on these outstanding items.

In answer to a question, Mr Jansen van Rensburg advised that the definitions of “urgent”, “necessary” and “beneficial” recommendations were included at the start of the Audit Report. Urgent items, if not resolved, had the potential to become significant issues and hold back the issue of a clean audit report.

In relation to the outstanding urgent item: *Water supply and wastewater median resolution times* (pp 12-13 of the agenda), the Finance Manager confirmed that the matter had been treated as urgent by staff, who had carefully considered what could be done to address the issue. Because recording of Downer response times was manual due to lack of integration with Council’s system, errors sometimes occurred and the item remained outstanding as a result. The Chief Executive added that management’s view was that there was nil negative operational impact to the community arising from this. Committee members accepted the explanation given in relation to the item and although it was acknowledged that the matter would continue to be raised by Audit New Zealand, no further action was required.

In relation to the outstanding item (necessary priority): *Sensitive Expenditure independence of approver* (pp 17-18 of the agenda), the Finance Manager advised that a new system had been implemented but was not working as well as it should be. Upcoming system changes to approval of travel and expense claims should address the issues. She added that internal policy required Mayoral and councillor travel to be approved at a Council meeting. Chairperson Mr Robertson recommended that sensitive expenditure should continue to be monitored quarterly.

In relation to the outstanding item (necessary priority): *Develop and test organisational business continuity plans (BCPs)* (pp 13-14 of the agenda), the Risk Manager advised that BCPs were in place for ICT, water and wastewater, but the plans were out-of-date. The Committee Chairperson requested an update on progress with Council’s BCPs at the next quarterly update; management needed to be held to account to ensure appropriate plans were in place to ensure business continuity in case of major events affecting the district.

In answer to a question about section 5 of the Report, Public sector audit (p 38 of the agenda), Mr Jansen van Rensburg advised that if auditors observed anything significant in the course of the audit, they would raise that with management. This could include probity matters for improvement, for example in the area of contract procurement.

RACC202307/03 RESOLUTION

Moved: Cr Danny Loughlin

Seconded: Mr Anthony Byett

That the Risk & Assurance Committee receives the Report to Council on the audit for the year ended 30 June 2022.

CARRIED

5.2 2023 ANNUAL REPORT AUDIT PLAN AND FEES STRUCTURE

Mr Jansen van Rensburg summarised key aspects of the audit plan for the audit of Taupō District Council for the year ending 30 June 2023. The following points were noted:

- Water and wastewater resolution response time recording would continue to be included in the audit.
- The revaluation of infrastructure assets, in particular roading and 'Three Waters' assets, would take considerable time to audit. There may be delays finalising the revaluations, but progress would be carefully tracked.
- Water services reform programme and water quality issues continued to be monitored across all councils in the country. It was acknowledged that there was still uncertainty in relation to water reforms.
- Two new accounting standards, PBE IPSAS 41 (Financial Instruments) and 48 (Service Performance Reporting) would apply.
- A flexible approach to the audit would be taken in order to meet the 31 October 2023 deadline. Any issues meeting timeframes would be discussed with Council management.

In answer to questions, the Finance Manager confirmed that the new accounting standards were not expected to create a lot of additional work for Taupō District Council.

Responding to another question, the Chief Executive advised that there were challenges in some parts of the organisation to meet audit timeframes, in particular the Finance team, with the audit and Long-term Plan work being undertaken concurrently; this was a risk to monitor. The Committee Chairperson suggested Audit New Zealand and Council continue to maintain a flexible and open approach to communication as the audit progresses.

Mr Jansen van Rensburg then addressed the Committee in relation to the audit fee. The following points were noted:

- Fees had not yet been finalised by the Office of the Auditor-General (OAG).
- Taupō District Council's audit fee was expected to increase by between 50-60% on last year's fee. This was in the middle of the range of increases for district councils.
- Reasons for the increase in audit fees included the cost of audit staff; staff mix including allocation of senior staff; and new standards to be implemented.
- Audit New Zealand's fee proposals for local government in New Zealand had been well thought through and were considered reasonable. The OAG would moderate and confirm final fees in due course.

The Finance Manager advised that the proposed increase equated to between \$70k-80k.

Members expressed dismay at the proposed increase to audit fees, particularly in light of the efforts made to keep the average rates rise to a minimum throughout the recent Annual Plan 2023-24 process. They decided to delegate authority to the Committee Chairperson and the Chief Executive to approve the final audit fee.

The Committee Chairperson thanked Mr Jansen van Rensburg for being communicative and up-front with Taupō District Council.

RACC202307/04 RESOLUTION

Moved: Cr Kevin Taylor

Seconded: Cr Danny Loughlin

That the Risk & Assurance Committee:

1. Approves the Audit Plan for the 2023 Annual Report Audit; and
2. Delegates authority to Chair of the Risk & Assurance Committee and the Chief Executive to approve the final audit fee.

CARRIED

5.3 POOLSAFE AUDIT - TAUPŌ AND TŪRANGI POOL COMPLEXES

The District Aquatics Manager presented the PoolSafe audit reports for the AC Baths and Tūrangi Turtle pool complexes and answered questions. The following points were noted:

- PoolSafe accreditors were individuals who had worked at a senior level in aquatics for at least two years. The assessor for the recent PoolSafe audit was external to Taupō District Council.
- The Mangakino pool was not audited because it was only operated seasonally. The lifeguards at the Mangakino pool held the same qualifications and operated under the same standard operating procedures as the lifeguards at AC Baths in Taupō and the Tūrangi Turtle pools.
- PoolSafe charged a fee to conduct the audit. The District Aquatics Manager would email the Committee with the cost.
- Hiring pool staff was currently challenging. This had been an industry-wide challenge since the Covid-19 pandemic. However, Taupō District Council had good 'wraparound' support for its staff, including lifeguards.

RACC202307/05 RESOLUTION

Moved: Cr Danny Loughlin
Seconded: Cr Rachel Shepherd

That the Risk & Assurance Committee receives the PoolSafe Accreditation Audit Report for the Taupō and Tūrangi Pool Complexes dated February 2023.

CARRIED

5.4 LONG-TERM PLAN 2024-34 UPDATE AND RISK REPORT

The Programme Manager summarised the report. In answer to a question, she advised that the Long-term Plan (LTP) risk assessment matrix was the same matrix used across the rest of the organisation. Council's Risk Manager had been involved in the creation of the LTP risk register. The Committee Chairperson added that Council's work analysing its strategic risks would feed into the LTP work, i.e. consideration of whether the strategic risks identified affect the material things Council is seeking to achieve through its LTP.

Members discussed the Long-term Plan process and the following points were noted:

- Elected members were still working on their strategy and vision, to inform the LTP. The next visioning session was scheduled to take place on Tuesday 11 July 2023.
- The desire to keep rates down would limit what Council could do through its LTP.
- Iwi engagement should include using Te Kōpu ā Kānapanapa and Te Mana Whakahono ā Rohe with Ngāti Tūrangitukua.
- Elected members appreciated receiving draft documents (for example the Infrastructure Strategy and asset management plans) to read prior to workshops; this would help streamline the process and save time.
- LTP planning assumptions included 'Three Waters' for the entire LTP period, as it was easier to remove those functions following expected government announcements about water reform, than add them in later in the LTP process.

In answer to a further question, the Programme Manager advised that the project was on track, with most tasks due by 30 June 2023 completed.

RACC202307/06 RESOLUTION

Moved: Cr Anna Park
Seconded: Mr Anthony Byett

That the Risk & Assurance Committee receives the report of Louise Chick, Programme Manager, titled Long Term Plan 2024-34 Update and Risk Report.

CARRIED

5.5 HEALTH, SAFETY AND WELLBEING REPORT

The Health, Safety and Wellbeing Manager summarised the report.

Members discussed the report and raised the following points:

- The Committee would be looking for a sense of systems and processes demonstrating an appropriate approach and culture to health, safety and wellbeing at Taupō District Council.
- Of the 13 critical safety risks identified, declining mental health and aggressive/abusive behaviours were of particular concern.
- The Committee would receive the KPMG report on the audit of Council's health and safety management system in due course.

RACC202307/07 RESOLUTION

Moved: Cr Rachel Shepherd

Seconded: Cr Danny Loughlin

That the Risk & Assurance Committee receives the Health, Safety and Wellbeing Report.

CARRIED

5.6 MONTHLY PERFORMANCE REPORT MAY 2023

The Finance Manager introduced the report, which had been received by Council at the meeting held on 27 June 2023.

Members discussed capital investment performance as set out on p 124 of the agenda. In answer to a question, the General Manager Operations and Delivery advised that open lines of communication between Elected Members and staff would ensure projects are prioritised appropriately for the organisation. The capital programme for the 2023-24 had been re-set, following application of a deliverability lens.

The Project Management Office Manager then addressed the Committee, with points noted as follows:

- The format of the report had been updated to include a 'scope' column.
- If a project's 'RAG' status was red, it was more likely that project benefits would not be realised.
- 77% of significant projects currently had a 'green' status.
- The significant projects list would be updated with 2023-24 projects to monitor.

RACC202307/08 RESOLUTION

Moved: Cr Anna Park

Seconded: Mr Anthony Byett

That the Risk & Assurance Committee notes the information contained in the Performance Report for the month of May 2023.

CARRIED

5.7 ADOPTION OF UPDATED PROTECTED DISCLOSURE (WHISTLEBLOWER) POLICY

The Risk Manager presented the updated Protected Disclosure (Whistleblower) Policy and procedures. In answer to questions, he advised that:

- To his knowledge, the policy had never been used.
- The updated documents had been reviewed by the Legal, Risk and Governance Manager.

Members agreed to adopt the updated policy and procedures, with one minor amendment to section 2 "Want to discuss with someone?", to delete the words "for some people" in the first sentence of that section.

The Committee Chairperson asked whether Taupō District Council had a 'speak-up culture', where people were encouraged to express their views and concerns within the organisation, to which the Chief Executive replied that while there was no formal speak-up programme, there were a range of ways for people to raise and discuss issues.

RACC202307/09 RESOLUTION

Moved: Mr Bruce Robertson

Seconded: Cr Kevin Taylor

That the Risk & Assurance Committee adopts the Protected Disclosures (Protection of Whistleblowers) Policy 2023, as amended.

CARRIED

5.8 CONFIRMATION OF TOP RISKS

A Council workshop had been held the day before (Thursday 6 July 2023) at which Elected Members had identified the following 10 strategic risks:

1. Underperforming Council
2. Failure to attract and retain a competent workforce
3. Ineffective relationships
4. Failure to plan and manage Council's finances
5. Failure of critical infrastructure
6. Health and safety at work
7. Non-delivery of projects
8. Compliance and legal liabilities
9. Failure to maintain ICT systems and secure records
10. Effects of climate change

Committee members agreed to note the outcome of the workshop; confirm the approach to defining the top risks for the forthcoming financial year; and request management to report back on the top risks, ensuring the risks are aligned and integrated.

RACC202307/10 RESOLUTION

Moved: Mr Anthony Byett

Seconded: Cr Danny Loughlin

That the Risk & Assurance Committee:

1. Notes the outcome of the prior day's risk seminar and confirms the approach to defining the top risks for 2023/24.
2. Requests management to report back on a complete analysis and evaluation of the top risks integrated across the organisation.

CARRIED

5.9 CHIEF EXECUTIVE UPDATE TO RISK & ASSURANCE COMMITTEE - CURRENT RISKS

Item **withdrawn**.

6 NGĀ KŌRERO TŪMATAITI | CONFIDENTIAL BUSINESS**RACC202307/11 RESOLUTION**

Moved: Cr Anna Park
 Seconded: Cr Kevin Taylor

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 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: 6.1 Confirmation of Confidential Portion of Risk & Assurance Committee Minutes - 19 May 2023	Section 7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons Section 7(2)(c)(i) - the withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied	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
Agenda Item No: 6.2 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

CARRIED

The meeting adjourned at this point (12.04pm) and reconvened at 12.11pm in confidence. When the meeting reconvened, Chairperson Mr Bruce Robertson was not present. Cr Danny Loughlin chaired the remainder of the meeting, being confidential agenda items 6.1 and 6.2.

The meeting closed at 12.40pm with a karakia recited by Cr Danny Loughlin.

Risk & Assurance Committee Meeting Minutes

7 July 2023

The minutes of this meeting were confirmed at the Risk & Assurance Committee meeting held on 21 September 2023.

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CHAIRPERSON



Project Quantum - Phase Three

Change, Communications and Training Strategy

Date: 1 August 2023

Prepared by Debbie Piggott, Change Manager – Digital Solutions

