

ATTACHMENTS

Risk and Assurance Committee Meeting

17 September 2024

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Risk and Assurance Committee Meeting Minutes

2 July 2024

**TAUPŌ DISTRICT COUNCIL
MINUTES OF THE RISK AND ASSURANCE COMMITTEE MEETING
HELD AT THE COUNCIL CHAMBER, 107 TE HEUHEU STREET, TAUPŌ
ON TUESDAY, 2 JULY 2024 AT 1.00PM**

PRESENT: Mr Bruce Robertson (in the Chair), Cr Danny Loughlin, Mr Anthony Byett, Cr Anna Park, Cr Rachel Shepherd, Cr Kevin Taylor, Cr John Williamson

IN ATTENDANCE: Mayor David Trewavas (for items 5.16 onwards)
Chief Executive (J Gardyne), General Manager Organisation Performance (S Matthews), General Manager Strategy and Environment (W Zander), General Manager People and Community Partnerships (L O'Brien), Acting General Manager Operations and Delivery (T Hale), Business Excellence Manager (L Chick), Legal and Governance Manager (N McAdie), Finance Manager (J Paenga), Environmental Services Manager (J Sparks), Digital Solutions Manager (T May), Communications Manager (L McMichael), People and Culture Manager (L Nienhuser), Policy Manager (N Carroll), Project Management Office Manager (P Fletcher), Acting Manager Housing and Property Investment (C Haskell), District Aquatics Manager (P Ramsay), Senior Policy Advisor (K Goode), Senior Policy Advisor (P Caruana), Programme Manager (J Walton, via MS Teams), Procurement Manager (S Rugg), Governance Quality Manager (S James)
Audit New Zealand representatives, Messrs Athol Graham and Kayode Oloro

MEDIA AND PUBLIC: Nil

1 KARAKIA

Independent Chairperson, Mr Bruce Robertson led Committee members as they recited Taupō District Council's opening karakia.

2 WHAKAPĀHA | APOLOGIES

RACC202407/01 RESOLUTION

Moved: Mr Bruce Robertson
Seconded: Cr Danny Loughlin

That the apologies received from His Worship the Mayor, David Trewavas, be accepted.

CARRIED

Note: All members present at the Risk and Assurance Committee meeting voted in favour of resolution RACC202407/01 above.

3 NGĀ WHAKAPĀNGA TUKITUKI | CONFLICTS OF INTEREST

In relation to agenda item 5.4 (JASANZ Recognised Food Verification Agency Quality Management System Surveillance Audit 2024), independent chairperson Mr Bruce Robertson advised that he was the chair of the Ministry for Primary Industries' risk committee. The declaration was noted, with no action required or taken as a result.

In relation to agenda item 5.2 (Audit Plan for 2023-24 Annual Report Audit), Cr Danny Loughlin declared his interest in Te Whare Hono ō Tūwharetoa Limited Partnership, the developer constructing the Civic Administration Building. The declaration was noted, with no action required or taken as a result.

4 WHAKAMANATANGA O NGĀ MENETI | CONFIRMATION OF MINUTES

4.1 RISK AND ASSURANCE COMMITTEE MEETING - 5 MARCH AND 2 MAY 2024

Both sets of minutes (5 March and 2 May 2024) were considered.

The minutes of the meeting held on 5 March 2024 were amended, to delete the last sentence of the narration of item 5.12 (Chief Executive update) and replace with: "He added that the current council-controlled organisation model did not provide balance sheet separation, but this was expected to be rectified in due course."

RACC202407/02 RESOLUTION

Moved: Mr Bruce Robertson

Seconded: Cr Anna Park

That the minutes of the Risk and Assurance Committee meetings held on Tuesday 5 March and Thursday 2 May 2024 be approved and adopted as true and correct records, as amended.

CARRIED

Note: All members present at the Risk and Assurance Committee meeting voted in favour of resolution RACC202407/02 above.

4.2 RISK AND ASSURANCE COMMITTEE MEETING - 2 MAY 2024

See above.

5 NGĀ RIPOATA | REPORTS

5.1 AUDIT MANAGEMENT REPORT FOR 2022-23

Mr Athol Graham, Audit New Zealand noted that the report contained a number of outstanding items. In relation to the recommendation for Council to receive advice about the accounting treatment for the Civic Administration Building, that advice had been obtained and Audit New Zealand was working with management to implement it.

The following points were noted during questions, answers and related discussion:

- Staff were asked to provide an update for the next Risk and Assurance Committee meeting on the water supply and wastewater median response times issue.
- Management comments were recognised as being appropriate responses to Audit New Zealand recommendations.
- 11 new issues had been raised. 18 issues remained open. Although a big number, plans were in place to resolve issues and reduce the number reported in future audit reports.

- In relation to issue 4.8 (lack of formal approval documentation for property, plant and equipment purchases), the General Manager Organisation Performance advised that assets could be made up of multiple contracts/multiple purchasers, and while all expenditure was correctly approved, there was no one source available to view approval of all asset capitalisation transactions. She did not believe it was mandatory for councils to have such a source in place.

RACC202407/03 RESOLUTION

Moved: Mr Anthony Byett
Seconded: Cr Rachel Shepherd

That the Risk and Assurance Committee receives the Audit Management Report for the year ended 30 June 2023.

CARRIED

Note: All members present at the Risk and Assurance Committee meeting voted in favour of resolution RACC202407/03 above.

5.2 AUDIT PLAN FOR 2023-24 ANNUAL REPORT AUDIT

Mr Graham summarised the plan for the audit of Taupō District Council's 2023-24 Annual Report. In answer to a question, he confirmed that timelines may be tweaked if required, but his expectation was that everything would be concluded prior to December, to allow any issues to be resolved in time to meet the deadline.

The General Manager Organisation Performance advised that the biggest challenge was asset capitalisation.

In answer to another question, the Finance Manager confirmed that all fair value assessments of assets had been received and sent to Audit New Zealand.

It was noted that accounting opinions on the Civic Administration Building and the treatment of the sale of the old Council building site would be taken into account.

The approach to materiality set out on page 75 of the agenda was also noted, with overall parent materiality set at \$181m and specific parent materiality at \$2.79m.

In answer to final questions, the General Manager Organisation Performance advised that:

- Council's senior financial accountant had been assigned project manager for the audit, supported by team members responsible for various elements.
- Time for quality control procedures had been built into the plan. It was reiterated that asset capitalisation was a challenge and the team expected to be working on that aspect of the audit right up to the deadline.

Chairperson Mr Bruce Robertson requested an opportunity for the Risk and Assurance Committee to review the draft prior to presentation to Council.

RACC202407/04 RESOLUTION

Moved: Cr Danny Loughlin
Seconded: Cr Rachel Shepherd

That the Risk and Assurance Committee approves the Audit Plan for the 2024 Annual Report Audit.

CARRIED

Note: All members present at the Risk and Assurance Committee meeting voted in favour of resolution RACC202407/04 above.

5.3 LONG-TERM PLAN 2024-34 UPDATE

The Senior Policy Advisor provided a brief update on progress preparing Council's Long-term Plan 2024-34. Approximately 716 submissions had been received to date, with consultation closing on Friday 5 July. Kerbside rubbish and recycling was of particular interest to submitters. Most risks outlined in the report were process risks.

In summary, the Senior Policy Advisor confirmed that uncertainty was decreasing on the whole and although there was still a lot of work to complete, including hearings and deliberations, the team was confident the Long-term Plan 2024-34 would be adopted by 30 September.

RACC202407/05 RESOLUTION

Moved: Mr Bruce Robertson

Seconded: Cr Anna Park

That the Risk and Assurance Committee receives the report on the development of the Long-term Plan and the project's key risks.

CARRIED

Note: All members present at the Risk and Assurance Committee meeting voted in favour of resolution RACC202407/05 above.

5.4 JASANZ RECOGNISED FOOD VERIFICATION AGENCY QUALITY MANAGEMENT SYSTEM (QMS) SURVEILLANCE AUDIT 2024

The Environmental Services Manager presented the report. The Chairperson asked her to pass the Committee's congratulations on to the environmental health team on such a good report.

RACC202407/06 RESOLUTION

Moved: Cr Danny Loughlin

Seconded: Mr Anthony Byett

That the Risk and Assurance Committee receives the outcome of the JASANZ Surveillance Audit Report 2024.

CARRIED

Note: All members present at the Risk and Assurance Committee meeting voted in favour of resolution RACC202407/06 above.

5.5 POOLSAFE AUDIT - TAUPŌ AND TŪRANGI POOL COMPLEXES

The District Aquatics Manager presented the two PoolSafe audit reports. In answer to questions, she confirmed that the auditor was external to Taupō District Council; and that no corrective actions had been issued i.e. all components audited had been achieved.

Members congratulated the District Aquatics Manager and the team on the good audit results. The Chairperson noted the reference contained in the Health, Safety and Wellbeing report (agenda item 5.16) to the WorkSafe visit to AC Baths on 29 May 2024, which provided additional assurance of overall performance.

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RACC202407/07 RESOLUTION

Moved: Mr Bruce Robertson
Seconded: Cr Kevin Taylor

That the Risk and Assurance Committee receives the PoolSafe Accreditation Audit Report for the Taupō and Tūrangi Pool Complexes dated February 2024.

CARRIED

Note: All members present at the Risk and Assurance Committee meeting voted in favour of resolution RACC202407/07 above.

5.6 PROJECT QUANTUM UPDATE

The General Manager People and Community Partnerships and the Digital Solutions Manager summarised the report and answered questions. The following points were noted:

- A key focus was looking after Council staff working on Project Quantum. It was important to balance long hours and staff well-being with getting things done.
- Progress was being made, including going-live with the asset system and Taupō Airport Authority leases and licences.
- The majority of the \$10.2m project budget was allocated to data migration.
- "Quantifiable acceptance criteria" (risk 054 on the risk register) related to the criteria to be met for each project phase, before entering the next project phase.
- "Mandatory data not available from source" (risk 066 on the risk register) related to the mis-match between data fields in current systems and in the new system, which contained mandatory data fields.
- The project team was very driven, working long hours with challenging stakeholders. Fatigue could become an issue over time for people working under such conditions.
- The budget remained adequate, however there was a possibility an additional \$200k may need to be sought via the Long-term Plan process.
- The team was on track to complete the project by the end of 2025. Council's IANZ building consent authority audit was due to take place in April 2025, so some parts of the project would have to wait until after that process was complete.
- The rates module would not go-live until the team was certain it would operate exactly as it should.
- The project team had a good relationship with TechnologyOne. TechnologyOne would not however assist with data preparation. The team was liaising with other councils for support and sharing of information.

The Chairperson summarised the core themes as being time; cost; and quality. There had been delays to ensure no issues at go-live. The cost was currently neutral/on track, with the project team managing the contract with TechnologyOne closely to ensure value; and some benefits had been realised, with staff having trust in the system.

RACC202407/08 RESOLUTION

Moved: Cr John Williamson
Seconded: Cr Danny Loughlin

That the Risk and Assurance Committee receives the update on Project Quantum.

CARRIED

Note: All members present at the Risk and Assurance Committee meeting voted in favour of resolution RACC202407/08 above.

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5.7 EAST URBAN LANDS

The Acting Manager Housing and Property Investment summarised the report and clarified that Council had approved the sale of land required for Stage 1A.

In answer to a question, the General Manager Organisation Performance confirmed that the sale of the land required for Stages 1B and 2 was subject to Long-term Plan 2024-34 consultation.

The General Manager Organisation Performance and the Acting Manager Housing and Property Investment answered questions of clarification. In relation to risk control, the agreement with the developer would contain protections for Council, including exit clauses. An independent review of the budget would also be obtained.

RACC202407/09 RESOLUTION

Moved: Cr Danny Loughlin

Seconded: Mr Anthony Byett

That the Risk and Assurance Committee receives the East Urban Lands Affordable Housing Area Report dated 2 July 2024.

CARRIED

Note: All members present at the Risk and Assurance Committee meeting voted in favour of resolution RACC202407/09 above.

5.8 RISK MANAGEMENT QUARTERLY UPDATE

The Business Excellence Manager summarised the report.

RACC202407/10 RESOLUTION

Moved: Mr Bruce Robertson

Seconded: Cr Rachel Shepherd

That the Risk and Assurance Committee receives the Risk Management Quarterly Update.

CARRIED

Note: All members present at the Risk and Assurance Committee meeting voted in favour of resolution RACC202407/10 above.

5.9 STRATEGIC RISK UPDATE

The strategic risk being examined was 'attracting and retaining a competent workforce'.

The People and Culture Manager answered questions and the following points were noted:

- A variety of factors affected turnover figures in particular teams. These factors included workflow; assignment of work; pay; and level of interaction with the community.
- Turnover was just one indicator monitored by management.
- The figures were comparable to previous years.
- The figures included permanent staff members (including casual-on-call staff), but excluded fixed term / seasonal workers.
- It was important not to over-pay compared to market rates, because that then had a flow-on to middle management.
- Working conditions could be examined and possible improvements explored for teams with higher turnover.
- Turnover was a lag indicator. It was hoped that recent and ongoing work would result in improved

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- figures. This work included new leadership training to support managers to build flourishing team environments; and role mapping, critical role identification and succession planning.
- In relation to supporting public-facing team members, the actions taken included:
 - o Council's customer charter had been updated;
 - o Learning and development opportunities had been implemented for new employees to support them to cope with challenging interactions; and
 - o Bespoke work within teams.

Committee members endorsed the strategies in place and proposed to control the strategic risk 'attracting and retaining a competent workforce'.

RACC202407/11 RESOLUTION

Moved: Mr Bruce Robertson

Seconded: Cr Danny Loughlin

That the Risk and Assurance Committee receives the Strategic Risk Update.

CARRIED

Note: All members present at the Risk and Assurance Committee meeting voted in favour of resolution RACC202407/11 above.

The meeting adjourned at this point (3.05pm) and reconvened at 3.13pm.

5.10 PROCUREMENT POLICY AND PROCEDURES ADOPTION

The Procurement Manager presented the Procurement Policy and Procedures.

In answer to a question, Audit New Zealand representative Mr Athol Graham advised that procurement policies were of interest to Audit New Zealand, but not a core part of work auditing councils.

In answer to another question, the Procurement Manager advised that the Financial Threshold guide had been updated to include reference to the requirement to obtain at least two quotes for procurement between \$20,000-\$100,000.

RACC202407/12 RESOLUTION

Moved: Cr Kevin Taylor

Seconded: Cr Anna Park

That the Risk and Assurance Committee adopts the 2024 Procurement Policy and Procurement Procedures.

CARRIED

Note: All members present at the Risk and Assurance Committee meeting voted in favour of resolution RACC202407/12 above.

5.11 SENSITIVE EXPENDITURE POLICY REVIEW

The Business Excellence Manager presented the proposed updated Sensitive Expenditure and Gift Policy and the following points were noted:

- The old policy relied heavily on subjective interpretation of the principles behind sensitive expenditure, whereas the new policy included more quantifiable measures to guide staff.
- The new policy was more detailed and contained more control around cultural expenditure, including koha.
- A section had been included in the new policy, including the monitoring and reporting regime to be applied.

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- A summary of the policy had also been prepared.

RACC202407/13 RESOLUTION

Moved: Cr Anna Park
Seconded: Cr Danny Loughlin

That the Risk and Assurance Committee receives and adopts the proposed *Sensitive Expenditure and Gift Policy*.

CARRIED

Note: All members present at the Risk and Assurance Committee meeting voted in favour of resolution RACC202407/13 above.

5.12 NON-FINANCIAL PERFORMANCE MEASURES REPORTING

The Business Excellence Manager presented the report.
Chairperson Mr Bruce Robertson pointed out that a lot of measures were on track.

RACC202407/14 RESOLUTION

Moved: Mr Bruce Robertson
Seconded: Cr Rachel Shepherd

That the Risk and Assurance Committee receives the Non-Financial Performance Measures Q3 2023/24 Report.

CARRIED

Note: All members present at the Risk and Assurance Committee meeting voted in favour of resolution RACC202407/14 above.

5.13 COUNCIL INSURANCE STRATEGY

The Business Excellence Manager summarised the insurance strategy and attachments to the report. The information was provided for the Committee's receipt only. There would be an opportunity for the Committee to discuss insurance further at the 17 September meeting.

RACC202407/15 RESOLUTION

Moved: Cr Anna Park
Seconded: Cr Danny Loughlin

That the Risk and Assurance Committee receives the Insurance Strategy.

CARRIED

Note: All members present at the Risk and Assurance Committee meeting voted in favour of resolution RACC202407/15 above.

5.14 OUTSTANDING AUDIT AND IMPROVEMENT ITEMS

The Business Excellence Manager summarised the report. The General Manager Organisation Performance added that a number of actions would not be resolved until Project Quantum was complete. The Chairperson suggested that a column be added to the table to indicate Project Quantum-related items.

RACC202407/16 RESOLUTION

Moved: Cr John Williamson
Seconded: Mr Bruce Robertson

That the Risk and Assurance Committee receives the report on the status of recent audit and review recommendations.

CARRIED

Note: All members present at the Risk and Assurance Committee meeting voted in favour of resolution RACC202407/16 above.

5.15 PURCHASE ORDER CONTROL ISSUE - UPDATE**RACC202407/17 RESOLUTION**

Moved: Cr Anna Park
Seconded: Cr Rachel Shepherd

That the Risk and Assurance Committee receives the update on Taupō District Council's Purchase Order System control issue and notes this matter is closed.

CARRIED

Note: All members present at the Risk and Assurance Committee meeting voted in favour of resolution RACC202407/17 above.

5.16 HEALTH, SAFETY AND WELLBEING - QUARTERLY UPDATE

The Business Excellence Manager presented the health, safety and wellbeing update and advised that the vacancy in the team had been filled, with the new health, safety and wellbeing staff member due to start on 29 July. In response to questions, she advised that:

- The interim health, safety and wellbeing resource had worked throughout the organisation and had identified some excellent practices, for example in the water treatment plant and pools teams.
- Some parts of the organisation were more proactive at investigating incidents than others. Training of managers was planned to address this, as managers' engagement was required to close incidents out in a timely manner.
- 'Non-workers' in Table 1, page 240 of the agenda (summary of number of injuries and medical conditions) were members of the public and incidents usually occurred at the district's pools.

RACC202407/18 RESOLUTION

Moved: Cr Kevin Taylor
Seconded: Cr Danny Loughlin

That the Risk and Assurance Committee receives the Health, Safety and Wellbeing Report for March 2024 to June 2024.

CARRIED

Note: All members present at the Risk and Assurance Committee meeting voted in favour of resolution RACC202407/18 above.

5.17 TAUPŌ DISTRICT COUNCIL MONTHLY PERFORMANCE REPORT - MAY 2024

In relation to three waters maintenance costs being over budget, the Finance Manager advised that a new contract had been entered into and the coding of invoice payments had not been consistent. The Acting General Manager Operations and Delivery added that nothing abnormal was happening, a more collaborative approach was being taken with the contractor and it was taking time to ensure coding was correct.

Members acknowledged the good report and recent awards received for projects. The Project Management Office Manager advised that the report had been refined over time and that more projects would be on the list in future.

RACC202407/19 RESOLUTION

Moved: Cr Danny Loughlin
Seconded: Cr Rachel Shepherd

That the Risk and Assurance Committee notes the information contained in the Performance Report for the month of May 2024.

CARRIED

Note: All members present at the Risk and Assurance Committee meeting voted in favour of resolution RACC202407/19 above.

5.18 RISK AND ASSURANCE COMMITTEE WORKPLAN UPDATE

RACC202407/20 RESOLUTION

Moved: Mr Bruce Robertson
Seconded: Cr Anna Park

That the Risk and Assurance Committee receive the updated Workplan for 2024.

CARRIED

Note: All members present at the Risk and Assurance Committee meeting voted in favour of resolution RACC202407/20 above.

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

The Chief Executive provided an opportunity for members to ask questions.

RACC202407/21 RESOLUTION

Moved: Mr Bruce Robertson
Seconded: Cr Anna Park

That the Risk and Assurance Committee receives the update provided by the Chief Executive in relation to current risks.

CARRIED

Note: All members present at the Risk and Assurance Committee meeting voted in favour of resolution RACC202407/21 above.

6 NGĀ KŌRERO TŪMATAITI | CONFIDENTIAL BUSINESS**RACC202407/22 RESOLUTION**

Moved: Mr Bruce Robertson

Seconded: Cr John Williamson

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	Plain English reason for passing this resolution in relation to each matter
Agenda Item No: 6.1 Confirmation of Confidential Portion of Risk and Assurance Committee Minutes - 5 March 2024	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	There is a need to retain this portion of the minutes in confidence in relation to the sensitive expenditure item, to protect personal privacy of individuals involved in that particular expenditure; and in relation to the litigation update, to maintain legal professional privilege where members have received advice from Council's Legal and Governance Manager relating to potential legal challenges against Council.
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	To enable members to receive advice from Council's Legal and Governance Manager relating to potential legal challenges against Council.

CARRIED

Note: All members present at the Risk and Assurance Committee meeting voted in favour of resolution RACC202407/22 above.

