

# **ATTACHMENTS**

**Audit & Risk Committee Meeting**

**30 October 2017**

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Audit &amp; Risk Committee Meeting Minutes

17 July 2017

**TAUPŌ DISTRICT COUNCIL  
MINUTES OF THE AUDIT & RISK COMMITTEE MEETING  
HELD AT THE COUNCIL CHAMBER, 72 LAKE TERRACE, TAUPŌ  
ON MONDAY, 17 JULY 2017 AT 10.00AM**

**PRESENT:** Mr Anthony Byett (in the Chair), Cr Barry Hickling, Mayor David Trewavas, Cr Rosie Harvey, Cr Anna Park

**IN ATTENDANCE:** Chief Executive, Group Manager: Community & Corporate, Group Manager: Finance & Strategy, Group Manager: Operational Services, Acting Group Manager, Business & Technology, Democracy & Community Engagement Manager, Corporate Solicitor, Risk Manager, Infrastructure Manager, Facilities Manager, Project Manager, Senior Communications Advisor and Democratic Services Officer

**MEDIA AND PUBLIC:** Taupō Weekender  
One member of the public  
Mr Fred Terblanche, Beca  
Ms Sophie Hay, PricewaterhouseCoopers

**1 APOLOGIES****AR201707/01 RESOLUTION**

Moved: Cr Barry Hickling  
Seconded: Cr Anna Park

That the apology received from Cr Rosanne Jollands be accepted.

**CARRIED****2 CONFLICTS OF INTEREST**

Nil

**3 CONFIRMATION OF MINUTES****3.1 AUDIT & RISK COMMITTEE MEETING - 15 MAY 2017**

In answer to questions from the Chairman, Group Managers advised that:

- The report on the topic of management of contractors and events from a health & safety perspective would be presented to the Audit & Risk Committee once finalised. An update had been provided as part of the health & safety report to the last Council meeting.
- The fees for the 2016-17 audit were within budget.
- An update on staff analysis of the results of the inquiry into the Havelock North water contamination would be brought to the next Audit & Risk Committee meeting.

**AR201707/02 RESOLUTION**

Moved: Cr Anna Park  
Seconded: Cr Rosie Harvey

That the minutes of the Audit & Risk Committee meeting held on Monday 15 May 2017 be confirmed as a true and correct record.

**CARRIED**

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**4 REPORTS****4.1 TAUPŌ DISTRICT COUNCIL CIVIC ADMINISTRATION BUILDING - RISK MANAGEMENT REPORT**

The Group Manager: Operational Services introduced Beca representative Mr Fred Terblanche and advised that Beca and Warren & Mahoney had been engaged to examine the risk profile for 72 Lake Terrace, Taupō.

Mr Terblanche made a powerpoint presentation (A2002173) and answered questions. The following points were noted:

- The risk assessment exercise had involved consideration of individual aspects and their cumulative effect. The risk profile for 72 Lake Terrace was assessed as being extreme.
- Mitigation strategies identified were (a) refurbish the existing building; (b) move to an existing building on another site; or (c) build a fit for purpose building on the current site or elsewhere. A new purpose-designed facility would best mitigate risks and maximise opportunities.

In answer to questions Mr Terblanche advised that:

- Whether a new fit-for-purpose building should be on the current site or elsewhere was not part of the terms of reference for this exercise.
- The assessors had looked at the global health & safety risks, rather than particular risks to different groups.
- The approach taken was in line with the New Zealand Standard for risk management/guidelines – i.e. the effect of risks on organisational objectives was central to the exercise, rather than consideration of the likelihood of certain events occurring.
- Part of the Council facility is to provide a post-disaster coordination function. The current building does not comply with IL4 earthquake standard and therefore Council's objectives for the building. The level of non-compliance/risk is at an extreme level.
- Risks had been identified in conjunction with Council staff.
- Potential future capital expenses were not considered as part of the context-setting/consequence ratings part of the exercise.

In conclusion the Group Manager: Operational Services confirmed that the independent report would be a valuable piece in the process going forward. The next steps would be a multi-criteria assessment of options complemented by consideration of costs of different possible alternatives.

**AR201707/03 RESOLUTION**

Moved: Cr Anna Park

Seconded: Mayor David Trewavas

That the Audit & Risk Committee receives the Taupō District Council Civic Administration Building – Risk Management Report dated 14 June 2017 (A1985484) and thanks the BECA representative for his presentation.

**CARRIED**

**4.2 RISK MANAGEMENT CHARTER REVIEW - PRICEWATERHOUSE COOPERS REPORT**

Ms Sophie Hay, Manager, PricewaterhouseCoopers spoke to the report. The following points were noted:

- Council's Risk Management Charter; supporting documents; and strategic and operational risk registers had been reviewed.
- Recommendations related to housekeeping matters, rather than fundamental issues.
- A risk management framework would support the policy by providing 'best practice' guidance. Some other councils used such a framework and this had helped them enhance their risk management culture.
- Taupō District Council's reporting of risks was some of the better reporting PricewaterhouseCoopers had seen recently. It was recommended that Council undertakes a tracking exercise so gross and treated

## Audit &amp; Risk Committee Meeting Minutes

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risks can be easily analysed at a glance.

In answer to questions Ms Hay advised that:

- A tailored risk management framework aligned with recent changes to risk management standards. It would provide a double-check as well as enhanced organisational awareness.
- Councils with a dedicated Risk Manager generally had better processes around risk.

In conclusion the Group Manager: Corporate & Community confirmed that a draft Risk Management Charter would be brought to the next Audit & Risk Committee meeting for consideration.

**AR201707/04 RESOLUTION**

Moved: Cr Barry Hickling

Seconded: Cr Anna Park

1. That the Audit & Risk Committee receives the PricewaterhouseCoopers report "Risk Management Framework for Taupō District Council" (A1985494) and thanks the representative for her presentation.
2. That the Audit & Risk Committee directs staff to incorporate PricewaterhouseCoopers recommendations into the ongoing review of the Risk Management Charter.

**CARRIED****4.3 RISK REGISTER UPDATE**

The Risk Manager summarised updates to the operational and governance risk registers. In response to questions he advised that:

- The 'asbestos in Council buildings' risk related to all buildings, not just 72 Lake Terrace, hence the difference between the residual risk on this register compared to that identified for 72 Lake Terrace in the recent Beca report.
- Asbestos Management Plans were required to be in place by April 2018. Council was working within that timeframe.

The Chairman requested that Council buildings be clearly identified in Asset Management Plans as appropriate.

Members agreed to update the risk rating of the 'employment of the CEO' on the governance register to 'low'.

**AR201707/05 RESOLUTION**

Moved: Cr Rosie Harvey

Seconded: Mayor David Trewavas

That the Audit & Risk Committee receives the report.

**CARRIED****4.4 REVIEW OF 2014 PROTECTED DISCLOSURES POLICY**

In answer to questions the Democracy & Community Engagement Manager advised that:

- Disclosure Managers included the entire Senior Leadership Group.
- The policy applied to employees and contractors only, not elected members.
- Staff were aware of the policy and new staff were given information on arrival.

**AR201707/06 RESOLUTION**

Moved: Mayor David Trewavas

Seconded: Cr Rosie Harvey

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That the Audit & Risk Committee adopts [with amendments] the 2017 Protected Disclosures Act 2000 Policy [A1988102].

**CARRIED**

#### **4.5 REVIEW OF THE STAFF CONFLICT OF INTEREST GUIDELINES**

The Democracy & Community Engagement Manager confirmed that no substantive changes were proposed to the Staff Conflict of Interest Guidelines. The register was up-to-date.

In answer to a question the Democracy & Community Engagement Manager advised that new employees were not required to sign a declaration, unless they regularly dealt with contractors as part of their role. All new staff were made aware of the guidelines. The Chief Executive added that potential conflicts of interest was a standard interview question.

#### **AR201707/07 RESOLUTION**

Moved: Mayor David Trewavas

Seconded: Cr Anna Park

That the Audit & Risk Committee receives the Staff Conflict of Interest Guidelines [A1987650]

**CARRIED**

#### **4.6 PROCUREMENT POLICY REVIEW**

Members discussed whether or not to include 'buy local' and 'wood first' components in Council's Procurement Policy. The following points were noted:

- One method of incorporating a 'buy local' component into a procurement policy was to put a premium in place, for example Clutha District Council's premium is 5% up to \$5,000.
- Another approach was to have a 'local impact' policy, like Auckland Council's.
- Generally speaking, most contracts under \$10k are awarded to Taupō locals.
- The definition of "local" would have to be carefully considered.
- Feedback to all tenderers was already part of Council's procurement process.

In answer to a question the Group Manager: Corporate & Community advised that staff would seek feedback from Clutha District Council in relation to how that Council's 'buy local' policy was working.

It was decided that both 'buy local' and 'wood first' concepts were worthy of further investigation. Staff would undertake more research and schedule a Council workshop to discuss if appropriate, before bringing back to the Audit & Risk Committee for further consideration.

#### **AR201707/08 RESOLUTION**

Moved: Mayor David Trewavas

Seconded: Cr Rosie Harvey

That the Audit & Risk Committee instructs staff to include a 'buy local' component and a 'wood first' component in the programmed review of Council's Procurement Policy.

**CARRIED**

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**4.7 AUDIT & RISK COMMITTEE SCHEDULE OF POLICIES FOR REVIEW****AR201707/09 RESOLUTION**

Moved: Cr Anna Park

Seconded: Mayor David Trewavas

That the Audit &amp; Risk Committee receives the Schedule of Policies for review (A1987425).

**CARRIED****5 CONFIDENTIAL BUSINESS****AR201707/10 RESOLUTION**

Moved: Mayor David Trewavas

Seconded: Cr Anna Park

**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
<b>Agenda Item No: 5.1</b> Confirmation of Confidential Portion of Audit & Risk Committee Minutes - 15 May 2017	Section 6(a) - the making available of the information would be likely to prejudice the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial	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 6
<b>Agenda Item No: 5.2</b> Risk Register Updates - Confidential Component	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)(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 closed at 11.36am.**

Audit & Risk Committee Meeting Minutes

17 July 2017

The minutes of this meeting were confirmed at the Audit & Risk Committee meeting held on 30 October 2017.

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CHAIRPERSON

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**INTERNAL AUDIT/REVIEW OF SENSITIVE  
EXPENDITURE FOR THE PERIOD  
01 January 2017 – 30 June 2017**

## **1. SCOPE OF AUDIT/REVIEW**

This audit/review was completed by analysing records of sensitive expenditure approved by staff in sensitive positions (those with over \$25K delegated financial authority as agreed with Audit NZ) during the last 6 months of the 2016/17 financial year. It was completed using information contained within the Electronic Purchase Order (EPO) system, claims for reimbursements through the payroll system and credit card purchases made on council credit cards.

The review looks at expenditure incurred within the categories identified in the current Sensitive Expenditure Policy adopted on 28 July 2015 being;

- Council Credit Cards
- Travel & Accommodation
- Entertainment & Hospitality
- Goods and Services
- Staff Support
- Other (Miscellaneous)

## **2. OBSERVATIONS**

### **2.1 Council Credit Cards**

While permitted by the current policy, the Chief Executive and Mayor have not been issued with Council credit cards. The Council has only 3 credit cards issued to staff under the provisions of section 7.3 of the policy and the use of these cards is strictly controlled and monitored as required by the current policy. All credit card purchases are monitored and reviewed by the Group Accountant and their team to ensure that the use of credit cards is in accordance with the policy with full monthly breakdowns of credit card purchases prepared and reviewed.

During the 6 months covered by this audit/review a total of 207 transactions were made on council credit cards with 63 of these directly related purchases that fall within the definition of sensitive expenditure. The balance of 144 transactions consist of day to day business expenses such as road user charge payments, radio licenses, Facebook charges etc. which payment by credit card is the most effective way of payment.

No variations from the policy were observed.

### **3.2 Section 8 – Travel & Accommodation**

214 incidents of expenditure were identified and reviewed for accommodation and travel. These consisted of 108 using the EPO system, 53 staff reimbursements through the payroll system and 53 were made using council credit cards and reviewed under that section.

Generally, all travel and accommodation is being booked through Customer Services with payment through the EPO system or council credit card and appears to meet the requirements of the policy.

Staff reimbursements to staff for travel & accommodation mostly related to reimbursements of taxis or shuttles and meals for staff and elected representatives while attending training courses or meetings in other towns and is generally unavoidable and acceptable.

The current policy does require shuttles to be used where practical in lieu of taxis. This requirement does not appear to be widely understood and followed and taxis appear to take preference over There still appears to be a strong preference for using taxis rather than shuttles by the majority of staff.

Two reimbursements were made for staff members for the use of private vehicles that did not appear to be consistent with the current Sensitive Expenditure Policy and the current Vehicle User Policy in that

no record of prior approval was recorded and the reasons identified were not consistent with the accepted reasons for using their own private vehicle.

### 3.3 Section 9 – Entertainment & Hospitality

39 incidents of expenditure were identified and reviewed for entertainment & hospitality. These consisted of 12 using the EPO system, 10 staff reimbursements through the payroll system and 17 were made using council credit cards and reviewed under that section.

No variations of the policy were identified.

### 3.4 Section 10 – Goods and Services Expenditure

No records of expenditure within this category were identified.

### 3.5 Section 11 - Staff Support & Welfare Expenditure

85 purchases for staff support and welfare were identified and reviewed. These were broken into 52 made using the EPO system, 15 staff reimbursements through the payroll system and 18 made using council credit cards and reviewed under that section.

No variations from the policy were observed.

### 3.6 Section 12 – Other Types of Expenditure (Donations, Koha & Gifts)

Due to the broad description in the policy for donations and Koha, sponsorships and grants were included and reviewed. 32 expenditures were identified with 24 being made using EPOs, 6 staff reimbursements through the payroll system and 2 made using council credit cards and reviewed under that section.

Three purchases of gifts made using the EPO system and one staff reimbursement for gifts did not identify who the recipients were and simply identified them as delegations. While the giving of gifts to various delegations is consistent with the activity involved, for audit purposes compliance with the policy could not be confirmed on the information obtained.

No other variations from the policy were identified.

### 3.7 Other Miscellaneous

While not a specific section in the policy the principles detailed in part 1 (sections 1 – 6) were considered and using these principles. 31 expenditures were identified with 14 purchases made using the EPO system, 16 staff reimbursements made through the payroll system and 1 expenditure made using council credit cards and reviewed under that section.

By far the single most common expenditure or reimbursement was for food and refreshments which equated to 12 of the EPOs and 14 reimbursements. No issues were identified with expenditure completed using the EPO system and Council credit cards.

However a number of issues were identified with staff reimbursements particularly relating to the requirements of the policy that require expenditure decisions to;

- Have a justifiable business purpose.
- Be moderate and conservative, having regard to the circumstances.
- Be made transparently.
- Be appropriate in all respects [ie are justified and preserve Council's good reputation].

It is difficult to consider reimbursements for lunches, drinks (coffees, teas, water etc.) while outside the district for activities such as viewing facilities and systems of other Councils as being appropriate, conservative and moderate or having a justifiable business purpose. Most of these incidences are minor but never the less demonstrated poor judgement and most certainly would fail the appropriateness test.

### **3. SUMMARY**

Apart from some minor issues with descriptions on electronic purchase orders, these and credit card purchases appear to be working well and the outcomes are consistent with the sensitive expenditure policy.

Reimbursements through the payroll system are continuing to provide inconsistencies with the current policy. While these reimbursements are required to be approved by persons in sensitive positions in most cases and the Sensitive Expenditure Policy Part 3.1 states, "Overall responsibility for this policy rests with the Mayor, Councillors and the Senior Leadership Group [SLG], this group must make it clear to staff what is and is not acceptable sensitive expenditure and model those behaviours to the highest standard." There would appear some work needed to ensure all staff are aware of their responsibilities.

Recommendations from previous reports do not appear to have been implemented and variations from the policy are still occurring.

#### **Strong Recommendation 1 – Purchasing of gifts for delegations or guests of the Council.**

As raised in earlier reports it is **strongly recommended** that the Council maintains a register of gifts it has purchased in advance and presented to guests of the Council. This register should identify the type of gift, its value, how and when the gift was purchased, the date and reason the gift was given.

#### **Management Response**

*Agreed. Staff have been instructed to establish a gift register to record gifts given as well as those received.*

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#### **Strong Recommendation 2 – Reimbursements for the use of private vehicles**

As raised in earlier reports it is **strongly recommended** that the organisation adopts a system where all the requirements of the policy for the reimbursements where private vehicles are used clearly identifies prior approval being obtained, the reasons why a private vehicle is being used and why other travel means (including Council owned vehicles) is not practical or cost effective. This information should be included with the approval for reimbursement.

All staff with delegated financial authority need to be aware of the requirements around reimbursements for the use of private vehicles.

#### **Management Response**

*Agreed. The processes for approval and reimbursement for private use of vehicles are being reviewed and updated. Additional training has been given to all second and third tier managers.*

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#### **Strong Recommendation 3 – Use of taxi's and shuttles**

As raised in earlier reports it is now **strongly recommended** that all staff be made aware of the expectation that where available and suitable, public transport or shuttle bus services should be used. Taxi services should not be used unless there are no other suitable services available or where it is shared and the costs are cheaper than alternatives.

Reimbursements should only be made for the cost of the cheapest suitable option.

**Management Response**

*Agreed. Additional training has been given to all second and third tier managers. Currently reviewing current processes to improve how this is managed.*

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**Strong Recommendation 4 – Providing meals and refreshments while on Council business**

As raised in earlier reports it is now strongly recommended that the Council review its current practices and policies on supplying staff with food and refreshments or reimbursing staff for supplying their own when they are working either in or out of the district. The review should consider and identify when food and refreshments are justifiable and the what type of food and refreshments meet the requirements of the policy in that they

- Have a justifiable business purpose.
- Be moderate and conservative, having regard to the circumstances.
- Be made transparently.
- Be appropriate in all respects [ie are justified and preserve Council's good reputation].

**Management Response**

*Agreed. Recommended changes to Sensitive Expenditure for meals/food and refreshments to have been developed and will be put to the Audit and Risk Committee to consider*

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**Strong Recommendation 5 – Provide additional training for staff on the Sensitive Expenditure Policy**

Complete new or refresher training to all staff on what is sensitive expenditure and the procedures they must follow when undertaking any sensitive expenditure within the next 3 months.

**Management Response**

*Agreed. Refresher training for second and third tier managers planned. Proposed updates to current policy will be communicated to staff once approved.*

Signed: \_\_\_\_\_ Reviewed: \_\_\_\_\_  
Risk Manager Date Group Manager Date  
Corporate & Community

First adopted:	16 July 2011
Next review date:	
Document number:	
Sponsor/Group:	Chief Executive



# **Sensitive Expenditure Policy Review 2017**

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**Definition - Sensitive Expenditure** is any Council expenditure where there may be a perceived personal benefit to elected members or staff, or expenditure that could be considered unusual for a Council is deemed to be sensitive expenditure.

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.

### Introduction

The purpose of this policy is to:

- Set out clearly the principles and decision guidelines for sensitive expenditure.
- Set out clearly defined parameters for sensitive expenditure.
- Ensure that sensitive expenditure is assessed, authorised and reviewed consistently for all elected members and staff.

The policy has been divided into two parts.

**Part One** – Section 2-6 outline the broad principles and controls associated with sensitive expenditure.

**Part Two** – Section 7-12 cover the specific areas where sensitive expenditure may be incurred:

- ~~Council Credit Cards.~~
- Travel and Accommodation.
- Meals/Food & Refreshments
- Entertainment and Hospitality.
- Goods and Services.
- Staff support and welfare expenditure
- Gifts

This policy applies to all elected members, staff and contractors of the Taupō District Council.



**Part One: Principles and Controls****1 Principles**

- 1.1 Council is spending public money consequently all expenditure should be subject to a standard of probity and financial prudence expected of a local authority and be able to withstand public scrutiny.
- 1.2 Expenditure decisions should:
  - Have a justifiable business purpose.
  - Preserve impartiality.
  - Be made with integrity.
  - Be moderate and conservative, having regard to the circumstances.
  - Be made transparently.
  - Be appropriate in all respects [ie are justified and preserve Council's good reputation].

**2 Deciding when sensitive expenditure is appropriate**

- 2.1 In deciding what appropriate sensitive expenditure is, elected members and Council staff need to take account of both individual transactions and the total amount of sensitive expenditure.
- 2.2 Even when sensitive expenditure decisions can be justified at the item level, the combined amount spent on a category of expenditure may be such that, when viewed in total, Council could be criticised for extravagance and waste.

**3 Responsibilities of the Mayor, Councillors and Senior Managers**

- 3.1 Overall responsibility for this policy rests with the Mayor, Councillors and the Senior Leadership Group [SLG]. This group must make it clear to staff what is and is not acceptable sensitive expenditure and model those behaviours to the highest standard.
- 3.2 It is the responsibility of all elected members and staff to ensure that they are familiar with and apply this policy to all sensitive expenditure they may incur.

**4 Controls and judgement**

- 4.1 In the absence of a specific rule for a given situation, ~~the Mayor, Councillors and SLG~~ all elected members and staff are expected to exercise good judgement by taking the principles in this policy into account in the context of the given situation.
- 4.2 ~~The Mayor, Councillors and SLG~~ All elected members and staff are required to ensure transparency in both sensitive expenditure and remuneration systems, to avoid any trade-off between the two. Items of expenditure that may not be justified under the principles of this policy should not be included as part of an employee's remuneration for the purposes of avoiding scrutiny against sensitive expenditure principles.

**5 General controls**

- 5.1 All claims must be submitted promptly with full details of the expenditure after the expenditure is incurred. Full details are to include the date and time of expenditure, the reasons for the expenditure and who benefited from the expenditure. Except in exceptional circumstances this means within one month.
- 5.2 Sensitive expenditure will only be reimbursed if it is deemed to ~~be reasonable, actual and~~ comply in full with this policy and has been incurred directly in relation to the Taupō District Council business.
- 5.3 Valid, original GST compliant invoices/receipts and other supporting documentation must be maintained/submitted for all sensitive expenditure. Credit card statements and EFTPOS receipts do not constitute adequate documentation for reimbursement.
- 5.4 Unless expressly authorised by a Group Manager, no reimbursements shall be made unless all general control requirements are met in their entirety.
- 5.5 ~~All claims must clearly state the business purpose of the expenditure where it is not clear from the supplier documentation supporting the claim and~~
- 5.6 ~~All claims must document the date, amount, description, and purpose for minor expenditure [≤\$20] when receipts are not available.~~

## 6 Approval of sensitive expenditure

- 6.1 ~~Must only be given where the person approving the expenditure is satisfied that a justified business purpose and other principles have been adequately met~~ the expenditure complies with this policy in all respects.
- 6.2 ~~Must be given~~ and recorded ~~before the expenditure is incurred, wherever practical.~~
- 6.3 ~~Must be made strictly within delegated authority and only where budgetary provision exists.~~
- 6.4 ~~Must be given by a person senior to the person who will benefit or might be perceived to benefit from the expenditure, wherever practical.~~
- 6.5 ~~Expenditure incurred by the Mayor or other elected officials [not explicitly approved by Council], will be reviewed by the Chief Executive for compliance with this policy.~~
- 6.6 ~~In the case of SLG the "one up" principle must be applied to the maximum extent possible. However, in the case of the Chief Executive approval is required from the Group Manager Finance, Regulatory & Infrastructure.~~

## 7 Council credit cards

- 7.1 The issue of credit cards to the Mayor and Chief Executive is authorised under this policy.
- 7.2 The Chief Executive may approve the issue of additional cards to staff where appropriate.
- 7.3 Before authorising the issuing of additional cards the Chief Executive must be satisfied that they are strictly necessary to cover either regular travel or for administrative efficiencies, eg payment of properly authorised purchases from overseas.
- 7.4 The use of Council credit cards for 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.
- 7.5 The use of credit cards shall comply in all respects with the policy requirements specified for specific areas of expenditure (part two)
- 7.6 Online purchases must comply with Councils normal purchasing policies and controls and reflect good security practices.
- 7.7 Credit card payments must be authorised like other invoices and in accordance with the Delegations Manual.
- 7.8 All credit card transactions must be supported by original documentation to explain and corroborate transactions. The business reason and other parties [if any] must be recorded along with the purpose of the meeting for all entertainment and travel transactions.
- 7.9 ~~In approving the issue of a card the Chief Executive will also confirm the approved credit limit in accordance with the Delegations Manual. The credit limit will be set based on the minimum amount necessary to enable the cardholder to undertake their Council duties.~~
- 7.10 ~~Credit card use is monitored monthly by the Financial Accountant. The approval process must be structured in accordance with the final paragraph of the Section 6 [Part one]. Items will be coded by the card holder for posting in the accounting system.~~
- 7.11 ~~On the card holder's termination of employment the card will be returned to the Financial Accountant who will arrange with the bank to cancel and physically destroy the card.~~
- 7.12 ~~Credit card payments over the internet need to reflect good security practice.~~
- 7.13 ~~Purchase only from established reputable companies known to Council.~~
- 7.14 ~~The card holder must print out and keep a copy of the online order form and invoice to support the payment.~~

## Part Two: Specific Areas of Expenditure

## 8 Travel and Accommodation

- 8.1 Elected members and Council staff may need to incur travel and accommodation costs while conducting legitimate Council business elsewhere in New Zealand or overseas. Expenditure should be economical and efficient, having regard to purpose, distance, time, urgency and personal health, security and safety considerations.

Air travel

- 8.3 To the extent practicable, air travel is to be booked well ahead of the actual travel date, so the expenditure is the most cost-effective possible.
- 8.4 Discounted economy or economy class and/or a discount airline is to be the first choice for journeys where the uninterrupted flight time is 5 hours or less, except where the distance or hours travelled, work schedule on arrival, or personal health, safety or security reasons make business class preferable. In all circumstances first class travel is prohibited.
- 8.5 Council payment for membership of airline travel clubs eg Koru Club requires the express approval of the Chief Executive. Membership must be supported by a clear business purpose and reviewed annually.
- 8.6 Loyalty rewards from air points [or other loyalty schemes] accruing to elected members and staff carrying out their official duties remain the benefit of the Council provided the use of carriers supplying air points does not result in Council incurring additional costs. Air points may be used by individuals as quid pro quo for time of travel outside work hours and in recognition that membership of air points is an individual choice.

Meals and Accommodation

- 8.7 To the extent practicable, accommodation is to be booked well ahead of the actual travel date, so the expenditure is the most cost-effective possible. This must take into account the location of the accommodation relative to the event, the standard of the accommodation [which should be modest] and security issues. The use of "5 star" or "luxury" accommodation requires the express approval of the Chief Executive, prior to the booking being confirmed.
- 8.8 Wherever possible use is to be made of Council's preferred suppliers and negotiated corporate rates.
- 8.9 Where any staff member chooses to stay in private accommodation reimbursement will be made directly to the hosts.
- 8.10 ~~Council will pay for only one beverage [alcoholic or non-alcoholic] with an evening meal [eg one glass of wine or non-alcoholic beverage, one can or one small bottle of beer]. Casual drinks before or after the evening meal are to be paid for by an elected member or staff member. Refer to Entertainment and Hospitality.~~
- 8.11 Costs of Minibars/Videos will not be reimbursed by Council.
- 8.12 All charges for business related telephone calls, faxes, email and internet access made by an elected member or staff member while travelling on Council business will be reimbursed.
- 8.13 Accommodation check out times are to be observed. In the absence of extenuating circumstance, any additional costs as a result of failing to check out on time are the responsibility of the elected member or staff member.
- 8.14 Reasonable expenses will be met for unexpected events eg overnight expenses due to a cancelled plane flight.
- 8.15 Reasonable meal costs will be met when associated with out of town overnight stays. Separate meal expenses will not be met where a meal has been provided as part of the meeting, conference, training etc. Refer to Meals/Food and Refreshments

Taxis, Shuttles and Rental Cars

- 8.16 Council expects staff to use the most effective and efficient in the circumstances. The decision as to what is the most cost effective and efficient and how it is to be paid for should be made in advance and approved by the appropriate Group Manager The use of taxis to be moderate, conservative and cost effective relative to other transport options. Wherever practicable and cost effective, shuttle, bus services or Uber are to be used in lieu of taxis.
- 8.17 Taxi cards are only to be used in an individual's name and require the express approval of the Chief Executive. All use of taxi cards/chits is to be transparent with the purpose of each trip recorded on the account.
- 8.18 Rental cars are only to be used if it is impracticable or uneconomic to use a Council vehicle. Council requires that the most economical type and size of rental car be used, consistent with the requirements of the trip. ~~Rental cars are only to be used if it is impracticable or uneconomic to use~~



~~a Council vehicle.~~ Any fine [parking or traffic offences] incurred while using a rental vehicle are the responsibility of the driver.

- 8.19 Private use of a rental car is only permitted in exceptional circumstances and requires the express approval of the Group/Strategic Manager or Chief Executive. All additional costs as a result of private use are the responsibility of the elected member or staff member.

#### Council Vehicles

- 8.20 ~~Council vehicles [except those provided explicitly under a remuneration arrangement] are not available for private use. Any fines [parking or traffic offences] incurred while using a Council vehicle are the responsibility of the driver unless the fines relate to an aspect of the condition of the vehicle outside the driver's control. Full details on the provision of and use of Council vehicles are contained in the Council's 'Vehicle User Policy'.~~

#### Use of Private Vehicles

- 8.21 Council will not pay for travel by private motor vehicle where travel by other means is more practical and cost effective. Staff are expected to always use a Council vehicle for Council business if one is available.
- 8.22 Without exception, pre-approval is required from a Senior Leadership Group member or a third tier manager in advance, in all instances where reimbursement by Council is claimed. ~~Where the use of a private vehicle is pre-approved, mileage reimbursement for running costs will be made in accordance with the current Council vehicle policy.~~ Approval to use a private vehicle is conditional upon the owner having The vehicle owner must ensure that they have appropriate insurance cover for the vehicle while it is being used on Council business. The Council accepts no liability for insurance, any fines [parking or traffic offences] incurred while using a private vehicle on Council business. These are strictly are the responsibility of the driver.
- 8.23 All reimbursement claims for use of a private motor vehicle must be made on the appropriate Council form and at the approved rates.

#### Other Travel and Accommodation issues

- 8.24 The use of communications technology [eg cell phones, telephones, email and internet access] should be moderate. Reasonable private use to clear email and communicate with family members is permitted.
- 8.25 Private travel [extended travel] linked with official Council travel. Elected members and staff with the express approval of the Mayor or Group/Strategic Manager [as applicable] may undertake private travel before, during or at the end of Council travel, provided there is no additional cost to Council and the private travel is only incidental to the business purpose of the travel.
- 8.26 As a general principle, travel cost of accompanying spouses, partners or other family members are a personal expense and will not be reimbursed by Council. In those rare instances where the involvement of a spouse directly contributes to a clear business purpose and pre-approval has been obtained, then Council may contribute to all or part of the additional costs.
- 8.27 The cost of stopovers will only be reimbursed where they are pre-approved and have a clear business purpose.
- 8.28 Council will not reimburse elected members or staff for tipping while they are on business in New Zealand. Council will reimburse elected members and staff for low to moderate tipping during international travel only in places where tipping is local practice.

### **9 Meals/Food and Refreshments**

- 9.1 Breakfasts and evening meals will only be provided or reimbursed if staff are staying out of town overnight or there is an early/late departure or return. (What constitutes an early/late departure or return will vary according to an individual's circumstances, but generally fall outside 6.30am – 7.30pm.)
- 9.2 Lunch and other food/refreshment expenses will only be approved or reimbursed if staff are hosting an external person or people and this has been pre-approved by a member of the Senior Leadership Group

- 9.3 Council will pay for only one beverage [alcoholic or non-alcoholic] with an evening meal [eg one glass of wine or non-alcoholic beverage, one can or one small bottle of beer]. Casual drinks before or after the evening meal are to be paid for by an elected member or staff member. Refer to Entertainment and Hospitality.

## 10 Entertainment and hospitality

- 10.1 Entertainment and hospitality can cover a range of items from tea, coffee and biscuits to meals and alcohol. It also includes non-catering related items, such as Council funded entry to sporting or cultural events.
- 10.2 There are five business purposes for Council providing entertainment and hospitality:
- Building relationships.
  - Representing the organisation.
  - Reciprocating hospitality where there is a clear business purpose and is within normal bounds – acceptance of hospitality is expected to be consistent with the principles and guidance for provision of hospitality.
  - Recognising significant business achievement.
  - Building revenue.
- 10.3 Supporting the Council's internal organisational development may in some circumstances also be a legitimate business purpose for moderate expenditure.
- 10.4 The principles of a justified business purpose, moderate and conservative expenditure should be applied.
- 10.5 All entertainment and hospitality expenditure must be pre-approved where practical and always supported by clear documentation. This documentation must identify the date, venue, costs, recipients and benefits derived and/or reasons for the event. The most senior person present [with delegated authority] should approve and confirm the expenditure as being appropriate.
- Expenditure on liquor will only be approved when consumed along with food and the amount involved is reasonable and moderate.

## 11 Goods and services expenditure

### Disposal of surplus assets

- ~~10.1 This section covers obtaining, disposing or using goods and services that are not covered by the terms and conditions of employment.~~
- ~~10.2 All disposals are to be handled in a manner that ensures that personal judgment or integrity is not compromised.~~
- ~~10.3 Where disposal to elected members or staff is approved by the Chief Executive, the following principles shall apply:~~
- ~~• Staff involved in disposing of the asset shall not benefit from the disposal.~~
  - ~~• All assets identified for disposal to staff shall be valued and subject to a tender or other process that is appropriate to the value of the asset.~~
  - ~~• Assets shall not be disposed of at a discounted rate to elected members or staff if a greater value could be realised by an alternative method of sale.~~

### Loyalty reward scheme benefits/prizes

- 10.4 Council treats loyalty rewards accruing to staff carrying out their official duties as the property of Council.
- 10.5 Staff must apply, as far as practicable, those loyalty rewards only for the benefit of Council.
- 10.6 Council requires that staff keep a record of loyalty rewards accrued and applied for the benefit of Council, and regularly supply the Group/Strategic Manager with a report of this record.
- 10.7 Staff leaving Council with unapplied loyalty rewards are to transfer the benefits to Council or buy the supplied rewards from Council at the market rate. Where neither of these is practicable, arrangements are to be made with supplier to cancel the unapplied rewards.
- 10.8 Where a reward/prize is obtained by chance and without inducement, it may be retained by the individual otherwise it will be the property of Council

- 10.9 Generally, prizes received from a free competition entry obtained while undertaking Council business are also considered a loyalty or reward scheme for the purposes of the Council policy with the exception of:
- 10.10 Air Points schemes, these are covered under section 8.5 of this policy.
- 10.11 Prizes received from competitions at training or conference events or through membership of professional bodies are treated as the property of the individual. However where their value exceeds \$100 they are to be disclosed to the manager or supervisor.
- 10.12 In situations where receiving a prize or loyalty reward could be perceived as inappropriate, even if Council rather than the individual would benefit from it, Council expects the prize or reward to be declined.

#### Private use of Council assets

- 10.13 ~~Any physical item owned, leased or borrowed by Council is considered an asset for the purpose of this policy. This includes photocopiers, telephones, cell phones, cameras, means of accessing the internet<sup>1</sup>, vehicles, equipment and stationery.~~
- 10.14 ~~Private use for personal purposes will only be permitted in limited circumstances and prior approval must be obtained from manager or supervisor.~~
- 10.15 ~~The costs to Council of private use will be recovered, unless it is impractical or uneconomic to separately identify those costs.~~
- 10.16 ~~The use of Council assets in any private business that any elected member or staff member may operate is strictly prohibited.~~

#### Council use of private assets <sup>2</sup>

- 10.17 Council may decide that reimbursing staff for use of private assets is appropriate for reasons such as cost, convenience or availability. Council may also decide to do this in circumstances where it would not fully use an asset of the same type if it acquired it directly. Examples include private motor vehicles, private cell phones and private computers.
- 10.18 Pre-approval by the Group/Strategic Manager is required. In assessing the request the Group/Strategic Manager will pay particular attention to the principles of a justified business purpose and preserving impartiality and integrity.
- 10.19 Staff members must not approve or administer payments to themselves for the Council's use of their private assets.

#### Private use of Council suppliers

- 10.20 Council, in limited circumstance, enables staff to obtain goods or services from a supplier on the same or similar basis to Council, and staff are thus able to obtain the goods or services at a discounted price not otherwise available to them. This is treated as the private use of official procurement processes.
- 10.21 The selection of suppliers must be in Council's interest and not affected by the availability or possibility of purchasing privileges for staff.
- 10.22 Staff may make moderate use of any preferential access to goods or services through Council's suppliers under the following conditions:
- 10.23 Staff involved in the selection of preferred suppliers requires the Group/Strategic Managers express approval for all orders.
- 10.24 All orders are to be used on a cash sale basis only and the staff member must pay in full for the goods and services directly to the supplier at time of supply.
- 10.25 Staff may not use Council purchasing privileges on behalf of any third party. This includes family members or friends.

<sup>1</sup> Council's policies on general and personal use of communications equipment is contained within Council's 'Information Systems & Technology User Policy'

<sup>2</sup> The main issue associated with Council's use of private assets is the risk of the Council paying or reimbursing amounts that inappropriately benefit elected member or staff member.

- 10.26 In rare circumstances a Council order may cover expenditure with a personal component eg travel or accommodation booking. In this case payment to Council for the personal component must be made on the confirmation of the cost or the receipt of the invoice from the supplier [whichever is the earlier].
- 10.27 Elected members may have preferential access to goods or services through Council's suppliers on the same basis as staff, provided there is no real or perceived conflict of interest.

## 11 Staff support and welfare expenditure

### Clothing

- 11.1 Other than official uniforms and health and safety-related clothing, elected members or staff will not be clothed at the Council's expense, when they are engaged in a normal business activity.

### Care of dependants

- 11.2 Care of dependants is a personal and private expense of staff members. In exceptional circumstances, the Chief Executive may authorise the reimbursement of actual and reasonable costs. Examples of this might include when a staff member is unexpectedly required to perform additional duties at very short notice, or when a dependant unexpectedly requires additional care that the staff members cannot provide at that time due to the nature of their duties.

### Financing Social Club activities

- 11.3 Council may make a prudent and reasonable monetary contribution to a social club[s]. This may be in the form of an all-purpose grant towards the club's annual budget, or it may be a grant or subsidy for a specific event.

### Farewells, long service and retirements

- 11.4 Expenditure on farewells, long service and retirements includes spending on functions, gifts and other items and should not be extravagant or inappropriate to the occasion and be pre-approved by the Group/Strategic Manager.

### Sponsorship of staff or others

- 11.5 Staff taking part in an activity that is not part of their job – such as a sporting event – may be sponsored by Council through the provision of, or payment for, goods or services [for example, a t-shirt or an entry fee].
- 11.6 Sponsorship should have a justified business purpose, which could include both publicity for the Council and its objectives and organisational development. The cost to Council must be moderate and conservative. If the sponsorship does not have justified business purpose, the cost is a donation.
- 11.7 Sponsorship will be provided through a social club rather than directly to the staff member if required.
- 11.8 Sponsorship of people who are not staff must be undertaken in a manner that is transparent. It is also preferable that, if non-staff are sponsored, the sponsorship is of an organisation they belong to, rather than directly of the individual.

## 12 Other types of expenditure **Donations & Gifts**

### Donations & Koha

- 12.1 A donation/koha is a payment [in money or by way of goods or services] made voluntarily and without the expectation of receiving goods or services in return.
- 12.2 Council requires donations to be:
- Lawful in all respects.
  - Disclosed in aggregate in the Council's annual report.

- Made to a recognised organisation by *normal commercial means* [not to an individual].
- Not in cash [except as a koha and with the express approval of the Group/Strategic Manager]
- Non-political.

12.2 The amount of koha given on behalf of Council should reflect the occasion and the prestige of Council in its relations with Tangata Whenua and approved by the relevant Group/Strategic Manager on advice from the Strategic Relationships Manager.

#### Elected Members Giving Gifts

- 12.3 Gifts may be given to promote international relations when gift-giving is customary, or when the Mayor has assessed the specific purpose or occasion warrants gift-giving.
- 12.4 The value of the proposed gift must not be inappropriate or excessive to the occasion or reason for it being given.
- 12.5 Gifts with a monetary value exceeding \$100 must be recorded on Taupō District Council's Gift Register with details of who they were given to and the reasons for the gift.

#### Staff Giving Gifts

- 12.6 The giving of gifts up to \$300 requires the approval of relevant Group/Strategic Manager. Any gift over this amount requires the approval of the Chief Executive and/or Council.
- 12.7 The giving of gifts must be appropriate, transparent and reasonable.
- 12.8 Gifts with a monetary value exceeding \$100 must be recorded on Taupō District Council's Gift Register with details of who they were given to and the reasons for the gift.

#### Receiving of Gifts

- 12.9 The receiving of a gift is not strictly sensitive expenditure however it nevertheless is a sensitive issue.

#### Elected Members Receiving Gifts

- 12.8 Gifts may be accepted by Taupō District Council as an organisation except when acceptance could be perceived as a means of influencing a Council decision-making process.
- 12.9 All gifts are the property of Taupō District Council, as an organisation, and the Mayor must be advised of the gift, except where individual elected members are given infrequent, inexpensive gifts such as pens, badges, or flowers etc.
- 12.10 Gifts with an estimated monetary value exceeding \$100 must be recorded on Taupō District Council's Gift Register and the Mayor will determine how they should be used or distributed.
- 12.11 Where it is necessary, in the circumstances, to decline a gift, the following steps should be taken in order to preserve the relevant working relationships of Taupō District Council and the person or organisation involved:
- Thank the person or organisation for the gesture of the gift and acknowledge Taupō District Council's appreciation; and
  - Explain that due to Taupō District Council's policy, the gift cannot be accepted.
- 12.12 In no circumstances should an elected member accept cash, or solicit a gift by virtue of their position. Refer also to the Code of Conduct for Elected Members, "Benefits, Expenses and Resources".

#### Staff Receiving Gifts

- 12.13 Council staff are permitted to accept gifts if they are infrequent and inexpensive and are openly distributed by suppliers and clients. [eg pens, badges, flowers etc].
- 12.14 Infrequent is defined as no more than three times in any 12 months period and inexpensive as having a monetary value of less than \$100. In all instances staff must inform their manager or supervisor that they have received a gift for service or appreciation.



- 12.15 The acceptance and retention of any gift with an estimated monetary value exceeding \$100 by Council staff must have the express approval of the relevant Group/Strategic Manager and be recorded in Taupō District Council's Gift Register [A911421].
- 12.16 In no circumstances should a staff member accept cash, or solicit a gift by virtue of their position.

#### **Invitations to a social function or event**

- 12.17 From time to time elected members/staff will be invited to social events so that they can build appropriate business relationships. The decision as to whether to accept the invitation requires consideration of whether attendance would:

- Benefit a business relationship of Taupō District Council;
- Be consistent with the guiding principles of this policy set out in part one or
- Could be perceived as a means of influencing a Council decision-making process.

- 12.18 Members/staff must be aware of the line between appropriate relationship building and compromise, and should consult with the Mayor or Chief Executive in cases of doubt as to whether to accept an invitation to an event.

The invitation, and its acceptance or otherwise, should be recorded in the Taupō District Council's Gift register [A911421].

#### **Corporate Boxes**

- 12.19 Although the purchase or hire of a corporate box for a season/year can in some circumstances be seen to be of business benefit, purchase or hire is not considered appropriate for Council.

### **13 Distribution and Communication**

- 13.1 This policy will be published on Council's intranet and internet (under Council Policies). In addition, Senior Management will regularly communicate the existence of this and related policies to all current and new staff.

### **14 Policy Review**

- 14.1 This policy will be reviewed on a three yearly basis by the Chief Executive.

### **15 Other Relevant Policies**

- 15.1 This policy must be read in conjunction with the following policies:

Code of Conduct (staff work rules) [A937746]  
 Code of Conduct (elected members) [A1230251]  
 Protected Disclosure Policy [A1230839]  
 Fraud Policy [A1152577]  
 Conflict of Interest (staff) [A1208923]  
 Expenses & Remuneration Policy 2013 [A114554]  
 Vehicle User Policy [A1096753]  
 Delegations Manual [A1075663]  
 Information Systems & Technology User Policy  
 Long Service Recognition  
 Expenses, work related travel

**RISK MANAGEMENT CHARTER 2017/18****1. CONTEXT**

Taupō District Council is a local authority which operates in a highly visible and accountable political and statutory environment and is committed to good corporate governance through risk management. Council's high level goals and objectives are established through Statute and consultation with the community and are principally documented in Council's Long Term Plan and Annual Plan. Council's performance relative to those goals and objectives is assessed and reported on through the preparation of an Annual Report.

The management of risk is integral to achieving Council's mission as outlined in its Long Term Plan:

- It enables the incorporation of contemporary risk management initiatives across all levels of the Council;
- It facilitates and initiates innovation, co-operation and sharing of resources; and
- It enhances Council's programs of economic development, environmental management, urban enhancement, community well-being, quality management and customer service.

Many of the Council's Key values have relevance to the Risk Management Charter:

- Concern for citizens;
- Respect for the rights of others; and
- Responsiveness to customer needs.

**2. DEFINITIONS****2.1 Risk**

AS/NZS ISO 3100:2009 defines risk as the effect of uncertainty on objectives. An effect is a positive or negative deviation from what is expected.

This definition of risk recognises that we all operate in an uncertain world. Whenever we try to achieve an objective, there's always the chance that things will not go according to plan. Every step has an element of risk that needs to be managed and every outcome is uncertain. Whenever we try to achieve an objective, we don't always get the results we expect. Sometimes we get positive results and sometimes we get negative results and occasionally we get both. Because of this, we need to reduce uncertainty as much as possible.

Uncertainty (or lack of certainty) is a state or condition that involves a deficiency of information and leads to inadequate or incomplete knowledge or understanding. In the context of risk management, uncertainty exists whenever the knowledge or understanding of an event, consequence, or likelihood is inadequate or incomplete.

**2.2 Risk Management**

Risk management is the adoption of a planned and systematic approach to the identification, evaluation and control of the risks facing the Council and is a means of minimising the costs and disruption to the Council caused by undesired events.

Risk management covers the whole spectrum of risks and not just those associated with finance, health and safety and insurance. It also includes risks associated with public image (reputation), the environment, technology, contracts/partnerships, projects etc.

**2.3 Gross, Inherent or Untreated Risk**

The risk that an activity or an event would pose if no treatments (controls or other mitigating factors) were in place.

**2.4 Risk Treatments or Controls**

Risk treatments or controls are actions that are taken to manage risks. There are generally 5 actions you can take to manage risks.

1. Avoidance
2. Reduction
3. Transfer
4. Acceptance or retention
5. Sharing

**2.5 Residual or Treated Risk**

Residual or treated risk is the threat that remains after all efforts to identify and treat the risk have been made. Since residual risk is unknown, many organisations choose to either accept residual risk or transfer it - for example, by purchasing insurance to transfer the risk to an insurance company

**2.6 Risk Tolerance**

Risk tolerance is an organisation's can be defined as 'the amount and type of risk that an organisation can take in order to meet their strategic objectives.

**2.7 Risk Appetite**

Risk appetite can be defined as 'the amount and type of risk that an organisation is willing to take in order to meet their strategic objectives

**3. RISK MANAGEMENT AIMS AND OBJECTIVES**

**3.1** The aim of risk management is to ensure that the Council has an effective process to support better decision making through good understanding of risks and their likely impact. It is Council policy to implement and maintain a Risk Management system that reflects best practice and ensure that sound risk management practices are incorporated into Council's planning and decision making processes.

**3.2** The objectives of the Council's risk management strategy are to:-

- Raise awareness of the need for risk management;
- Minimise loss, disruption, damage and injury and reduce the cost of risk, thereby maximising resources;
- Inform policy and decision making by identifying risks and their likely impact.

**3.3** These objectives will be achieved by:-

- Establishing clear roles, responsibilities and reporting lines within the Council for risk management;
- Effective communication with, and the active involvement of, Service Managers and Heads of Service;
- Maintaining a Risk Register of all known risks affecting Council, grouped as a minimum into Strategic and Operational. All risks will be analysed and classified into Extreme, High, Moderate and Low;
- Monitoring progress in delivering the strategy and reviewing the risk management arrangements on an on-going basis by reviewing strategic risks, which have broad organisational wide impact on a quarterly basis by the Executive Management Team and twice annually by the Audit Committee, including what actions Council is undertaking to moderate these risks

**4. RISK MANAGEMENT METHODOLOGY**

**4.1** The Council recognises that to be effective, risk management must become part of the Council's culture, integrated into the Council's corporate and business plans and everyday activities, rather than being viewed or run as a separate program. Further, risk management must become the responsibility of every employee, contractor, volunteer and elected member of the Council.

**4.2** Overarching strategies for managing risk within Council are:

- Council's Chief Executive will establish and implement a relevant Risk Management system that ensures a systematic method is used to identify, analyse, evaluate, treat, monitor and communicate key risks associated with Council responsibilities in order to minimize unexpected losses and maximise opportunities.
- Ensuring that the concept of risk management becomes fundamental to the organisational culture through the philosophy of risk minimisation for each and every activity undertaken by the Council.
- Ensuring the risk management system is consistent with recognised industry standards in particular AS/NZS ISO 3100:2009. This Standard for Risk Management provides a 'ready-made' strategy that enables a consistent and comprehensive approach to risk management across the Council, and we generally follow the approach in this standard.

4.3 The Taupo District Council will use a 4 stage risk management cycle as illustrated in the diagram below:-



The 4 stages of risk management are part of a cycle. Risk management is dynamic and so the identification stage needs to be carried out continuously

## 5. COUNCIL'S RISK APPETITE

5.1 The establishment of Council's statement on risk appetite is intended to guide employees in their actions and ability to accept and manage risks. Council is periodically updated on the effectiveness of the management of key Council potential risk exposures, through reports to the Audit Committee. The risk appetite of Council is reflected by the combination of the severity ratings within the Consequence table and the Likelihood table, which provides an inherent risk rating.

5.2 The key determinants of risk appetite include, but are not limited to:

- Council and community expectations;
- Legal and statutory obligations,
- The income potential from accepting risks relative to income from risk-free activities (the risk/reward trade off);
- Capital availability; and
- Adequacy of risk management systems.

5.3 To meet its objectives the Taupo District Council will generally operate within a low overall risk range. The Taupo District Council's lowest risk appetite will relate to financial, safety and compliance objectives, including employee health and safety, with a marginally higher risk appetite towards its strategic, reporting, and operations objectives. More specifically its appetite for risk is as follows:

No Appetite	<ul style="list-style-type: none"> <li>• For actions or decisions that have a significant impact on Council's long term financial sustainability</li> <li>• For anything that unreasonably compromises peoples safety and welfare</li> <li>• For internal fraud, collusion, theft and associated reputational risk.</li> <li>• For non-compliance with Legal and Regulatory obligations.</li> <li>• For unauthorised release of confidential information</li> </ul>
Low Appetite	<ul style="list-style-type: none"> <li>• For system failures or information and data security breaches</li> <li>• For third party (contractors) failure.</li> <li>• For risks arising from failure to meet customer &amp; ratepayer commitments.</li> <li>• For risks arising from breaches of internal policies and standing orders</li> </ul>

Medium Appetite	<ul style="list-style-type: none"> <li>For risks associated with the implementation of change and key strategic plans.</li> <li>For risks associated with implementing business improvements and the Council's vision.</li> </ul>
High (considerable) Appetite	<ul style="list-style-type: none"> <li>For developing and implementing improvements to service delivery</li> <li>For seeking improved efficiency of Council operations</li> </ul>

## 6. ROLES AND RESPONSIBILITIES FOR RISK MANAGEMENT

Audit & Risk Committee	<ul style="list-style-type: none"> <li>Ensuring that the Council has an effective risk management process in place</li> <li>Overseeing the risk management process across Council. The Audit and Risk Committee Charter sets out the details for levels of monitoring required by the Committee.</li> <li>Receiving reports on the approved internal Audit Strategy/Plan.</li> </ul>
Chief Executive and Senior Leadership Group	<ul style="list-style-type: none"> <li>Establishing and maintaining a climate of risk awareness and intelligence;</li> <li>Developing and maintaining governance mechanisms that effectively monitor risks and their management; and</li> <li>Set requirements for risk management based on AS/NZS ISO 31000:2009.</li> </ul>
Group Managers	<ul style="list-style-type: none"> <li>Ensuring compliance of their groups with the Risk Management Strategy and the Risk Management Charter and the promotion of a positive risk and compliance culture</li> <li>Identifying, evaluating, assessing, treating and monitoring the key risks that might potentially prevent them from achieving their objectives;</li> <li>Integrating risk management into all aspects of their business; and</li> <li>Ensuring that risk management practices and treatments are: <ul style="list-style-type: none"> <li>- Consistent with Council requirements;</li> <li>- Monitored to ensure that management strategies remain effective; and</li> <li>- Commensurate with the level of risk exposure.</li> </ul> </li> </ul>
Managers/Supervisors & Team Leaders	<ul style="list-style-type: none"> <li>To support Group Managers in the identification and management of Key Risks</li> <li>To manage operational risks effectively in their particular service areas</li> <li>To monitor and review risks at appropriate intervals</li> <li>Ensuring that any time a health or safety risk is identified, a risk assessment should be updated and if necessary, a mitigating risk treatment plan enacted.</li> </ul>



All Staff	<ul style="list-style-type: none"> <li>• Observing and informing Managers or Team Leaders of any specific public risk;</li> <li>• Maintaining an awareness of risks (current and potential) that relate to their area of responsibility;</li> <li>• Actively support and contribute to risk management initiatives;</li> <li>• Using a documented risk management process to eliminate or minimise health and safety risks where appropriate;</li> <li>• Complying with all health and safety instructions, policies and procedures;</li> <li>• Using and maintaining safety devices and personal protective equipment correctly;</li> <li>• Being familiar with emergency and evacuation procedures and complying with the instructions given by emergency response personnel such as fire wardens and first aiders; and</li> <li>• Report all accidents, incidents and near misses.</li> </ul>
Staff who Engage or Manage Contractors	<ul style="list-style-type: none"> <li>• The prequalification process is completed prior to awarding the contract;</li> <li>• The primary contractor completes the Council's contractor induction;</li> <li>• The primary contractor provides an Health and Safety plan for contracts over \$250,000;</li> <li>• A comprehensive Job Safety Analysis (JSA) is completed by contractors;</li> <li>• The equipment and materials used by contractors are safe and used in a manner that does not pose a risk to the contractors or to Council staff, volunteers and the public;</li> <li>• Contact is maintained with the contractor, providing job supervision and inspection of the quality of the work; and</li> <li>• Contractors have statutory compensation and liability insurance.</li> </ul>
Contractors	<ul style="list-style-type: none"> <li>• They are competent to do the job asked of them;</li> <li>• They have the qualifications, training, experience and certificates of competency that will be needed for the job;</li> <li>• They have the Health &amp; Safety knowledge required for the job;</li> <li>• They have statutory compensation and liability insurance;</li> <li>• They maintain the premises/area in which they work in a safe and healthy manner for themselves and for the staff, volunteers and the public;</li> <li>• They employ safe tools and systems of work to do the work;</li> <li>• Electrical power tools are regularly inspected and tagged</li> <li>• Material Safety Data Sheets (MSDS) are provided for all chemicals;</li> <li>• Instructions and supervision from the contracting company are adequate;</li> <li>• Close supervision is required particularly in the case of young or inexperienced workers; and</li> <li>• They communicate regularly with their Council contract supervisor: <ul style="list-style-type: none"> <li>- Methods of work are approved by the contract supervisor; and</li> <li>- They raise any issue that is or may become a health, safety or core business concern.</li> </ul> </li> </ul>
Risk Manager	<ul style="list-style-type: none"> <li>• To develop and review the risk management strategy and processes in accordance with best practice</li> <li>• To provide advice and support to Leadership Team and Service Managers on the identification, analysis and prioritisation of risks</li> <li>• To report on the identification and progress of strategic risks to the Audit &amp; Accounts Committee</li> <li>• To provide risk management training as required to Officers and Members</li> </ul>

**7. RESOURCING**

Annual resourcing will be established through the annual estimates process.

**8. MONITORING AND REVIEW**

- 8.1** To ensure that informed decisions are made, it is essential to identify key strategic risks. These risks will be identified at Leadership Team level as part of the Corporate Planning process and will be documented in a Strategic Risk Register which will be maintained by the Risk Manager on behalf of the Leadership Team.
- 8.2** Progress in managing strategic risks will be monitored and reported on to ensure that intended actions are delivered and risks managed.
- 8.3** The Strategic Risk Register will form the basis of half yearly risk management reports to the Audit & Risk Committee.
- 8.4** Internal audits will be carried out periodically to review the Council's risk management arrangements to review their effectiveness.
- 8.5** Internal audits will also:
- Identify and report weaknesses in the controls established by management to manage/monitor risks;
  - Provide advice on the design/operation of the controls established by management to manage/monitor risk.
- 8.6** The Risk Manager will review the strategic risk register on an annual basis and incorporate strategic risk areas into the internal audit planning process as appropriate.
- 8.7** Service Managers should maintain a record of key operational risks within their service area relating to service change, projects and significant procurement. Progress in managing these risks should be monitored on a regular basis.

**9. AUTHORITY**

All areas of the organisation will be open to Risk Management initiatives and in carrying out their functions all Risk Management and/or Internal Audit staff will have access to all other Council staff, information, records, documents, reports and property. Risk Management and/or Internal Audit staff have direct access to non-Executive appointees or co opted to any established Audit and Risk Committee or other appropriate Committee as determined by Council.

**10. REVIEW OF RISK MANAGEMENT STRATEGY**

This strategy will be reviewed on an annual basis by the Council's Audit and Risk Committee.

**Taupō District Council****Audit & Risk Committee  
Schedule of Policies**

<b>Policy</b>	<b>Date of last review</b>	<b>Date of next review</b>
Fraud Policy	October 2015	October 2017
Risk Management Charter	March 2016	July 2017 <b>(commenced)</b>
Protected Disclosures Policy	July 2014	July 2020
Conflict of Interest Guidelines – Staff	July 2014	July 2020
Procurement Policy	July 2014	July 2017 <b>(commenced)</b>
Sensitive Expenditure Policy	July 2015	October 2017 <b>(commenced)</b>
Audit & Risk Committee Terms of Reference	November 2016	TBA

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