

**TAUPŌ DISTRICT COUNCIL  
MINUTES OF THE RISK AND ASSURANCE COMMITTEE MEETING  
HELD AT THE COUNCIL CHAMBER, 107 TE HEUHEU STREET, TAUPŌ  
ON TUESDAY, 17 SEPTEMBER 2024 AT 10.15AM**

**PRESENT:** Mr Bruce Robertson (in the Chair), Cr Danny Loughlin, Mr Anthony Byett, Cr Anna Park (until 12.52pm), Cr Rachel Shepherd, Cr John Williamson

**IN ATTENDANCE:** Chief Executive (J Gardyne), General Manager Organisation Performance (S Matthews), General Manager People and Community Partnerships (L O'Brien), General Manager Strategy and Environment (W Zander), Legal and Governance Manager (N McAdie), Finance Manager (J Paenga), Digital Solutions Manager (T May), IT Operations Team Lead (A John), Business Excellence Manager (L Chick), Health and Safety Manager (T Lastinger), Environmental Impact Manager (B Aitken), Finance Business Partner – Reporting (B Hole, via MS Teams), Finance Business Partners (H Rowe and L Johnson, via MS Teams), Senior Policy Advisor (K Goode), Governance Quality Manager (S James)

Messrs Leon Pieterse and Kayode Oloro, Audit New Zealand (via MS Teams, for items 1-5.2)

**MEDIA AND PUBLIC:** Nil

Note: Cr Anna Park left the meeting at 12.52pm. She was not present for resolutions RACC202409/17-21 and RACC202409/C01-02.

**1 KARAKIA**

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

**2 WHAKAPĀHA | APOLOGIES**

**RACC202409/01 RESOLUTION**

Moved: Cr John Williamson

Seconded: Cr Danny Loughlin

That the apologies received from His Worship the Mayor, David Trewavas and Cr Kevin Taylor be accepted.

**CARRIED**

Note: All members present at the Risk and Assurance Committee meeting voted in favour of resolution RACC202409/01 above.

**3 NGĀ WHAKAPĀNGA TUKITUKI | CONFLICTS OF INTEREST**

Nil

## 4 WHAKAMANATANGA O NGĀ MENETI | CONFIRMATION OF MINUTES

### 4.1 RISK AND ASSURANCE COMMITTEE MEETING - 2 JULY 2024

#### RACC202409/02 RESOLUTION

Moved: Mr Bruce Robertson

Seconded: Cr Danny Loughlin

That the minutes of the Risk and Assurance Committee meeting held on Tuesday 2 July 2024 be approved and adopted as a true and correct record.

**CARRIED**

*Note: All members present at the Risk and Assurance Committee meeting voted in favour of resolution RACC202409/02 above.*

## 5 NGĀ RIPOATA | REPORTS

### 5.1 LONG-TERM PLAN 2024-34 UPDATE

The Senior Policy Advisor advised that the Long-term Plan 2024-34 (LTP) had been submitted to Audit New Zealand for 'Hot Review' the day prior to the meeting.

The General Manager Organisation Performance advised that Audit New Zealand representatives and Council staff were discussing the accounting treatment of some of Council's development lands, including the East Urban Lands. An independent opinion had been requested from Deloitte, but had not yet been finalised.

Audit New Zealand representative Mr Leon Pieterse explained that changes to presentation of the land in question would have a material impact, as the value was between \$18m and \$34m over the 10 year period of the LTP. He expected the matter to be resolved prior to LTP adoption on 30 September 2024.

The Chief Executive explained that a potential qualification due to technical accounting treatments in relation to the East Urban Lands was concerning, because the community understood and had supported the project's inclusion in the LTP.

The Chairperson suggested that Audit New Zealand and Council staff could discuss the wording of any qualification, if required, to ensure clarity for the community.

In answer to a question, the Senior Policy Advisor advised that the Waka Kotahi / New Zealand Transport Agency shortfall in funding was approximately \$7m, affecting the low cost/low risk category. The General Manager Organisation Performance added that Council had decided to retain the local share for Taupō district and the updated figures had been included in the LTP and associated documents.

#### RACC202409/03 RESOLUTION

Moved: Mr Bruce Robertson

Seconded: Cr Rachel Shepherd

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

**CARRIED**

*Note: All members present at the Risk and Assurance Committee meeting voted in favour of resolution RACC202409/03 above.*

## 5.2 ANNUAL REPORT 2024 UPDATE

The Finance Manager advised that the auditor for the Annual Report 2024 would commence work two weeks later than anticipated, and adoption of the final document would be delayed by one week. She thanked Audit New Zealand for their flexibility in rearranging the timetable. In answer to a question, she advised that most of the capitalisation work for the Annual Report had been completed and business improvements were being considered by a new staff member allocated to the project.

In relation to the audit of Destination Great Lake Taupō (DGLT), the Finance Manager advised that Silks were the appointed auditor for that organisation. While the Taupō Airport Authority audit had already been completed by Silks, the DGLT audit had not yet started, so Council staff were following up on that.

### RACC202409/04 RESOLUTION

Moved: Mr Bruce Robertson

Seconded: Mr Anthony Byett

That the Risk and Assurance Committee receives the Annual Report 2024 Update from the Finance Manager.

**CARRIED**

*Note: All members present at the Risk and Assurance Committee meeting voted in favour of resolution RACC202409/04 above.*

## 5.3 TREASURY UPDATE JUNE 2024

The Finance Manager advised that the value of the TEL fund was now \$73.6m.

The independent Chairperson pointed out that transactions and positions were all compliant with Council policy.

Independent Member Mr Anthony Byett advised he had some questions about carbon credits. He would email the questions through for staff to answer and provide to all Committee members. The independent Chairperson suggested that it would be useful to have a briefing about Council's strategy in due course.

### RACC202409/05 RESOLUTION

Moved: Cr Anna Park

Seconded: Cr Danny Loughlin

That the Risk and Assurance Committee receives Taupō DC Dashboard June 2024 (A3614057), Taupō District Council – Asset Allocation & Performance Report June 2024 (A3621480) and ESG Attestation for TDC 30 June 2024 (A3614059).

**CARRIED**

*Note: All members present at the Risk and Assurance Committee meeting voted in favour of resolution RACC202409/05 above.*

## 5.4 MICROSOFT AND CROWDSTRIKE INCIDENTS

The Digital Solutions Manager presented the report and introduced the IT Operations Team Lead. In answer to a question, they advised that having multiple IT systems was both good and bad in terms of information technology security, and that legacy systems did pose some risk.

The independent Chairperson asked staff to keep the Committee informed about IT system risks.

In answer to another question, the Digital Solutions Manager advised that network security and resilience were being analysed ahead of Council moving into a new leased building in 2025.

**RACC202409/06 RESOLUTION**

Moved: Cr Danny Loughlin

Seconded: Mr Anthony Byett

That the Risk and Assurance Committee receives the report on the CrowdStrike and Microsoft incidents.

**CARRIED**

*Note: All members present at the Risk and Assurance Committee meeting voted in favour of resolution RACC202409/06 above.*

**5.5 SENSITIVE EXPENDITURE REVIEW - 1 JULY 2023 - 30 JUNE 2024**

The Business Excellence Manager advised that the sensitive expenditure data which was the focus of the report had been reviewed against the previous policy, not the new policy adopted at the 2 July 2024 meeting. She explained that no serious areas of concern had been identified and improvements had been made via updates to the new policy and other actions including training.

In answer to a question, the General Manager Organisation Performance advised that a summary and highlighted exceptions had been provided for governance oversight, rather than the detailed report. The Chief Executive advised that she had seen the detailed report and she confirmed that what had been provided on the agenda for the meeting was an adequate summary.

**RACC202409/07 RESOLUTION**

Moved: Cr Danny Loughlin

Seconded: Cr Rachel Shepherd

That the Risk and Assurance Committee receives the Sensitive Expenditure Review for the period 1 July 2023 to 30 June 2024.

**CARRIED**

*Note: All members present at the Risk and Assurance Committee meeting voted in favour of resolution RACC202409/07 above.*

**5.6 RISK MANAGEMENT QUARTERLY UPDATE****RACC202409/08 RESOLUTION**

Moved: Mr Bruce Robertson

Seconded: Cr Anna Park

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 RACC202409/08 above.*

**5.7 STRATEGIC RISK UPDATE**

The Business Excellence Manager invited key staff to provide overviews of the reviews of strategic risks within their respective portfolios. They answered questions and the following key points were noted:

**Maintaining ICT systems and secure records (Digital Solutions Manager)**

- The overall risk was currently rated "high" and therefore outside Council's current risk appetite.
- Work was required to ensure people were trained and understood what to look for to protect Council's

systems and records.

- “Shadow IT” was software anyone could obtain without going through IT team checks and balances. This represented another risk to Council’s systems.
- There was an opportunity to clean up data assets prior to Council moving into a new leased building in 2025.

### **Non-delivery of projects (General Manager Community Infrastructure and Services)**

- The capital programme included new projects and renewals.
- A new collaborative approach to contract management was in place with HEB and Downer.
- The Project Management Office was now taking a programme-wide view, which would result in greater understanding of challenges, including resourcing challenges.
- Forecasting via IBIS would also provide greater visibility over the programme/projects going forward.
- Improvements had been made to Council’s procurement processes and supplier panels.
- More work was being done ‘up front’ across the organisation and across teams to improve how everyone worked together on projects and identify where external support may be required.
- Road blocks and delays to projects would still occur, but the recent improvements outlined and greater scrutiny would mean Council would be in a better position to deal with those challenges.
- Anyone interested in local government contract work could register with the Government Electronic Tender Service (GETS) to be notified about upcoming tender opportunities. Council’s supplier panels were open, so new suppliers could contact the Procurement Manager to be considered and added to panels with spaces still available.
- The actions to manage the risk more effectively set out on page 59 of the agenda were being implemented.

### **Financial strategy**

Taupō District Council was in a strong financial position, however recent events and the economic environment had resulted in a “high” risk rating, which was outside Council’s risk tolerance. The independent Chairperson pointed out that Council’s revenue strategy was a critical part of its wider financial strategy, and governance would monitor Council’s performance against the revenue strategy over time.

The Business Excellence Manager suggested that it would be beneficial for Council to review the strategic risks and risk appetite for each in early 2025.

### **RACC202409/09 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 RACC202409/09 above.*

## **5.8 OUTSTANDING AUDIT AND IMPROVEMENT ITEMS**

In response to a question about the recording of water supply and wastewater median resolution times, the General Manager Community Infrastructure and Services explained that the matter was still progressing, with Council staff working closely with Downers to come to a resolution. There were no issues with customer experience, because customers were being responded to in a timely manner. Members asked for an update to be provided in early 2025.

**RACC202409/10 RESOLUTION**

Moved: Mr Anthony Byett

Seconded: Cr Anna Park

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

**CARRIED**

*Note: All members present at the Risk and Assurance Committee meeting voted in favour of resolution RACC202409/10 above.*

**5.9 NON-FINANCIAL PERFORMANCE MEASURES REPORTING**

The following points were noted:

- TR.01 Transport reduction in the number of fatalities and serious injury crashes on the local road network: It would be beneficial to have an explanation about why the target had not been met.
- SW.02 Solid Waste, percentage of service requests relating to waste and recycling that are responded to: The measure would be changed for the Long-term Plan 2024-34.
- The report covered the period to the end of the financial year, being 30 June 2024.

**RACC202409/11 RESOLUTION**

Moved: Cr Danny Loughlin

Seconded: Mr Anthony Byett

That the Risk and Assurance Committee receives the Non-Financial Performance Measures Q4 2023/24 Report.

**CARRIED**

*Note: All members present at the Risk and Assurance Committee meeting voted in favour of resolution RACC202409/11 above.*

**5.10 SENSITIVE EXPENDITURE AND GIFT POLICY REFINEMENT**

Members agreed to adopt the updated Sensitive Expenditure and Gift Policy, to reflect long-established practices in place to recognise long-service leave and bereavements.

**RACC202409/12 RESOLUTION**

Moved: Mr Bruce Robertson

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 RACC202409/12 above.*

### 5.11 FRAUD POLICY UPDATE

The Business Excellence Manager answered questions of clarification.

#### RACC202409/13 RESOLUTION

Moved: Mr Bruce Robertson

Seconded: Cr John Williamson

That the Risk and Assurance Committee receives and adopts the proposed Fraud Policy.

**CARRIED**

*Note: All members present at the Risk and Assurance Committee meeting voted in favour of resolution RACC202409/13 above.*

### 5.12 CRUSHED CONCRETE CONTAMINATION AT BROADLANDS ROAD LANDFILL

The Business Excellence Manager summarised the report. She and the Environmental Impact Manager answered questions and the following points were noted:

- The future of the crushed concrete operation at the Broadlands Road landfill would be considered after the current issue was dealt with.
- It was not possible to identify who had dumped the contaminated concrete.
- Crushed concrete was used as a sub-base material, for example underneath car parks and driveways.
- Whether there would be any impacts on Council's Annual Report remained to be seen.
- The regional council did not need to be notified at this stage.

#### RACC202409/14 RESOLUTION

Moved: Cr Rachel Shepherd

Seconded: Cr Danny Loughlin

That the Risk and Assurance Committee receives the report relating to crushed concrete contamination at Broadlands Road Landfill.

**CARRIED**

*Note: All members present at the Risk and Assurance Committee meeting voted in favour of resolution RACC202409/14 above.*

*The meeting adjourned at this point (12.15pm) and reconvened at 12.27pm.*

### 5.13 IMPROVEMENT ACTIONS FOR ASBESTOS MANAGEMENT AND PROPERTY FUNCTIONS

The General Manager Organisation Performance summarised the report, explaining that Council had commissioned an independent review following asbestos findings in topsoil stockpiles at a Council-owned property, 204 Crown Road. An abridged version of the report by The Property Group had been attached to the agenda.

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

- Asbestos management plans were required for all Council property, including land.
- One of the actions to be implemented was training in relation to supplier panels and processes.
- Recommended new policies would not be completed in time to be incorporated into the Long-term Plan 2024-34, but would be in place for the next Long-term Plan after that.

**RACC202409/15 RESOLUTION**

Moved: Mr Bruce Robertson

Seconded: Cr Anna Park

That the Risk and Assurance Committee receives the report titled 'Improvements Actions for Asbestos Management and Property Functions' by Sarah Matthews, and associated abridged report provided by The Property Group.

**CARRIED**

*Note: All members present at the Risk and Assurance Committee meeting voted in favour of resolution RACC202409/15 above.*

**5.14 INSURANCE UPDATE**

The Business Excellence Manager summarised the report and answered questions. Members discussed Council's approach to insurance. The following points were noted:

- The insurance market was challenging.
- Officers had undertaken an exercise to better understand Council's risk position in relation to insurance. The conclusion was that Council would be left with a residual shortfall of approximately \$300m, in the extremely unlikely event that all its assets were simultaneously fully lost in a single event. This represented approximately 11% of the known value of Council's assets.
- An insurance placement matrix would be developed to guide future placements.
- Overall, Council was in a good position in terms of its insurance.
- It would be beneficial to identify the maximum credible loss to inform future discussions about Council's insurance strategy. Those discussions should also include consideration of primary and secondary risks. The Risk and Assurance Committee could then provide a recommended approach to insurance to full Council to consider.

**RACC202409/16 RESOLUTION**

Moved: Cr Danny Loughlin

Seconded: Mr Anthony Byett

That the Risk and Assurance Committee receives the Insurance Update report.

**CARRIED**

*Note: All members present at the Risk and Assurance Committee meeting voted in favour of resolution RACC202409/16 above.*

*Cr Anna Park left the meeting at this point (12.52pm).*

**5.15 HEALTH, SAFETY AND WELLBEING UPDATE**

The Health and Safety Manager advised that she had recently joined Taupō District Council. She summarised the report and the following points were noted:

- Recommendations from the KPMG health and safety improvement report were being implemented and embedded into the organisation.
- Staff were actively using health and safety systems, including the system to report accidents, however there were challenges extrapolating data at the level required to enable assurance reporting to executive and governance.
- Staff training was required to ensure corrective actions are implemented and people were following through to resolve and close-out all incidents in reporting systems.



- A clear framework for contractor management was required, along with staff training to ensure understanding of roles and responsibilities. This would enable assurance reporting to governance in relation to contractor management practices.
- Council had established critical risks and the Health and Safety Manager was currently working through the critical risk controls. These needed to be streamlined across the organisation. Once that had been completed, a critical risk standard would be drafted for Council to adhere to.
- There were some gaps in the information provided in Table 2 (incident management reporting), because officers were still following up on staff and visitor treatments following some of the incidents.
- Council's current incident management system was Damstra. It was hoped that the system could be reconfigured to better meet Council's needs.

#### **RACC202409/17 RESOLUTION**

Moved: Cr Danny Loughlin  
Seconded: Cr Rachel Shepherd

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

**CARRIED**

*Note: All members present at the Risk and Assurance Committee meeting voted in favour of resolution RACC202409/17 above.*

#### **5.16 SIGNIFICANT PROJECTS RISK REGISTER**

The General Manager Community Infrastructure and Services presented the significant projects risk register. It was noted that '3 Waters Reform Activities' had been included twice in error. Officers responded to members' questions and the following points were noted:

- Project Quantum: Property and rating modules had been successfully implemented, but instead of moving straight into the next module, the project team would pause and take time to re-set and re-analyse the project. Reporting frequency to the Risk and Assurance Committee was six-monthly, but should be more frequent if appropriate, to ensure governance oversight and support.
- Local Water Done Well: Council was receiving regular updates. Work was continuing with Waikato councils to consider options for the future, and templates had been received for the sustainable water services delivery plan to be developed over the next year.

#### **RACC202409/18 RESOLUTION**

Moved: Mr Bruce Robertson  
Seconded: Cr John Williamson

That the Risk and Assurance Committee receives the Significant Projects Risk Register, dated 21 August 2024.

**CARRIED**

*Note: All members present at the Risk and Assurance Committee meeting voted in favour of resolution RACC202409/18 above.*

**5.17 RISK AND ASSURANCE COMMITTEE WORKPLAN UPDATE****RACC202409/19 RESOLUTION**

Moved: Mr Bruce Robertson  
 Seconded: Cr Danny Loughlin

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 RACC202409/19 above.*

**5.18 CHIEF EXECUTIVE UPDATE TO RISK AND ASSURANCE COMMITTEE - CURRENT RISKS**

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

**RACC202409/20 RESOLUTION**

Moved: Mr Bruce Robertson  
 Seconded: Cr Rachel Shepherd

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 RACC202409/20 above.*

**6 NGĀ KŌRERO TŪMATAITI | CONFIDENTIAL BUSINESS****RACC202409/21 RESOLUTION**

Moved: Mr Bruce Robertson  
 Seconded: Cr Danny Loughlin

**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:

<b>General subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Ground(s) under Section 48(1) for the passing of this resolution</b>	<b>Plain English reason for passing this resolution in relation to each matter</b>
<b>Agenda Item No: 6.1</b> Confirmation of Confidential Portion of Risk and Assurance Committee Minutes - 2 July 2024	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	There is a need to retain this portion of the minutes in confidence to maintain legal professional privilege where members have

		good reason for withholding would exist under section 7	received advice from Council's Legal and Governance Manager relating to potential legal challenges against Council.
<b>Agenda Item No: 6.2</b> Litigation Update	Section 7(2)(g) - the withholding of the information is necessary to maintain legal professional privilege	Section 48(1)(a)(i)- the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 7	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 RACC202409/21 above.*

The meeting closed at 1.38pm with all members present reciting Taupō District Council's closing karakia.

The minutes of this meeting were confirmed at the Risk and Assurance Committee Meeting held on 9 December 2024.

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CHAIRPERSON