

ATTACHMENTS

Risk and Assurance Committee Meeting 5 June 2025

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17 March 2025

TAUPŌ DISTRICT COUNCIL MINUTES OF THE RISK AND ASSURANCE COMMITTEE MEETING HELD AT THE COUNCIL CHAMBER, LEVEL 1, 67 HOROMĀTANGI STREET, TAUPŌ ON MONDAY, 17 MARCH 2025 AT 1.00PM

PRESENT: Mr Bruce Robertson (in the Chair), Mr Anthony Byett, Cr Rachel Shepherd, Cr

Kevin Taylor, Cr John Williamson

IN ATTENDANCE: Cr Yvonne Westerman (until 3.18pm)

Chief Executive (J Gardyne), General Manager Organisation Performance (S Matthews), General Manager Strategy and Environment (W Zander), Acting General Manager People and Community Partnerships (H Tattle), Business Excellence Manager (L Chick), Finance Manager (J Paenga), Digital Solutions Manager (T May), Environmental Services Manager (J Sparks), Policy Manager (N Carroll), Project Management Office Manager (P Fletcher), Events and Venues Manager (S Giles), District Aquatics Manager (P Ramsay), Lifeguard Operations Team Lead (K Patel), Risk Advisor (M Hill), Health and Safety Manager (T Lastinger), Corporate Solicitor (F Bramwell), Senior Policy Advisor (K Goode), Digital Content Creator (C Hollinger), Business Excellence Coordinator (N Donaldson), Senior Committee Advisor (K Watts), Governance Quality Manager (S James)

MEDIA AND PUBLIC: Mr Leon Pieterse, Audit New Zealand (via MS Teams, for items 1 – 5.1)

1 KARAKIA

Independent Committee Chairperson, Mr Bruce Robertson led the recital of Taupō District Council's opening karakia.

2 WHAKAPĀHA | APOLOGIES

RACC202503/01 RESOLUTION

Moved: Mr Bruce Robertson Seconded: Cr Rachel Shepherd

That the apologies received from Cr Danny Loughlin and 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 RACC202503/01 above.

URGENT LATE ITEM - APPROVAL OF AUDIT NEW ZEALAND ANNUAL AUDIT PLAN

The Chairperson advised that for good reason, the Audit New Zealand Audit Plan for the Annual Report 2024/25 was not available, but needed to be considered prior to the next scheduled Risk and Assurance Committee meeting. Therefore there was a need to add this to the agenda as an urgent late item. The matter was considered as part of agenda item 5.1.

RACC202503/02 RESOLUTION

Moved: Mr Bruce Robertson Seconded: Cr John Williamson

That, pursuant to section 46A(7) of the Local Government Official Information and Meetings Act 1987, the following item be added to the agenda and dealt with at the meeting as it was not available at the time the agenda was circulated, and consideration of the item is a matter of urgency, requiring a decision without delay.

CARRIED

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Note: All members present at the Risk and Assurance Committee meeting voted in favour of resolution RACC202503/02 above.

3 NGĀ WHAKAPĀNGA TUKITUKI | CONFLICTS OF INTEREST

Niil

4 WHAKAMANATANGA O NGĀ MENETI | CONFIRMATION OF MINUTES

4.1 RISK AND ASSURANCE COMMITTEE MEETING - 9 DECEMBER 2024

Independent Chairperson Mr Bruce Robertson advised that he and the Deputy Chairperson Cr Danny Loughlin had reviewed the Annual Report 2023/24, the Statements of Compliance and the Letters of Representation and recommended signing by the Mayor and Chief Executive after Council adoption on 17 December 2024, in accordance with the delegation detailed in Committee resolution RACC202412/03.

RACC202503/03 RESOLUTION

Moved: Mr Bruce Robertson Seconded: Cr Rachel Shepherd

That the minutes of the Risk and Assurance Committee meeting held on Monday 9 December 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 RACC202503/03 above.

5 NGĀ RIPOATA | REPORTS

5.1 RECEIVE LONG-TERM PLAN 2024/34 REPORT FROM AUDIT NZ AND APPROVAL OF AUDIT NEW ZEALAND ANNUAL AUDIT PLAN

Long-term Plan 2024/34 Report from Audit New Zealand

The Senior Policy Advisor summarised the feedback received from Audit New Zealand at the end of the Long-term Plan (LTP) process. The three areas identified for Taupō District Council to improve upon had been incorporated into the project plan and processes for LTP 2027 so that they would not be missed.

Mr Leon Pieterse from Audit New Zealand was attending the meeting via MS Teams. He expressed gratitude for how Audit New Zealand was able to work with Council management and staff despite the timing challenges of the 2024 LTP.

In answer to questions, the Senior Policy Advisor confirmed the following:

- A debrief had been held with key staff and insightful thinking had come out of that. The improvement planning had been broken down into key areas to focus on.
- The project plan would be approved by the Executive team by the middle of the 2025 calendar year.

In response to a question from the independent Chairperson Mr Bruce Robertson, Mr Pieterse confirmed that the \$832k Waka Kotahi/New Zealand Transport Agency (NZTA) shortfall related to low cost, low risk NZTA-related work between years four and 10 of the LTP i.e. not the first three years.

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The independent Chairperson drew members' attention to the third paragraph under clause 2.4 of Audit New Zealand's report, which included a helpful summary of assumptions for governance oversight. He added that an area of particular interest for governance going forward would be income from the development and sale of surplus Council property (clause 2.4.8).

In answer to another question, the General Manager Organisation Performance advised that Audit New Zealand had sent through the management report for the previous year. This had just been circulated to the executive team to consider.

Approval of Audit New Zealand Annual Audit Plan

Mr Pieterse advised that Audit New Zealand had not yet issued the audit plan due to delays with templates. The areas of focus would be similar and timings set to meet the 31 October 2025 deadline. It was expected that the annual audit plan would be completed by the end of April 2025.

The independent Chairperson Mr Robertson thanked Mr Pieterse and the Senior Policy Advisor. He suggested that the Committee delegate authority to the Chair and Deputy Chair to approve the annual audit plan, as approval of the plan was a function of the Risk and Assurance Committee.

RACC202503/04 RESOLUTION

Moved: Mr Anthony Byett Seconded: Cr Rachel Shepherd

- That the Risk and Assurance Committee receives Audit New Zealand's 'Report to the Council on the audit of the Taupō District Council's Long-term Plan for the period 1 July 2024 to 30 June 2034'.
- 2. That, due to timing, the Committee delegates to the Chair and Deputy Chair, in conjunction with the Chief Executive, approval of the Audit New Zealand annual audit plan.

CARRIED

Note: All members present at the Risk and Assurance Committee meeting voted in favour of resolution RACC202503/04 above.

5.2 POOLSAFE AUDIT - TAUPŌ AND TŪRANGI POOL COMPLEXES

The District Aquatics Manager introduced the Lifeguard Operations Team Lead AC Baths, who would be involved in future PoolSafe audits. The completed PoolSafe audit provided assurance that all actions had been achieved. Accreditation had been granted for both the Taupō and Tūrangi pool complexes for another year.

Members observed that the PoolSafe audit was comprehensive. It was encouraging to read the outcome of the review, which reflected good efforts by staff.

In answer to questions the District Aquatics Manager advised that:

- The health and safety practices in place at the AC Baths and Tūrangi pool complexes were comprehensive and included incident reporting and corrective actions. The auditor had advised that AC Baths and the Tūrangi pool complexes were at the top of the list of one dozen pools audited, in terms of health and safety management processes.
- A swim school programme was in place.
- Emergency action plans outlined essential components of appropriate responses to emergencies, within the control of facility staff.

The independent Chairperson thanked staff for maintaining standards at the AC Baths and Tūrangi pool complexes and encouraged them to keep up the good work.

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RACC202503/05 RESOLUTION

Moved: Cr Kevin Taylor Seconded: Cr John Williamson

That the Risk and Assurance Committee receives the PoolSafe Accreditation Audit Report for the Taupō and Tūrangi pool complexes dated February 2025.

CARRIED

Note: All members present at the Risk and Assurance Committee meeting voted in favour of resolution RACC202503/05 above.

5.3 OUTSTANDING AUDIT AND IMPROVEMENT ITEMS

The Business Excellence Manager presented the report and reiterated that an organisational audit improvement group had been convened to provide support and facilitate action wherever possible. The group would report to the executive team on specific matters as appropriate.

In response to questions, the Business Excellence Manager advised that:

- The outstanding items related to various parts of the organisation and in many cases involved ongoing, systemic challenges which were taking time to resolve.
- The organisational audit improvement group was examining the items to ascertain whether to prioritise some over others. Items would then be assigned to group members to oversee.
- The water supply and wastewater median resolution times issue was ongoing. The Digital Solutions Manager added that a new service request system would be implemented in the next few months. The team would consider required outcomes and clarify options before implementation.
- "N/A new matter" status was used until more up-to-date audit findings were available. An example was the KPMG Health and Safety Review; because KPMG had not returned to conduct an updated audit, the items were still classified as new matters, although work was continuing to address those items.

The independent Chairperson suggested that one database be used for revaluations, including road revaluations which were due next year.

- In relation to developing stronger ownership of strategic risk, workshops for particular risks were ongoing.
 Any risks identified as "extreme" would be referred to the Chief Executive and Risk and Assurance Committee for ownership.
- Whether new sign-in processes would be rolled out for Council office locations beyond the new civic administration building would depend on what was most appropriate and cost-effective for those locations.

RACC202503/06 RESOLUTION

Moved: Cr John Williamson Seconded: Cr Rachel Shepherd

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 RACC202503/06 above.

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5.4 NON-FINANCIAL PERFORMANCE MEASURES REPORTING

The Business Excellence Manager presented the non-financial performance measures quarterly report.

A member raised concern about whether some measures would be met by year end. The Business Excellence Manager explained that for some measures, the bulk of the work occurred in the second part of the financial year, so forecast results based on the first part of the year were not actually indicative of expected final result. An example was measure RE12 (percentage of alcohol premises registered and inspected annually to ensure they meet legislative minimum standards). She would take this into account for future reporting.

In response to questions about measure SP01 (actions emanating from Council's Housing Strategy), the General Manager Organisation Performance advised that all actions had been included, but it was unlikely they would be completed within the current financial year. Some actions related to planning, some related to the property activity, and not all were within Council's control.

In answer to another question, the Chief Executive advised that it was a balancing act to time road resurfacing projects around events.

The Business Excellence Manager responded to a final question, confirming measure WS01 (drinking water supply compliance) related to compliance/reporting, and did not represent any major health issues.

RACC202503/07 RESOLUTION

Moved: Mr Bruce Robertson Seconded: Cr Rachel Shepherd

That the Risk and Assurance Committee receives the Non-Financial Performance Measures Q2 2024/25 Report.

CARRIED

Note: All members present at the Risk and Assurance Committee meeting voted in favour of resolution RACC202503/07 above.

5.5 SENSITIVE EXPENDITURE REVIEW - 1 OCTOBER 2024 - 31 DECEMBER 2024

The Business Excellence Manager presented the report. Good progress had been made over the last six months, with very few instances of non-compliance against policy. In answer to a question, she advised that senior management were supportive of the Sensitive Expenditure and Gift Policy and the General Manager Organisation Performance had been clear that rigorous controls must be in place for everyone regardless of their position in the organisation.

The independent Chairperson remarked that the report demonstrated Council taking use of ratepayer money seriously, dealing with matters arising and being up-front in the application of the policy.

RACC202503/08 RESOLUTION

Moved: Mr Anthony Byett Seconded: Cr Kevin Taylor

That the Risk and Assurance Committee receives the Sensitive Expenditure Review for the period 1 October 2024 to 31 December 2024.

CARRIED

Note: All members present at the Risk and Assurance Committee meeting voted in favour of resolution RACC202503/08 above.

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5.6 SENSITIVE EXPENDITURE AND GIFT POLICY REFINEMENT

The Business Excellence Manager explained that only one change to the Sensitive Expenditure and Gift Policy was being recommended, to increase the maximum meal allowance for breakfast from \$30 to \$40. This would minimise the administrative work involved in following up with people for reimbursement, as a result of the increased costs for standard hotel buffet breakfasts.

RACC202503/09 RESOLUTION

Moved: Cr Kevin Taylor Seconded: Mr Anthony Byett

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 RACC202503/09 above.

5.7 RISK MANAGEMENT QUARTERLY UPDATE

The Risk Advisor introduced himself and the Business Excellence Manager summarised the report.

In answer to questions, the Risk Advisor explained that:

- Business continuity planning would take some time to complete. A business impact assessment had been sent out to relevant staff members to complete. Meetings with the various teams would follow. The General Manager Organisation Performance added that some teams were very busy with operational work, for example Local Water Done Well, so the business continuity planning process would continue at a manageable speed in light of other commitments.
- The assurance mapping work would be interesting, and an opportunity to identify areas of duplication as well as focusing on high-risk gaps. The work would lead to presentation of the internal audit programme in June 2025.

In answer to a question about insurance, the General Manager Organisation Performance advised that the infrastructure insurance through Bay of Plenty Local Authority Shared Services (BOPLASS) was an extension of Council's existing policy. The independent Chairperson requested a Committee workshop about insurance policy placement strategy. The Business Excellence Manager advised that probable loss modelling results were not yet available, but would be required prior to the workshop.

RACC202503/10 RESOLUTION

Moved: Mr Bruce Robertson Seconded: Mr Anthony Byett

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 RACC202503/10 above.

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5.8 STRATEGIC RISK UPDATE

The Risk Advisor summarised the progress made in developing and updating risk profiles for Council's strategic risks.

The Business Excellence Manager advised that in relation to Risk 1 'Attracting and retaining a competent workforce', there had been a slight increase in turnover to 21.5%. In response to questions about turnover, the General Manager Organisation Performance explained that churn was down. A lot of the turnover related to part-time and casual positions, for example lifeguards.

The General Manager Organisation Performance answered questions of clarification in relation to Risk 3 'Financial Strategy'.

The Business Excellence Manager suggested that the risk appetite statements may need to be reviewed by the Committee in a workshop setting, given some residual risks are rated "extreme".

A member expressed the view that the risk owner for Risk 10 'Underperforming Council' should be the elected members.

In relation to Risk 8 'Maintaining effective ICT systems and secure records', the Digital Solutions Manager advised that work was underway to better understand 'Shadow IT' (the use of unauthorised applications by staff). The work would include education for staff about sanctioned applications i.e. what staff can and cannot use for work. There was a balance to strike, between protecting the organisation and providing the right tools. Mobile telephones posed less risk than laptops and other devices.

In response to a question, the Business Excellence Manager agreed that it was important for Council to monitor suppliers to ensure they were not attempting to take advantage of Council. Council's procurement policy supported this. The independent Chairperson pointed out that the Committee needed to consider procurement and contract management as part of its financial risk analysis.

In conclusion, the independent Chairperson noted that in receiving the update, members were 'ticking off' the work started on the 'Effects of climate change' risk. He acknowledged members' consideration of the current risk environment; and their intention to continue the discussion about risk appetite.

RACC202503/11 RESOLUTION

Moved: Mr Bruce Robertson Seconded: Cr Rachel Shepherd

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 RACC202503/11 above.

5.9 HEALTH, SAFETY AND WELLBEING UPDATE

The Health and Safety Manager summarised the report.

The independent Chairperson made the following comments:

- It would be beneficial for a Health and Safety Committee representative to appear before the Committee, following the recent Health and Safety Committee refresh.
- It was encouraging to read about the new structure around governance, with Council's executive team taking ownership of health and safety.

In response to a question, the Health and Safety Manager advised that of the 10 aggression incidents reported during the last reporting period, she considered one incident to be particularly significant. These aggression incidents were trending upwards, with approximately one incident every week.

Members thanked the Health and Safety Manager for her report and work throughout the organisation.

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RACC202503/12 RESOLUTION

Moved: Cr Kevin Taylor Seconded: Mr Anthony Byett

That the Risk and Assurance Committee receives the Health, Safety and Wellbeing update for the period from end of November to mid-February 2024.

CARRIED

Note: All members present at the Risk and Assurance Committee meeting voted in favour of resolution RACC202503/12 above.

5.10 FINANCIAL STRATEGY UPDATE AND SIGNIFICANT PROJECTS RISK REPORT

The Finance Manager and the Project Management Office Manager presented the report.

In response to a question, the Project Management Office Manager explained that SCADA was the 'backbone' of all work associated with 'three waters'. The focus of the SCADA upgrade project was working with an external consultant to focus and prioritise sites. The risks related to documentation, rather than the system itself.

Members thanked staff for the comprehensive report.

RACC202503/13 RESOLUTION

Moved: Cr John Williamson Seconded: Mr Bruce Robertson

That the Risk and Assurance Committee receives the Financial Strategy Update (A3717868) and the Significant Projects Risks Report (A3717965).

CARRIED

Note: All members present at the Risk and Assurance Committee meeting voted in favour of resolution RACC202503/13 above.

5.11 TREASURY UPDATE DECEMBER 2024

The Bancorp Treasury Services Limited treasury report and the Forsyth Barr investment fund report had been attached to the agenda and a summary provided.

The independent Chairperson observed that the Bancorp report provided a good sense of the investment management work completed in the period. There were no non-compliances against policy.

The General Manager Organisation Performance and the Finance Manager answered questions and the following points were noted:

- The difference between the \$217.0m external Council drawn debt and the \$179.0m funds drawn from Local Government Funding Agency (LGFA) was the processing of monthly commercial papers. Council went out to tender for supply of the commercial papers.
- The TEL fund had been transferred to Forsyth Barr initially, with term deposits transferring as they fell due. The full fund was now with Forsyth Barr.
- The TEL fund was a community fund held for community benefit. A report was being prepared to the next ordinary Council meeting, to clarify the purpose of the fund.

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RACC202503/14 RESOLUTION

Moved: Cr John Williamson Seconded: Cr Kevin Taylor

That the Risk and Assurance Committee receives Taupō DC Dashboard December 2024 (A3722623), Taupō District Council – Asset Allocation & Performance Report December 2024 (A3724193) and ESG Attestation for TDC 31 December 2024 (A3722622).

CARRIED

Note: All members present at the Risk and Assurance Committee meeting voted in favour of resolution RACC202503/14 above.

5.12 RISK AND ASSURANCE COMMITTEE WORKPLAN UPDATE

While no changes were made to the workplan, the following points were noted:

- The Committee Chairperson would discuss timing of the Committee's consideration of insurance and risk appetites at workshops with staff following the meeting.
- The Chief Executive Update had been removed as a standing agenda item due to in-depth items on Committee agendas.
- The Audit Arrangements Letter could be received at the June meeting, following approval via the delegation provided by the Committee earlier in the meeting.

RACC202503/15 RESOLUTION

Moved: Mr Bruce Robertson Seconded: Cr Rachel Shepherd

That the Risk and Assurance Committee receives the updated Workplan for 2025.

CARRIED

Note: All members present at the Risk and Assurance Committee meeting voted in favour of resolution RACC202503/15 above.

6 NGĀ KŌRERO TŪMATAITI | CONFIDENTIAL BUSINESS

RACC202503/16 RESOLUTION

Moved: Mr Bruce Robertson Seconded: Cr Kevin Taylor

RESOLUTION TO EXCLUDE THE PUBLIC

I move that the public be excluded from the following parts of the proceedings of this meeting.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48[1] of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

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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 - 9 December 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 good reason for withholding would exist under section 7	There is a need to retain this portion of the minutes in confidence 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 neces to maintain legal professional privileg		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	The Litigation Update is presented with the public excluded to enable Council's Legal and Governance Manager to provide the Committee with updates relating to litigation.

CARRIED

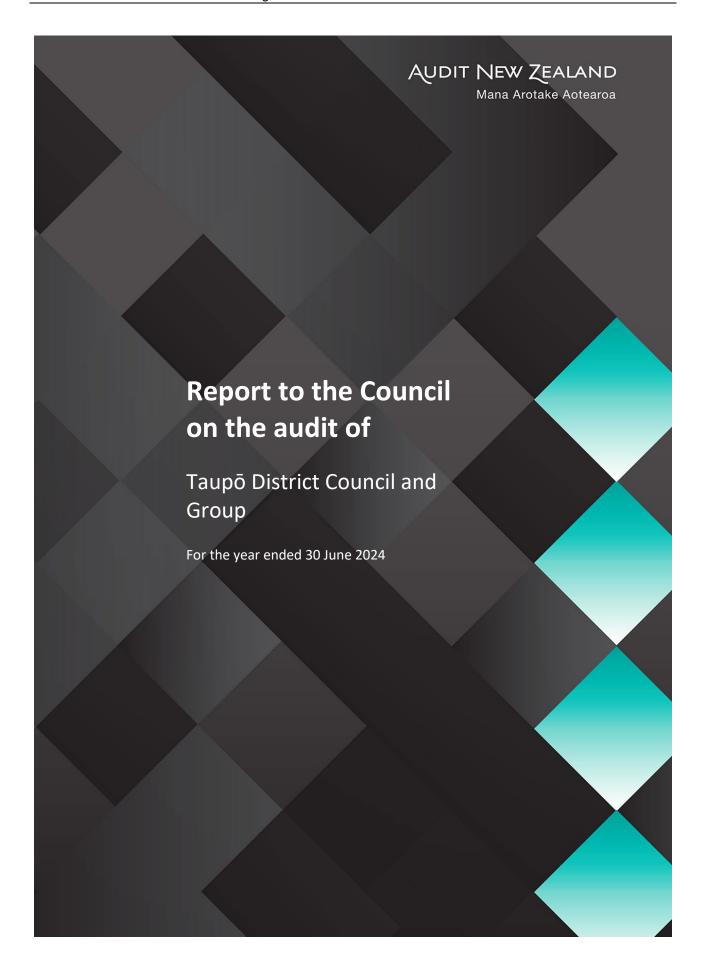
<u>Note:</u> All members present at the Risk and Assurance Committee meeting voted in favour of resolution RACC202503/16 above.

The meeting closed at 3.36pm.

The minutes of this meeting were confirmed at the Risk and Assurance Committee meeting held on 5 June 2025.

CHAIRPERSON

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Key messages

We have completed the audit for Taupō District Council and group (the District Council) for the year ended 30 June 2024. This report sets out our findings from the audit and draws attention to areas where the District Council is doing well and where we have made recommendations for improvement.

Audit report

We issued a non-standard audit report on the District Council and Group's annual report on 20 December 2024. We expressed an unqualified audit opinion on the information we audited, other than the following performance measures contained within the statement of service performed, specifically these are:

- water supply median response time measure, in which we issued a qualified audit opinion for both the current and comparative periods;
- wastewater median response time measure, in which we issued a qualified audit opinion for both the current and comparative periods; and
- roading responsiveness measure on which we issued a qualified audit opinion for the current period only.

Consistent with the prior year, we were unable to rely on the information provided in the Downer report, which again resulted in a qualified audit opinion.

Additionally, our testing revealed that the percentage of customer service requests related to roads and footpaths that the territorial authority responded to within five working days was also qualified this financial year due to a limitation of scope. Due to limitations in substantiating the response times for roading requests, there were no practicable audit procedures we could perform to obtain assurance over the reported result. This additional limitation of scope is reported in our audit opinion for the 2024 annual report.

Matters identified during the audit

Reclassification of the eastern urban lands (EUL)

During the financial year, the District Council reclassified the Eastern Urban Lands (EUL) property from investment property to inventory due to its new use for development and affordable housing.

We reviewed the reclassification of EUL from Investment Property to Inventory, which required complex disclosures in the annual report. In consultation with our technical team and discussion with management, critical judgment disclosures were added to the 2024 annual report to ensure compliance with accounting standards.

3

Fair value assessment of property, plant and equipment

We reviewed the fair value assessments performed by external valuers for operational and infrastructural assets (land & buildings, roading, and three waters asset classes) to confirm they were soundly based and that no material difference existed between the carrying value and fair value of the non-revalued asset classes.

We agree with management that the carrying value is not materially different from the fair value and a revaluation was not required.

Control environment

We performed a high-level review of the District Council's control environment.

Overall, we are satisfied that the control environment is effective for conducting an efficient and effective audit. However, we discussed with management the various challenges we encountered in retrieving documentation during the audit of property, plant, and equipment, vested assets, work in progress, and service reporting information.

Thank you

We would like to thank the council, management and staff for their enduring support and assistance during the audit.

Leon Pieterse Appointed Auditor 2 April 2025

1 Recommendations



Our recommendations for improvement and their priority are based on our assessment of how far short current practice is from a standard that is appropriate for the size, nature, and complexity of your business. We use the following priority ratings for our recommended improvements.

Priority	Explanation
Urgent	Needs to be addressed urgently
	These recommendations relate to a significant deficiency that exposes the District Council to significant risk or for any other reason need to be addressed without delay.
Necessary	Address at the earliest reasonable opportunity, generally within six months
	These recommendations relate to deficiencies that need to be addressed to meet expected standards of best practice. These include any control weakness that could undermine the system of internal control.
Beneficial Address, generally within six to 12 months	
	These recommendations relate to areas where the is falling short of best practice. In our view it is beneficial for management to address these, provided the benefits outweigh the costs.

1.1 New recommendations

The following table summarises our recommendations and their priority.

Recommendation	Reference	Priority
Significant improvements required to the asset management process	5.1	Urgent
We recommend that the District Council implement robust and effective processes for asset management to enhance financial reporting.		
Improvements to fixed asset register asset data	5.2	Necessary
We recommend that all assets be recognized and recorded within the Fixed Asset Register (FAR) with a sufficient level of detailed information. This detailed information should include specifics that allow for the accurate assessment of each asset's useful life.		

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5

Recommendation	Reference	Priority
Review process of data inputs into RAMM for roading renewals performance measure	5.3	Necessary
We recommend that management implement enhanced measures in the quality review process for reseal inputs. Additionally, it is crucial to further improve the current system for reviewing the data captured in the Road Asset Maintenance Management (RAMM) system concerning road renewals. These improvements will help ensure the accuracy and reliability of the recorded information.		
Property, plant and equipment disposal forms with approvals	5.4	Necessary
We recommend implementing a disposal process where assets being written off or disposed of are supported by an approved disposal form. This form should be signed by relevant personnel, such as an asset manager, and independently reviewed in a timely manner. This will ensure proper documentation and oversight of asset disposals.		
Work in progress assets that are complete but not capitalised in the fixed assets register	5.5	Necessary
We recommend that all work in progress (WIP) be frequently reviewed for any changes in project or asset conditions. This review should include assessing whether any capitalisations into additions or impairments should occur. Regular reviews will help ensure that the WIP balance accurately reflects the current status of projects and assets, and the correct depreciations are charged for the relevant period.		
Review of financial reconciliations	5.6	Necessary
We recommend that the Council consistently complete and review reconciliations. This practice will enable the Council to detect and correct any errors that could result in material misstatements in a timely manner. Ensuring these reconciliations are regularly performed and reviewed is crucial for maintaining accurate financial records and preventing potential discrepancies.		
Revaluation of infrastructural assets – valuer's recommendations	5.7	Necessary
We recommend that the Council thoroughly review the recommendations made in the roading and three waters valuation reports. It is crucial to address these recommendations in a timely manner to ensure they are implemented before the next valuation. This proactive approach will help enhance the accuracy and reliability of future valuations.		

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Recommendation	Reference	Priority
Infrastructure asset valuations – unit rates for future asset valuations	5.8	Necessary
Council needs to develop reasonable and supportable unit rates for future valuations and fair value assessments, council should maintain a unit rate database updated annually with reference to recent contract data and other cost indicators.		
Late review of termination of Council staff in the Council human resource system	5.9	Beneficial
We recommend that a periodic review of staff movements be conducted to ensure all terminations are processed in a timely manner. Regular reviews will help identify any delays and ensure that termination information is promptly communicated to the relevant teams, thereby maintaining accurate and up-to-date personnel records.		

1.2 Status of previous recommendations

Set out below is a summary of the action taken against previous recommendations. Appendix 1 sets out the status of previous recommendations in detail.

Priority	Priority			
	Urgent	Necessary	Beneficial	Total
Open	2	23	1	26
Consolidated recommendations – Please see appendix 1	-	(3)	-	(3)
Remaining open issues	2	20	1	23
Implemented or closed	-	(9)	-	(9)
Total outstanding recommendations	2	11	1	14

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2 Assessment of internal control



The Council, with support from management, is responsible for the effective design, implementation, and maintenance of internal controls. Our audit considers the internal control relevant to preparing the financial statements and the service performance information. We reviewed internal controls relevant to the audit to design audit procedures that are appropriate in the circumstances. Our findings related to our normal audit work, and may not include all weaknesses for internal controls relevant to the audit.

2.1 Control environment

The control environment reflects the overall attitudes, awareness, and actions of those involved in decision-making in the organisation. It encompasses the attitude towards the development of accounting estimates and its external reporting philosophy and is the context in which the accounting system and control procedures operate. Management, with the oversight of Council, need to establish and maintain a culture of honesty and ethical behaviour through implementation of policies, procedures and monitoring controls. This provides the basis to ensure that the other components of internal control can be effective.

We have performed a high-level assessment of the control environment, risk management process, and monitoring of controls relevant to financial and service performance reporting. We considered the overall attitude, awareness, and actions of the and management to establish and maintain effective management procedures and internal controls.

The elements of the control environment provide an appropriate foundation for other components of internal control.

2.2 Internal controls

Internal controls are the policies and processes that are designed to provide reasonable assurance as to the reliability and accuracy of financial and non-financial reporting. These internal controls are designed, implemented and maintained by the and management.

We reviewed the internal controls, in your information systems and related business processes. This included the controls in place for your key financial and non-financial information systems.

The controls in each system are capable collectively of preventing or detecting and correcting material misstatements.

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3 Our audit report

3.1 We issued a non-standard audit report



We issued a non-standard audit report on 20 December 2024. We expressed an unmodified audit opinion on the information we audited, other than the water supply and wastewater median response time on which we issued a qualified audit opinion for both the current and comparative results of each measure, and the roading responsiveness measures in which we issued a qualified audit opinion for the current results.

Previously, we raised a recommendation regarding these issues. Due to the additional qualification, we have expanded the scope of the recommendation, as detailed in Appendix 1.

In forming our audit opinion, we considered other matters. Please also refer to sections 4 and 5 for further detail on recommendations raised as part of our audit.

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3.2 Uncorrected and corrected misstatements

The financial statements are free from material misstatements, including omissions. During the audit, we discussed any misstatements we found with management, except for those that were clearly trivial, and these were corrected by management.

A list of the corrected misstatements is available upon request.

3.3 Quality and timeliness of information provided for audit



Management needs to provide information for audit relating to the annual report of the District Council. This includes the draft annual report with supporting working papers. We provided a listing of information, we required to management in September 2024.

There was improvement noted in the current year audit process as Council started fully utilising Audit Dashboard system to submit requested information, this resulted in some efficiencies being realised.

Queries on Dashboard were attended to at a reasonable time however, it was noted that some submissions were not what was requested or was not in a user-friendly format and had to be sent back and re-submitted which lead to some delays.

Management and Council staff co-operated well during the audit process which enabled a smooth audit process and resulted in the audit team being able to complete the audit within the statutory time frame.

Assistance from staff, together with appropriate supporting work papers, ensured our audit process could be carried out. Regular meetings with the Finance team also contributed to effective communication and up-to-date knowledge of key matters arising.

4 Matters raised in the Audit Plan



In our Audit Plan dated July 15, 2024, we identified the following as the main audit risks and issues:

Changes to the risks noted in the audit plan.

As part of our risk assessment process, after concluding the interim phase of our audit, we re-assessed the assertion risk related to significant audit focus areas. Consequently, the significant risk associated with the valuation and fair value assessment of property, plant, and equipment (non-revaluation year) was moved to an area of audit focus.

This change is reflected in the table below.

Audit focus areas – significant audit risks:

Audit risk/issue	Outcome			
The risk of management override of internal controls				
There is an inherent risk in every organisation of fraud resulting from management override of internal controls. Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.	Our audit response to this risk included: testing the appropriateness of selected journal entries; reviewing accounting estimates for indications of bias; and evaluating any unusual or one-off transactions, including those with related parties.			
Auditing standards require us to treat this as a risk on every audit.	Our testing did not identify any issues of concern.			
Porformance reporting - response time measures				

Performance reporting - response time measures

The District Council included in its Long-term plan performance measures on the response times to call-outs for faults or unplanned interruptions to its water supply system and wastewater system. Last year, our audit identified significant issues in the completeness and accuracy of the District Council's recorded performance against these measures.

Due to the extent of the inaccuracies identified, we were unable to determine whether the District Council's reported results for these measures were materially correct.

We were satisfied that the service performance statements comply with generally accepted accounting practice and fairly reflected the actual achievements and performance of the District Council except for the following performance measures:

- the median time for resolution of urgent callouts: from the time that the local authority receives notification to the time that the service personnel confirm resolution of the fault or interruption; and
- the median time from the time that Council receives notification of a

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Audit risk/issue

As a result, our work was limited and there were no practical audit procedures we could perform to obtain assurance over the reported results for response times to call-outs to faults or unplanned interruptions to the water supply system and wastewater system. We understand that the District Council is intending to use the same system for reporting the performance measure as in the previous audit.

This results in a significant audit risk that the results for the current year may be materially misstated and poses the risk of a repeat qualified opinion on the statement of service performance reporting.

Outcome

sewerage overflow resulting from a blockage or other fault in Council's sewerage system, to the time that service personnel confirm resolution of the fault or blockage.

The percentage of customer service requests relating to roads and footpaths to which the territorial authority has responded to within 5 working days.

Results for these performance measures are based on all service requests. Reports are received from different sources: for water and wastewater, the report is received directly from Downer, as they are responsible for resolving the fault or interruption.

Consistent with our findings in the prior year, we identified that there was no appropriate supporting documentation to confirm the resolution times provided by Downer or from the reports generated by the Council. The updates to the recording system are not accurate because they are not in real time.

For after-hour calls, including weekends (managed by Tauranga City Council), times are recorded as "0" once entered by Council staff the next day. We discussed with the Council if there was any supporting documentation that could be provided by Downer and from the request for service system to confirm times; however, no appropriate supporting documentation was available.

As there is no adequate supporting documentation, we were unable to confirm the reported results for wastewater and water supply.

In the 2024 financial year audit, we selected the road responsiveness performance measure as a material measure. We experienced a similar issue, which led to the qualification of the road responsiveness measure in the audit report.

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Audit risk/issue	Outcome
	Consistent with our prior year recommendations, we continue to recommend that the District Council enhances controls and review processes to ensure that attendance and resolution times are recorded accurately in the customer service request system. This ensures that all requests are supported by documentation that can verify the times recorded within the system.

Audit focus areas - areas of audit focus:

Audit risk/issue

Outcome

Valuation and fair value assessment of property, plant, and equipment (non-revaluation year)

The District Council revalue's its operational and infrastructure assets held at fair value whenever there is expected to be a material movement in the fair value of these assets as required by PBE IPSAS 17: Property, plant, and equipment. The latest revaluations performed are stated in the table below.

For those assets that the District Council is not planning to revalue, the District Council should perform a fair value movement assessment (assessment) to determine whether there is a significant difference between the fair value and the carrying value in compliance with PBE IPSAS 17: Property, plant, and equipment. Where the estimated difference is significant a revaluation may be necessary.

An assessment should:

- factor in local cost information;
- utilise relevant and reliable price movement indicators; and
- involve consulting with valuers, if necessary.

Alternatively, the District Council could engage valuers to assist in preparing a fair value assessment.

For the year ended 30 June 2024, management engaged independent valuers to perform desktop fair value assessments (infrastructure) and indicative percentage movements (land and buildings). Periods relevant to the movements are from 30 June 2022 to 30 June 2024 for land and buildings, and from 30 June 2023 to 30 June 2024 for infrastructure assets.

We:

- obtained an understanding of the methodology applied to the assessment;
- confirmed the opening balance and the movements of the assets to audited records; and
- reviewed the appropriateness of the indices used.

We recalculated the potential fair value movements using reliable external sources, including Stats NZ capital goods price indices and other price indices. We considered the reasonableness of assumptions and judgments applied in making the assessments, including the appropriateness of the methodology and key assumptions.

Overall, based on our assessment, we are satisfied that the potential fair value movements are unlikely to be material. Therefore, a formal fair value revaluation is not required.

Asset class	Last valuation
Operational land and operational & infrastructural buildings.	June 2022
Three waters assets (wastewater, water supply and stormwater).	June 2023
Roading and footpath infrastructural assets.	June 2023

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Audit risk/issue

Outcome

Capital works programme and impairment considerations

In the previous audit, we considered the progress the District Council is making against the budget for its capital work programme. We identified a number of projects that have been carried forward to future years and have been included in Work-in-progress (WIP) for a number of years.

WIP values should be assessed regularly for impairment and as phases of a project are completed, the WIP balance should be capitalised and depreciated in a timely manner. Where a project is unlikely to progress, or the asset is impaired it should be expensed. The District Council's impairment and capitalisation should include:

- reviewing the overall control environment in place in relation to procurement, contract management, project management and asset management;
- considering the progress against budget for the capital works programme, in terms of both the number of projects completed as well as the proportion of actual spend to budget;
- reviewing the projects included in WIP to ensure complete projects are properly capitalised if they are completed; and
- review the WIP values and determine whether any indicators of impairment.

We considered the progress the District Council is making against the budget for its capital work programme. Our review identified a small overspend across the CAPEX program.

Additionally, our review included checking the work in progress balance at year-end to ensure that projects reported as work in progress were not yet completed at year-end.

We also reviewed costs that have been capitalised during the year to ensure they meet the definition of capital expenditure rather than operational costs.

"Local Water Done Well" programme

In February 2024, the Government passed legislation that repealed the affordable waters reform legislation passed into law by the previous Government.

The Government intends implementing its "Local Water Done Well" programme

We monitored the progress of the "Local Water Done Well" legislation, held discussions with the District Council, and reviewed the District Council's disclosure of the impacts from its assessment in the annual report.

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Audit risk/issue

through the passing of two further bills through Parliament.

The first bill will set out provisions relating to council service delivery plans and transitional economic regulation. It will also provide for streamlining the establishment of Council Controlled Organisations to deliver water should councils desire to do so.

A second bill will set out provisions relating to long-term requirements for financial sustainability, provide for a complete economic regulation regime, and a new range of structural and financing tools, including a new type of financially independent council-controlled organisation.

The first and second bills are expected to be passed by mid-2024 and mid-2025 respectively.

Until the content of the bills is known the impact on the council and on the 30 June 2024 annual report is unclear.

The Council should ensure the annual report includes sufficient disclosure about the impact of the programme (to the extent that the impact is known).

Outcome

We considered the District Council's disclosures to be comprehensive and accurate, covering key legislative provisions and their implications, such as the development of a water service delivery plan and delivery to the Secretary by 3 September 2025.

We recommend that management continue to monitor legislative developments in this area.

Drinking water quality performance measure

The Non-Financial Performance Measures Rules 2013 required local authorities to report their compliance with the bacterial and protozoal contamination criteria of the New Zealand Drinking Water Standards 2005 (Revised 2008). However, these standards have been superseded. Reporting against the bacterial and protozoal requirements of the Water Services (Drinking Water Standards for New Zealand) Regulations 2022 and of the Drinking Water Quality Assurance Rules 2022 would allow the District Council to report appropriately against these measures. Local authorities should explain in the annual report the

We updated our knowledge of the systems and identified no significant issues in the process.

Management engaged an independent assessor to determine compliance with the Drinking Water Standards for New Zealand 2005 (Revised 2018) (DWSNZ) and the new Water Services (Drinking Water Standards for New Zealand) Regulations 2022, along with the associated Drinking Water Quality Assurance Rules 2022 (DWQAR).

We obtained confirmation directly from the independent assessor regarding their methodology and compliance with the relevant drinking water standards.

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Audit risk/issue Outcome information provided and why it has chosen to provide it. A short disclosure along the following lines is recommended. "The Non-Financial Performance Measures Rules 2013 required local authorities to report their compliance with the bacterial and protozoal contamination criteria of the New Zealand Drinking Water Standards 2005 (Revised 2008). These standards have been superseded and the District Council is therefore reporting against the Water Services (Drinking Water Standards for New Zealand) Regulations 2022 (the regulations) and the Drinking Water Quality Assurance Rules 2022, as they relate to bacteria and protozoa." The District Council intends to engage an independent external expert to assess its compliance with water standards. The scope of the independent expert's work needs to be appropriate for the purpose of reporting against the new Water Services (Drinking Water Standards for New Zealand) Regulations 2022 and the **Drinking Water Quality Assurance Rules** 2022, as they relate to bacteria and protozoa. The District Council will report its compliance against these measures in the annual report.

Classification and valuation of investment property

The District Council is required to annually revalue its investment properties at fair value in accordance with IPSAS 16 Investment property.

The valuation of the Investment Properties is performed by independent valuers with a value of \$32.25 million determined as at 30 June 2023.

The size of the portfolio continues to grow as available land is developed for further investment properties. Changes in use, as a result of development or changes in the business, can result in transfers of properties between

Investment property was revalued by an external valuer as of 30 June 2024, resulting in an increase in value of \$14.0 million.

We engaged an auditor's expert to review the valuation process, including the assumptions, market sales, and unit rates used to derive the fair value of the investment properties as of 30 June 2024.

We concluded that the overall movement was reasonable, supportable, and correctly accounted for in the financial statements.

Additionally, we identified the need for additional disclosures in the financial statements and a

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Audit risk/issue

investment property, property, plant and equipment and non-current assets held for sale.

Estimation of the fair value requires significant judgement to be made by both management and the experts engaged by management including the highest and best use of the properties.

Council also needs to assess the disclosure requirements, especially where there are movements out of the assets held for sale class.

Outcome

material reclassification of investment property to inventory relating to the District Council's Eastern Urban Lands (EUL) property.

We reviewed the arrangements in place for the EUL. The accounting requirements for the EUL land had some complexity and required significant judgments to determine the extent of reclassification and disclosure requirements.

We are satisfied with the adjustments and the disclosures made to the financial statements.

Accounting treatment of Civic Centre Sale and Leaseback arrangement

The District Council entered a sale and leaseback arrangement for its property on 67 Horomatangi Street with Te Whare Hono ō Tūwharetoa Limited Partnership (the Developer). The developer will construct a corporate office (the Civic Centre), which the District Council will lease.

The sale of the Land is conditional on construction of the Civic centre and settlement occurs when the District Council lease begins.

The District Council has provided the Developer early access to the land to construct the Civic Centre, and the land remains with the District Council while the property is being developed.

The District Council should obtain accounting advice on the sale and future lease agreement when preparing the 30 June 2024 financial statements.

We reviewed the arrangements for the sale and leaseback transaction, along with the related disclosures in the financial statements. Based on the advice obtained, the District Council has restated its comparative financial information to reflect the sale and leaseback arrangement starting in the financial year 2023.

With the assistance of our internal technical team, additional disclosures were included in the financial statements regarding the sale and leaseback arrangement.

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5 Other matters identified during the audit



During the audit, we also identified the following matters we wish to bring to your attention.

5.1 Significant improvements required to the asset management process

During the current audit, we identified significant deficiencies in the District Council's asset management processes. These deficiencies have led to multiple recommendations aimed at improving the efficiency and accountability of the District Council in its financial reporting. The root cause of these issues is the lack of robust and effective policies for asset management, particularly for financial reporting purposes. This problem was exacerbated by the loss of key staff, leaving new staff members struggling to fill the gap. Without clear processes, these staff members found it difficult to substantiate requests for supporting information, significantly extending the audit time and requiring intervention at all levels. Consequently, more time was invested by Council staff and audit team than initially agreed upon in the audit proposal letter (APL).

We have identified several recommendations that the District Council needs to implement urgently to ensure it has robust and effective processes for asset management for financial reporting purposes.

Broadly, we identified issues relating to the following areas (please see below), which include prior recommendations, which are yet to be implemented:

- Completeness and accuracy of vested assets;
- Capitalisation of vested assets;
- Improvement needed to the accounting policy for non-current assets held for sale;
- Inadequate processes for the physical verification of operational property, plant, and equipment;
- Fully written-down assets included in the fixed asset register;
- Revaluation of infrastructural assets valuer's recommendations;
- Depreciation rates not in line with policy;
- Implementation of a policy regarding capitalisation of internally generated costs;
- Asset capitalisation process; and
- Lack of Formal Approval Documentation for Property, Plant, and Equipment (PPE) capitalisation. Our expectation is that each asset capitalisation, or group of assets, is

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supported by an Authorisation to Capitalise PPE form. This form should ideally be signed by the project lead or a similar authority, confirming that the asset is completed and ready for capitalisation into the Fixed Asset Register (FAR) and commencement of depreciation. The form should include details of the assets to be capitalised, the dollar value of the assets, the expected depreciation rates to be entered into the FAR etc.

Many of these recommendations are historic in nature within the Council, and notably, no significant progress has been made against them year-on-year.

The risks of an inadequate asset management process mean that the District Council may not be accurately capturing asset information and data, which can result in inaccuracies across the annual report. This includes areas such as revaluations, where inaccurate information means that the fair value of assets is not accurately recorded. The flow-on impacts to depreciation meaning that the District Council may not be properly reflecting depreciation expenses in the financial statements. Consequently, this could affect the future replacement of these assets, as inadequate funding is not set aside to fund their replacement.

Management comment

TDC staff are currently working on improvements to our asset accounting function. Priority was assigned to minimising backlogged asset capitalisations for FY24 and will continue for FY25. With specific reference to points made above –

- There were some challenges with vested asset documentation support, particularly
 around issuing of 224c's. There was some difficulty this year in finding the required
 supporting documentation on some infrastructure assets, from staff unaware of the
 requirements.
- A policy/procedure will be written to cover the aspects of treatment of the various classes relating to investment property.
- Fully written down assets had been reviewed for FY24 and a bulk disposal of zero value assets retired. This will be an ongoing piece of work.
- Regarding asset rates not depreciating to policy, the policy identifies assets by class.
 The specific assets within each class do change occasionally requiring the policy to be agile to cater for the best estimate of the useful life of the asset. Occasionally this means the assets policy ranges need to be adjusted. No asset depreciation rates were changed in FY24, but the policy per the annual report required updating.
- Other items remain a work in progress to be prioritised and addressed.

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5.2 Improvements to fixed asset register asset data

The Fixed Asset Register currently lacks a detailed breakdown of individual assets.

During our review, we identified several instances where assets were recorded at a summarized level, without specifying individual items. Additionally, we observed that depreciation rates were not included for these assets.

Recommendation

We recommend that all assets be recognized and recorded within the Fixed Asset Register (FAR) with a sufficient level of detailed information. This detailed information should include specifics that allow for the accurate assessment of each asset's useful life.

Management comment

The fixed asset register doesn't hold detailed asset records for infrastructure assets, nor does it need to. Infrastructure assets are held at detail level in purpose-configured asset management systems maintained by the respective infrastructure teams. We can appreciate audit would like to obtain all detailed records centrally from finance, but this is not how the systems and processes were designed to work together and is an unnecessary duplication.

5.3 Review process of data inputs into RAMM for roading renewals performance measure

During our review of the road renewal performance measure, we selected several samples for testing and noted discrepancies between the lengths recorded in the Road Asset Maintenance Management (RAMM) system and the lengths of reseal work documented in the supporting materials provided by the Council. The Council explained that the RAMM data cannot be considered entirely accurate, as on-site inspections might reveal additional lengths of road included in the contractor's reseal work that are not reflected in the RAMM system.

Consequently, the audit team adopted an alternative approach to gain assurance on the reported results.

Recommendation

We recommend that management implement enhanced measures in the quality review process for reseal inputs. Additionally, it is crucial to further improve the current system for reviewing the data captured in the Road Asset Maintenance Management (RAMM) system concerning road renewals. These improvements will help ensure the accuracy and reliability of the recorded information.

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Management comment

We are implementing the AMDS standard in July 25 with new practises around the mandatory data required. RAMM is now called AWM.

5.4 Property, plant and equipment disposals forms with approvals

During our testing of disposals of Property, Plant, and Equipment (PPE), we identified that disposal forms with the adequate approvals are not consistently used when disposing of assets. We found that this process has not been implemented across all asset classes.

Recommendation

We recommend implementing a disposal process where assets being written off or disposed of are supported by an approved disposal form. This form should be signed by relevant personnel, such as an asset manager, and independently reviewed in a timely manner. This will ensure proper documentation and oversight of asset disposals.

Management comment

This is a focus of improvement as part of general fixed asset improvements mentioned in 5.1.

5.5 Work in progress assets that are complete but not capitalised in the fixed assets register

As part of our audit of property, plant, and equipment, we conducted testing on the District Council's work in progress (WIP) balance. Our review identified several projects that had not incurred any capital expenditure during the year.

Subsequent inquiries with management revealed that these assets were ready for capitalisation in the fixed assets register. The total value of the WIP projects that were complete but not yet capitalised amounted to \$16.90 million.

The risk of late capitalisation is that depreciation will be understated. To address this concern, we performed a high-level depreciation assessment and concluded that the current impact is not considered material. However, in subsequent years, the impact might become material, potentially leading to significant issues.

Recommendation

We recommend that all work in progress (WIP) be frequently reviewed for any changes in project or asset conditions. This review should include assessing whether any capitalisations into additions or impairments should occur. Regular reviews will help ensure that the WIP balance accurately reflects the current status of projects and assets and the correct depreciations are charged for the relevant period.

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Management comment

Agreed. TDC finance had prioritised backlog for FY24 and continues to do so. Significant WIP balances generally pertain to Infrastructure assets requiring a more complicated capitalisation.

5.6 Review of financial reconciliations

During our review of the Council's internal controls relevant to the audit, we noted that suspense accounts, bank reconciliations, and creditor reconciliations have not been prepared as part of the month-end process. We understand that this was initially due to the implementation of the TechOne (CiAnywhere) FMIS and a staff shortage in the finance team. However, considerable time has passed since this recommendation was first raised, and we now expect that these fundamental controls should be in place to prevent misstatements.

Recommendation

We recommend that the Council consistently complete and review reconciliations. This practice will enable the Council to detect and correct any errors that could result in material misstatements in a timely manner. Ensuring these reconciliations are regularly performed and reviewed is crucial for maintaining accurate financial records and preventing potential discrepancies.

Management comment

Agreed this is important and needs to resume. Unexpected issues and process/report redesign is required as a result of system implementation. Mitigating controls reduce any risk across this issue currently, with no known issues brought to management's attention.

5.7 Revaluation of infrastructural assets – valuer's recommendations

Following the valuation of roading and three waters assets as of 30 June 2023, the valuers (WSP and AECOM) made several recommendations for improving the Council's asset management system. These recommendations include:

Roading

- Continue to develop the asset component register, with additional information on construction and renewal dates where available to improve the reliability of the valuation.
- Provide data with asset IDs where possible. This will improve accuracy and ensure values are aligned with Taupō District Council's carrying values in financial reporting.
- Continue to record contract rates, quantities, and costings for projects to improve unit rates for valuation.

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- Continue to monitor risks associated with climate change.
- Consider accounting for residual value in basecourse assets to reflect the renewal process more accurately.
- Where additions and vested assets have been added, particularly the new airport carpark, work towards having quantities in the data for more accurate depreciation rates in future valuations.
- A review of the 15-year asset life of signs. Some signs age indicates they are double
 over the expected base life. Check renewals are being accounted for in the Signs
 asset group.
- Review chipseal surfaces and reassess the remaining life as many assets with 15-year base life are 25 years old.

Three waters

- As a matter of course, unit rates from contracts carried out during the year are
 captured in a suitable database and that the supply of rates in a suitable format and
 incorporating an appropriate apportionment of contract costs such as P&G,
 insurances etc. is a contract condition for 3 waters construction contracts.
- Unit rates from this valuation are used in cost estimates for future works as a means
 of further verifying the rates are reflective of actual construction costs in the local
 market and identifying future movements in rates (either upwards or downwards)
 that may be appropriate.
- A sample of actual asset condition data is used to confirm the assumption that asset condition and remaining life is proportional to age.
- Although asset data overall is of a good standard, it is recommended that the asset
 data quality improvement programme which has been carried in recent years by
 Taupō District Council is continued and that this includes the rationalisation of pipe
 sizes and associated fittings, update status of asset conditions. Further, it is
 recommended to streamline the asset data updating process to avoid any backlog.
 Maintaining up to date capitalised asset data would be beneficial for accurate
 valuation and avoid any significant value movements due to surge of backlog
 clearance.

 Data structures across groups be standardised, in particular the treatment and pump stations, so far as is reasonably practical. It would be beneficial if above ground assets were entered into AssetFinda so that the data had a similar look and feel to the reticulation data.

We have also highlighted the importance of unit rates in the development of future asset valuations we have raised this below (in 5.6.2), this is a sector standard recommendation raised to Council's across New Zealand.

Recommendation

We recommend that the Council thoroughly review the recommendations made in the roading and three waters valuation reports. It is crucial to address these recommendations in a timely manner to ensure they are implemented before the next valuation. This proactive approach will help enhance the accuracy and reliability of future valuations.

Management comment

Roading - We are implementing the AMDS standard in July 25 and with this standard there are new practises around the mandatory data required. RAMM is now called AWM. AWM also has an asset valuation tool that we will implement for June 2026 revaluation.

Three waters – Progress has been made on some of the points mentioned in the report as time and resourcing allows other matters will be resolved.

5.8 Infrastructure asset valuations - unit rates for future asset valuations

While performing our audit work on fair value assessment in the current year, we assessed the reasonableness of the unit rates used in estimating the replacement cost of these assets. Appropriate unit rate assumptions are a key input to good quality infrastructure valuations and robust budgeting and procurement decisions. This is also applicable to all future asset's valuations.

Our work included reviewing the Council's analysis of the recent cost information used to develop these unit rates and gaining an understanding of the Council's processes for developing unit rates. We found that the Council used indices supplied by the independent valuer rather than conducting their own analysis. The Council's analysis can be used as a benchmark to ensure that the unit rates utilized by the independent valuer are reasonable.

To develop reasonable and supportable unit rates for future valuations and fair value assessments, Council should maintain a unit rate database updated annually with reference to recent contract data and other cost indicators.

Information sources to inform unit rates should include recent contract rates for physical works, indexed to the current financial year where needed. This analysis should include all costs associated with the contract, including materials supply and installation, reinstatement, and other relevant direct costs, as well as preliminary and general costs.

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Care should be taken to ensure the contracts used for comparison reflect typical projects and exclude, for example, emergency repairs which may incur unusually high costs.

Recent vested asset cost schedules provided by developers can be another source of relevant cost information.

Where Council has limited construction-based unit rate information available, reliable and relevant information to supplement its own unit rates may be obtained from other nearby local authorities.

When establishing standard unit rates, adjustments are likely to be needed to "normalise" recent contract rates or information obtained from other local authorities. This would include adjustments to remove non-recurring significant variances in unit costs across contracts, such as location, infrastructure complexity and scale of work. Procurement methods and design standards may also differ across projects or local authorities, leading to different cost profiles.

The application of indices to unit rates from previous valuations may also be useful to address gaps in cost information. However, indexed unit rates should not be the primary source of information as they may not accurately reflect movements in the local construction market, especially beyond the short-term.

Council should also ensure that the indirect costs, including overheads, applied when developing unit rates are complete, comparable to accepted ranges used across the industry, and are informed by information extracted from actual contracts.

The methodology and assumptions used in deriving unit rates and overheads, and what each of these include, should be documented for inclusion in the Council's valuation report.

Before finalising unit rates, the Council needs to consider whether the updated unit rates can be justified and are reflective of sustainable market conditions. This judgement should be well documented.

Recommendation

Council needs to develop reasonable and supportable unit rates for future valuations and fair value assessments, council should maintain a unit rate database updated annually with reference to recent contract data and other cost indicators.

Management comment

Roading - We are implementing the AMDS standard in July 25 and with this standard there are new practises around the mandatory data required. RAMM is now called AWM. AWM also has an asset valuation tool that we will implement for June 2026 revaluation.

Three waters – As resourcing and time allow, we will address the above matters, the focus of the team at present is the back log of capitalisation work.

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5.9 Late review of termination of Council staff in the Council human resource system

During our payroll procedures, we reviewed a sample of personnel masterfile changes. As part of our testing, we identified a staff member who had left the organization, but their termination was processed five months after their final day of work.

Upon inquiry, we noted that this delay was due to the relevant termination information not being provided to the District Council's People and Culture (P&C) team in a timely manner.

Recommendation

We recommend that a periodic review of staff movements be conducted to ensure all terminations are processed in a timely manner. Regular reviews will help identify any delays and ensure that termination information is promptly communicated to the relevant teams, thereby maintaining accurate and up-to-date personnel records.

Management comment

Management do not believe this is a widespread issue but only possible if the staff member is a casual who hasn't been called on recently or who has found another job and omitted to advise us. We have reminded team leaders to inform P&C as soon as they receive a resignation and to keep in regular contact with casual staff.

6 Public sector audit



The District Council is accountable to their local community and to the public for its use of public resources. Everyone who pays taxes or rates has a right to know that the money is being spent wisely and in the way the said it would be spent.

As such, public sector audits have a broader scope than private sector audits. As part of our audit, we have considered if the District Council has fairly reflected the results of its activities in its financial statements and non-financial information.

We also consider if there is any indication of issues relevant to the audit with:

- compliance with its statutory obligations that are relevant to the annual report;
- the District Council carrying out its activities effectively and efficiently;
- waste being incurred as a result of any act or failure to act by the District Council;
- any sign or appearance of a lack of probity as a result of any act or omission, either by the Council or by one or more of its members, office holders, or employees; and
- any sign or appearance of a lack of financial prudence as a result of any act or omission by the Council or by one or more of its members, office holders, or employees.

6.1 Sensitive expenditure

We have not identified any new recommendations relating to sensitive expenditure. We note that the District Council has made significant progress on the recommendations identified in prior audits. Specifically, the recommendation regarding the independence of approvers has been closed, based on the changes management has implemented. We are satisfied that this recommendation has been addressed.

Regarding the recommendation for sensitive expenditure policy improvements, the Council adopted a new sensitive expenditure policy on 17 September 2024. We have reviewed this policy and concluded that it aligns with good practice. However, since this policy was approved post year-end, we have not yet closed the issue. We expect to close this recommendation in the 2025 financial year, provided there are no limitations identified in the sensitive expenditure policy based on our review.

7 Group audit



The group comprises the following subsidiaries and controlled entities (which is collectively referred to as the Group):

- Taupō District Council (the Parent);
- Destination Lake Taupō Trust (controlled entity);
- Taupō Airport Authority (subsidiary); and
- Lake Taupō Protection Trust (controlled entity).

We have not identified any of the following during our audit for the year ended 30 June 2024:

- Instances where our review of the work of component auditors gave rise to a concern about the quality of that auditor's work.
- Limitations on the group audit.
- Fraud or suspected fraud involving group management, component management, employees with significant roles in group-wide controls, or others where the fraud resulted in a material misstatement of the group financial statements.

8 Useful publications



Based on our knowledge of the , we have included some publications that the and management may find useful.

Description	Where to find it	
Performance reporting		
Performance reporting is an essential part of the public sector's accountability to New Zealanders. Performance reporting is important, but it can also be difficult. This guide is to help those in the public sector who are responsible for preparing performance reports to find and use the many resources the OAG have made available.	On the Office of the Auditor-General's website under publications. Link: A guide to our resources to support better performance reporting	
Public organisations are responsible for reporting their performance to Parliament and the public in a way that meaningfully reflects their organisation's aspirations and achievements. The Auditor-General published a discussion paper that explores five areas for improvement in performance reporting.	On the Office of the Auditor-General's website under publications. Link: The problems, progress, and potential of performance reporting	
The Office of the Auditor-General, the Treasury and Audit New Zealand have jointly prepared good practice guidance on reporting about performance. The guidance provides good practice examples from public organisations in central government. Those working in other sectors may also find this useful.	On Audit New Zealand's website under good practice. Link: Good practice in reporting about performance — Office of the Auditor-General New Zealand (oag.parliament.nz)	
Managing conflicts of interest involving council emp	loyees	
This article discusses findings across four councils on how conflicts of interest of council employees, including the chief executive and staff, are managed.	On the Office of the Auditor-General's website under publications. Link: Getting it right: Managing conflicts of interest involving council employees	
Establishing a new "public entity"		
This document is for people making policy decisions about establishing a new public entity. It sets out questions to help you consider what accountability requirements a new public entity should have.	On the Office of the Auditor-General's website under publications. Link: Accountability requirements to consider when establishing a new "public entity"	

Description	Where to find it	
Model financial statements		
Our model financial statements reflect best practice. They are a resource to assist in improving financial reporting. This includes:	Link: Model Financial Statements	
significant accounting policies are alongside the notes to which they relate;		
simplifying accounting policy language;		
enhancing estimates and judgement disclosures; and		
 including colour, contents pages and subheadings to assist the reader in navigating the financial statements. 		
Sensitive expenditure		
The Auditor-General's good practice guide on sensitive expenditure provides practical guidance on specific types of sensitive expenditure, outlines the principles for making decisions about sensitive expenditure, and emphasises the importance of senior leaders "setting the tone from the top". It also describes how organisations can take a good-practice approach to policies and procedures for managing sensitive expenditure.	On the Office of the Auditor-General's website under good practice. Link: Sensitive expenditure	
Conflicts of interest		
The Auditor-General has published guidance on conflicts of interest. A conflict of interest is when your duties or responsibilities to a public organisation could be affected by some other interest or duty that you have.	On the Office of the Auditor-General's website under 2019 publications. Link: Conflicts of interest	
The material includes a printable A3 poster, an animated video on predetermination and bias, gifts and hospitality, and personal dealings with a tenderer. There is also an interactive quiz.		
These can all be used as training resources for your own employees.		

Description	Where to find it
Good practice	
The OAG's website contains a range of good practice guidance. This includes resources on:	On the OAG's website under good practice.
audit committees;	Link: Good practice
conflicts of interest;	
discouraging fraud;	
good governance;	
service performance reporting;	
procurement;	
sensitive expenditure; and	
severance payments.	

Appendix 1: Status of previous recommendations

Consolidated recommendations

To assist the District Council in ensuring that recommendations are robust and add value to its systems of internal controls, we have reviewed previous recommendations raised in our prior audits. As a result, we have consolidated recommendations where they were similar or aimed at achieving the same outcome.

Additionally, where more information became available, we have consolidated items to form more robust recommendations.

Recommendation	First raised	New recommendation title
Urgent		
Water supply and wastewater median resolu	ution times	DIA performance measure - response and resolution time measures
Ensure the processes Downer uses to capture and report the data is complete and accurate as per their contractual responsibilities. The District Council encourages Downer to record a resolution time for all service requests as part of their contractual obligations.	2017/18	We recommend that processes used to capture and report on requests for service, both standard and afterhours, be complete and accurate. This includes ensuring that response and resolution times are supported by documentation.
Enhance controls and review processes to ensure that attendance and resolution times are recorded accurately in their customer service request system.		Additionally, we suggest enhancing controls and review processes to ensure that request for service times are recorded accurately in the customer service request system and
Service request/work order system		that the data is valid and complete.
Necessary		Rationale for consolidation:
The District Council improves its service request system to ensure that data is valid and complete.	2016/17	We noted this year that the scope of the recommendation was widened due to the qualification of an additional responsiveness measure (roading responsiveness). As a result, our recommendation now broadly reflects that changes are urgently required to the District Council's request for service system.

Recommendation	First raised	New recommendation title
Necessary		
Lack of formal approval documentation for pand equipment (PPE) purchases	property, plant,	Improvements to asset capitalisation and documentation processes.
We recommend the District Council retains formal and proper evidenced approval documents for all PPE purchases before the assets are purchased.	2022/23	We recommend that the District Council establish a formalised process to ensure effective communication between asset
Asset capitalisation process		engineers and the finance team for the timely capitalisation of
Necessary		significant capital projects from work in progress to commissioned assets.
The District Council does not have a formalised process in place for the communication between the asset engineers and the finance team for the capitalisation of significant capital projects from work in progress to commissioned assets. We also recommend assets are capitalised timely, based on when the asset is entered into service.	2020/21	This process should include the timely capitalisation of assets based on their entry into service. Additionally, the District Council should retain formal and properly evidenced approval documents for all PPE purchases before the assets are acquired. Rationale for consolidation: We noted that these recommendations were similar in outcome and, due to issues experienced within the PPE section, are interrelated. As a result, our recommendation now broadly reflects that changes to the asset capitalisation processes are required.

Recommendation	First raised	New recommendation title
Enhancement of the sensitive expenditure policy required to ensure compliance with OAG best practice guidance		Sensitive expenditure policy enhancements and improvements.
Necessary		
the meaning of "reasonable and moderate" in relation to alcohol purchases is communicated clearly at all staffs, and that the sensitive expenditure policy is updated to provide guidance in this regard, as well as when specific approval is required for unique events; clear guidance and pre-approval processes are included in the policy to govern travelling and other sensitive expenditure for specific unique events like a mihi whakatau.	2022/23	We recommend that the District Council clearly communicate the meaning of "reasonable and moderate" in relation to alcohol purchases to all staff. The sensitive expenditure policy should be updated to provide guidance on this matter, including when specific approval is required for unique events. Additionally, the policy should include clear guidance and pre-approval processes for travel and other sensitive expenditures for specific unique events, such as a mihi whakatau. Furthermore, we have
Sensitive expenditure policy improvements		identified opportunities to further strengthen the Sensitive Expenditure
Necessary From our review of the Sensitive Expenditure Policy, we have identified opportunities to further strengthen the Policy and to ensure the Policy is in line with updated good practice guidance from the Office of the Auditor-General.	2020/21	Policy to ensure it aligns with updated good practice guidance from the Office of the Auditor-General. Rationale for consolidation: We noted that these recommendations were similar in outcome and can be effectively addressed by the Council when consolidated into a single recommendation.

Open recommendations

Recommendation	First raised	Status
Urgent		
DIA performance measure - response and resolution time measures		
We recommend that processes used to capture and report on requests for service for both standard, and after-hours is complete and accurate, ensuring that response and resolution times are supported by documentation, and that an enhancement of controls and review processes is undertaken to ensure that request for service times are recorded accurately in their customer service request system and that data is valid and complete.	2017/18 2023/24	Matter outstanding. We made enquiries of relevant personnel at the District Council; we note that no progress has been made on this to date. Additionally, as a result of the selection of the roading responsiveness measure, we have extended our qualification to include this measure. Management comment
		Council has a Digital Transformation Program with a risk-based priority system and these items will be added to it with an appropriate risk-based prioritisation
Inaccuracies and non-compliance identified audit	in the draft service	e performance reporting provided for
We recommend that the District Council implement enhanced quality control and oversight processes before the draft service performance information is provided for audit.	2022/23	Matter progressing. We note that the Council has implemented new processes for reporting and increased scrutiny of the Statement of Service Performance (SSP). However, we observed that there are still several inconsistencies between the SSP and other strategic documents, such as the Long-Term Plan (LTP) and the prior year's signed annual report, particularly in relation to performance measures. Management comment We will build on the work started
		We will build on the work started during the 2023/24 audit i.e. 1) ensured that the SSP is being correctly interpreted, (2) requested Asset Managers to review the non-financial performance measures of

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Recommendation	First raised	Status
		their Activity Group and (3) collated past and current measures to better identify any errors and continue to work with Asset Managers to improve the internal processes used to measure the SSP and quality check the spreadsheet where historic SSPs are collated.
Necessary		
Completeness and accuracy of vested assets		
We recommend that the District Council implements a robust process to ensure all vested assets are recognised in the correct financial year.	2022/23	Matter progressing. We continue to observe instances where a robust process has not been implemented for vested assets. Specifically, we identified assets that were not recognized within the correct financial period.
		Management comment
Lucas was a second time to set up and of up a course	unt assats hald fav	Covered in 5.1 above
Incorrect accounting treatment of non-curre	ent assets neid for	saie
The District Council should design and implement clear policies and procedures to guide the accounting of assets as held for sale to ensure alignment with the accounting standards to avoid potential errors in the future.	2022/23	Matter progressing. We note that the Council has sought advice regarding the classification of fixed assets from an external accounting advice provider. However, the Council has yet to formalize a policy based on the advice received. Management comment Covered in 5.1 above.
Fully written down assets included in the fix	ed asset register	
We recommend the District Council should periodically review all assets with a zero net book value to inform their assessment of useful lives. Assets no longer in use should be removed from the fixed asset register based on the approved policies and procedures.	2022/23	Matter progressing. We acknowledge that the District Council has initiated a process to update and remove fully written- down assets from the fixed asset register. However, we still observe a number of fully depreciated assets remaining within the register.

Recommendation	First raised	Status
		Management comment
		Covered in 5.1 above.
Sensitive expenditure policy enhancements	and improvement	:s
We recommend that the District Council clearly communicates the meaning of "reasonable and moderate" in relation to alcohol purchases to all staff. The sensitive expenditure policy should be updated to provide guidance on this matter, including when specific approval is required for unique events. Additionally, the policy should include clear guidance and preapproval processes for travelling and other sensitive expenditures for specific unique events, such as a mihi whakatau. Furthermore, we have identified opportunities to further strengthen the Sensitive Expenditure Policy to ensure it aligns with updated good practice guidance from the Office of the Auditor-General.	2022/23	Matter progressing. We note that the District Council has made updates to the sensitive expenditure policy. However, since the policy was not approved prior to 30 June 2024, we have been unable to close this recommendation. We expect to close this recommendation in the next report to Council. Management comment No comment as we expect it to be closed in next report.
Develop and test organisational business co	 ntinuity plan (BCP)
We recommend the District Council develop and test organisational business continuity plans with each of its departments to ensure that services continue to be provided after an event.	2018/19	No progress. We continue to observe that the District Council has not yet developed and tested organizational business continuity processes. Management comment We now have a dedicated Risk Manager and the BCP work is currently being prioritised.
Review of masterfile changes		
We recommend payroll masterfile maintenance reports are independently reviewed by individuals who are unable to make changes in the payroll system.	2019/20	No progress. We continue to observe that masterfile maintenance reports are still being reviewed by personnel who have access to make changes to the payroll system. Management comment P&C, Finance & Digital Solutions have started work on this.

Recommendation	First raised	Status
Depreciation rates not consistent with policy		
We recommend a review is completed to ensure all depreciation rate are in line with District Council's policy, or that the policy is updated.	2020/21	Matter progressing. While we have observed some enhancements in the disclosures regarding depreciation rates within the Council's accounting policies for property, plant, and equipment, there are still instances where these rates do not align with the asset data recorded in the fixed asset register. This inconsistency suggests a need for a more thorough review and reconciliation process to ensure that the depreciation rates applied are accurate and reflective of the actual asset conditions. Addressing these discrepancies is crucial for maintaining the integrity and reliability of the Council's financial reporting.
		Management comment Covered in 5.1 above.
Implement a policy regarding capitalisation	of internally gener	
We recommend the District Council incorporates a formal capitalisation policy to provide clear guidance on the circumstances where internally generated employee costs can be capitalised.	2020/21	No progress. We have observed that the Council has yet to adopt a formal capitalisation policy that provides clear guidance on the treatment of internally generated costs. This absence of a structured policy can lead to inconsistencies in how these costs are recorded and reported. Establishing a comprehensive capitalisation policy is essential to ensure that all internally generated costs are accurately identified, measured, and capitalised in accordance with relevant accounting standards. Such a policy would provide clear criteria for distinguishing between costs that should be capitalised and those that should be expensed, thereby enhancing the reliability and

Recommendation	First raised	Status
		transparency of the Council's financial statements.
		Management comment
		Covered in 5.1 above.
Improvements to asset capitalisation and do	ocumentation prod	cesses
We recommend the District Council	2020/21	No progress.
establish a formalised process to ensure effective communication between asset engineers and the finance team for the timely capitalisation of significant capital projects from work in progress to		We have observed a lack of asset capitalisation forms, which hinders the capitalisation process in the fixed asset register.
commissioned assets. This process should include the timely capitalisation of assets based on their entry into service. Additionally, the District Council should retain formal and properly evidenced		Furthermore, there is insufficient communication between asset engineers and the finance team, affecting the robust capitalisation of property, plant, and equipment.
approval documents for all PPE purchases		Management comment
before the assets are acquired.		Covered in 5.1 above.
High annual leave balances		
We recommend the District Council to	2020/21	Matter progressing.
encourage employees to use their annual leave and maintain individual leave balances of less than six weeks.		We have observed that several employees have an annual leave balance exceeding six weeks.
		The Council is actively working with these employees to reduce their leave balances.
		Management comment
		Council has implemented a new Leave Policy which has tighter controls on leave balances and leave balances are monitored quarterly by People & Culture and circulated to Enterprise Leaders and P&C business Partners also meet regularly with their parts of the business and assist with leave management plans for those with high balances.
Capitalisation of vested assets		
We recommend that the District Council aligns their capitalisation dates for vested	2021/22	Matter progressing.

Recommendation	First raised	Status
assets to the date the relevant 224c Certificates are signed.		We observed improvements in the capitalisation process for vested assets, particularly in the area of three waters. However, roading assets were not managed under the same process, leading to issues and delays in our audit work. We recommend that the Council adopts a unified capitalisation process for all vested assets and assets in general. Management comment Covered in 5.1 above.
Beneficial		
Long service leaves actuarial calculation		
Implement a reporting function within the payroll system to generate data to be able to confirm the long service leave calculation.	2019/20	Matter progressing. We observed that there is still no reporting function to generate data for confirming long-service leave calculations. Management comment Finance will work on this prior to June this year in order to substantiate the accrual.

Implemented or closed recommendations

Recommendation	First raised	Status		
Necessary				
Expenditure items incorrectly coded in the general ledger				
We recommend that appropriate review and coding of expenditure take place to ensure the accuracy of the general ledger account used to enable appropriate reporting and monitoring.	2022/23	Matter closed. From our expenditure testing, we did not identify any inappropriate coding of expenditure.		
Employment agreement letters of key management personnel (KMP) not approved				
We recommend that the District Council ensures that adequate policies and procedures are in place to sign off contract	2022/23	Matter closed.		

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Recommendation	First raised	Status
letters for executives to ensure those appointments are formalised before salary payments take place.		From our review of KMP contracts during the year, we noted all contracts/IEAs were signed and approved.
Expenditure transactions are not approved to	timely	
We recommend that all expenditure, including sensitive expenditure, be approved for processing/payment in a timely manner, such as monthly.	2022/23	Matter closed. During our testing over expenditure, we did not note any instances where items of expenditure were not approved timely.
Footpath condition rating not carried out on	a regular basis	
We recommend that District Council carries	2022/23	Matter closed.
out footpath condition ratings regularly to ensure compliance with the PBE FRS 48 standard and best practice.		We note that Council has carried out a new condition assessment rating as of 30 June 2024 and included the results within the 2024 annual report.
Sensitive expenditure: independence of app	rover	
We recommend there is one-up approval on all expenditure. If the approver is receiving a perceived or actual benefit from the transaction then it should be approved by that person's Manager on a one-up basis (or in the CEO's case, the mayor) or by an alternative member of those charged with governance (preferably the RAC Chair) to ensure there is the independence and transparency. This is also in keeping with Taupō District	2022/23	Matter closed. From our review, we noted no instances where the approver of sensitive expenditure also received benefit from the applicable expenditure.
Council's Sensitive Expenditure Policy.		
Assessment of recoverability of general debtors		
We recommend that the District Council performs assessment of the recoverability of outstanding general debtor balances and that adequate impairment allowance should be made as a result of any doubtful balances identified.	2021/22	Matter closed. From our review of aged debtors, we noted that Council has performed an assessment over the recoverability of debtors, where necessary we found the District Council includes outstanding debtors within their impairment allowance.

Recommendation	First raised	Status	
Journal segregation of duties			
We recommend the District Council implement a one-up approval process for journals posted and proper approvals are given to all journals.	2021/22	Matter closed. From our review of journals, we have noted no instances where deviation from the one-up approval process occurred in the 2024 financial year audit.	
Lack of formal approval for all salary increas	es		
We recommend the District Council adopt a formal and proper evidence approval process for salary increases	2021/22	Matter closed. As part of our payroll testing procedures, we verified that salary increases were supported by documentation signed by relevant personnel at Council.	
Incomplete interest register	Incomplete interest register		
We recommend additional training is provided to management and Councillors around interest declarations, and a process is implemented to ensure all Councillors and key management personnel declare all interests (including entities that District Council does not engage with).	2020/21	Matter closed. We have reviewed the conflicts of interest register, and performed completeness checks by reviewing the companies and charities register. As a result of these investigations, we noted no undeclared interests during the year was noted.	

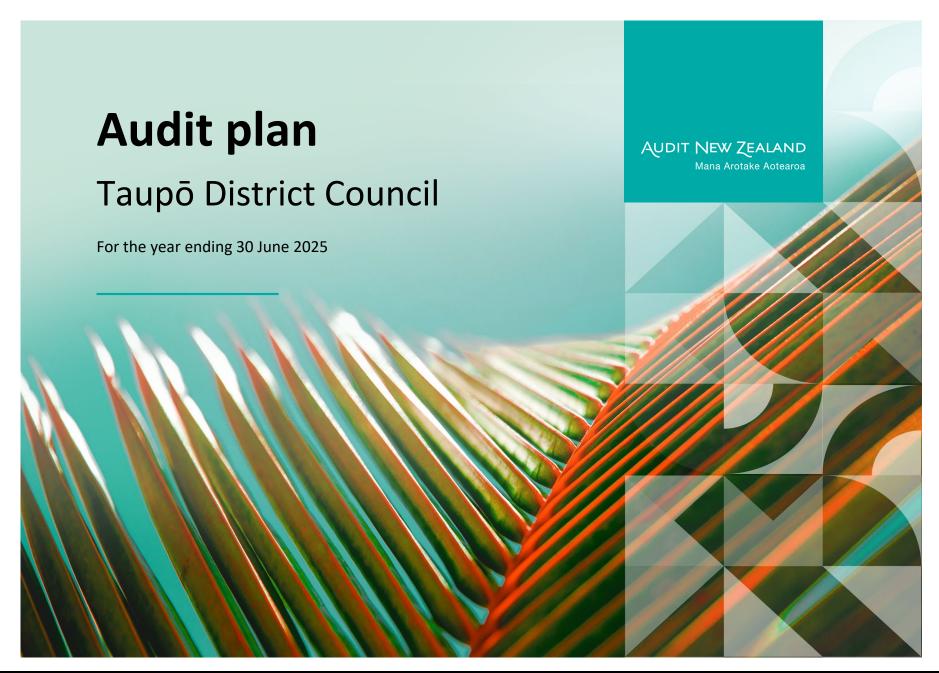
Appendix 2: Disclosures

Area	Key messages
Our responsibilities in conducting the audit	We carried out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the financial statements and performance information and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001.
	The audit of the financial statements does not relieve management or the of their responsibilities.
	Our Audit Engagement Letter contains a detailed explanation of the respective responsibilities of the auditor and the District Council.
Auditing standards	We carried out our audit in accordance with the Auditor-General's Auditing Standards. The audit cannot and should not be relied upon to detect all instances of misstatement, fraud, irregularity, or inefficiency that are immaterial to your financial statements. The and management are responsible for implementing and maintaining your systems of controls for detecting these matters.
Auditor independence	We are independent of the District Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners, issued by New Zealand Auditing and Assurance Standards Board.
	In addition to the audit, we have carried out engagements in the areas of a limited assurance engagement relating to the District Council's debenture trust deed, and an audit engagement relating to the District Council's 2024-34 Long-term plan, which are compatible with those independence requirements. Other than the audit and these engagements, we have no relationship with or interests in the or its subsidiaries.
Fees	The audit fee for the year is \$269,854, as detailed in our Audit Proposal Letter.
	Where we incur audit hours which are not included in the audit proposal letter budget due to additional audit work required, we go through a process to seek approval from the OAG to seek a fee recovery. We are currently going through this process and will discuss the outcome with management.
	Other fees charged in the period are \$9,800 for the limited assurance engagement relating to the District Council's debenture trust deed, and \$135,900 for the audit engagement relating to the District Council's 2024-2034 Long-term plan.

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Area	Key messages	
Other relationships	We are not aware of any situations where a spouse or close relative of a staff member involved in the audit occupies a position with the or its subsidiaries that is significant to the audit.	
	We are not aware of any situations where a staff member of Audit New Zealand has accepted a position of employment with the District Council or its subsidiaries and controlled entities during or since the end of the financial year.	





Executive Summary

I am pleased to present our audit plan for the audit Taupō District Council (the District Council) and subsidiaries and controlled entities (the Group) for the year ending 30 June 2025. Our role as your auditor is to give an independent opinion on the financial statements and performance information. Our work aims to improve the performance of, and the public's trust in, the public sector. We also recommend improvements to the internal controls relevant to the audit.

The contents of this plan should provide a good basis for discussion when we meet with you. We will be happy to elaborate further on the matters raised. If there are additional matters that you think we should include, or any matters requiring clarification, please discuss these with me.

Nāku noa, nā

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Focus areas: risks and issues



Based on the planning work and discussions that we have completed to date, we set out in the table below the main risks and issues relevant to the audit. These will be the main focus areas during the audit. Many of these risks and issues are relevant to the audit because they affect our ability to form an opinion on your financial statements and statement of service performance. As part of the wider public sector audit, we are also required to be alert to issues of effectiveness and efficiency, waste and a lack of probity or financial prudence.

Additional risks may also emerge during the audit. These risks will be factored into our audit response and our reporting to you.

Risk/issue	Our audit response
The risk of management override of internal controls (significant audit risk)	
There is an inherent risk in every organisation of fraud resulting from management override of internal controls. Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Auditing standards require us to treat this as a risk on every audit.	Our audit response to this risk includes: testing the appropriateness of selected journal entries; reviewing accounting estimates for indications of bias; and evaluating any unusual or one-off transactions, including those with related parties.
Service performance information for response times for water supply, wastewater and roading (significant audit risk)	
The District Council reports performance against response times to callouts for faults or unplanned interruptions to its water supply and wastewater systems, and its responsiveness to roading requests for service. In previous years issues were identified with the completeness, accuracy and supporting documentation of the District Council's recorded performance against these measures resulting in a qualification in our audit opinion.	 Our audit response to this risk includes: discussion with management on whether the issues that were present in prior years have been resolved. if the issues with data-recording and supporting documentations are resolved, we will complete work necessary to determine whether we are able to issue an unqualified opinion in relation to this performance information.

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Risk/issue	Our audit response
Unless the issues are resolved it is likely that reported performance may be qualified again.	
Valuation and fair value assessment of property, plant and equipment (sign	ificant audit risk)
Valuation of property, plant and equipment	We will:
The Council revalues its infrastructure assets whenever there is expected to be a material movement in the fair value of those assets. We understand that the Council intends to revalue its property, plant and equipment as stated in the table below.	 review the valuation report to assess the objectivity and competence of the valuer and whether the requirements of accounting standard, PBE IPSAS 17, Property, Plant and Equipment, have been met; assess relevant quality controls that support the integrity of the
The reasonableness of the valuation depends on the valuation method	underlying data and assumptions schedules used in the valuation;
applied, the completeness and accuracy of the source data, and the appropriateness of key assumptions. Some valuations are inherently complex and involve the use of numerous data sources and key	 obtain an understanding of and test the underlying source data used in the valuation;
assumptions that can have significant impacts on valuations and the future depreciation expense.	 review the methodology used to develop unit rates and test those rates back to the Council's analysis of recent contract costs;
The Council will need to collate information about the underlying assumptions and data to support the valuations. One of the key assumptions in a depreciated replacement cost valuation is the unit rate	 engage with the valuers as part of assessing the reasonableness of the assumptions used as well as the reasons for movements in key asset components;
adopted for significant components. When developing the unit rates, the Council should have a documented methodology and database of cost information to support the unit rate applied in the valuation.	review the accounting entries and the fixed asset register to ensure the values are correctly updated; and
The Council should ensure the scope of the valuation work is sufficient and the reasons for the movement in the valuation are documented and justified.	 review the appropriateness of the disclosure, including any narrative.
As a minimum, the reasons for the movement should identify and explain movements at an asset component level since the last valuation due to	

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Risk/issue	Our audit response	
changes in source data (for example, lengths and volumes), unit rates and any other significant adjustments.		
Valuations prepared by a firm external to the Council should be subject to quality reviews by the valuation firm and suitably experienced members of the Council's management team. When a valuation is completed internally this should be peer reviewed by a suitably experienced and qualified person, for example an external valuation firm would be considered appropriate.		
Fair value assessment of property plant and equipment:	We will review the reasonableness of	
For those assets that the Council does not plan to revalue, the Council needs to perform a fair value movement assessment (assessment) to determine whether there could be a material difference between the fair value and the carrying value.	the appropriateness of the assumptions used in the assessment.	
An assessment should:		
factor in local cost information;		
utilise relevant and reliable price movement indicators; and		
involve consultation with valuers, where necessary.		
If the fair value movement of the assets, individually or in combination with other asset classes, is likely to be material, the Council will need to complete a full revaluation. If specified criteria are met, the Council may be able to undertake an index-based revaluation.		
Asset class	Latest valuation	Next expected valuation
Operational land and buildings	June 2022	June 2025
Three waters assets (wastewater, water supply and stormwater)	June 2023	June 2026
Roading infrastructure assets	June 2023	June 2026

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Audit focus area

Our audit response

Classification and valuation of investment properties (area of audit focus)

As at 30 June 2024, the District Council holds a strategic investment property portfolio valued at \$33.457 million. In compliance with PBE IPSAS 16: Investment Property, the Council is required to revalue this portfolio annually at fair value. Independent valuers, engaged by management, perform the annual valuation to determine the fair value of these properties.

Estimating the fair value of an asset involves significant estimation and judgment, particularly in reference to an open market. Both management and the valuers must make critical judgments, including determining the highest and best use of the properties.

Additionally, the District Council must assess the disclosure requirements mandated by PBE IPSAS 16: Investment property, whilst considering reclassifications between fixed asset categories such as property, plant and equipment, assets held for sale, and inventory.

Furthermore, the District Council continues to develop its investment property portfolio to align with its strategic growth objectives. These changes in the portfolio necessitate frequent reclassifications between asset categories, which can result in material movements involving complex technical elements. These reclassifications require significant judgment and disclosures in the financial statements.

Our audit response to this risk includes:

- review of the valuation report, and assessment of the valuation methodology, source information, and key assumptions applied;
- confirm the valuation complies with the requirements of applicable accounting standards, and valuation changes have been accounted for appropriately; and
- confirm properties that are under construction, or have had a change in use, are appropriately classified, valued and accounted for. We will also review the significant judgements in relation to reclassifications within the financial statements.

To enable us to complete a quality and timely review of the investment property valuations we intend to engage an auditor's expert to assist us in performing a review of the valuation, specifically for the significant assumptions used in deriving the fair value of investment property as at 30 June 2025.

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Risk/issue Our audit response

Accounting for impairment, capitalisation of costs and recognition of completed assets (area of audit focus)

Impairment

Assets held at cost must be assessed annually for indicators of impairment. Additionally, work in progress (WIP) values on long-term projects should be regularly evaluated for impairment following the requirements of PBE IPSAS 21: Impairment of Non-Cash-Generating Assets throughout the project's duration.

Historically, the District Council has experienced instances where projects were carried forward, halted, or cancelled due to outcome of community consultation, funding availability and the availability of contractors to complete capital works.

Capitalisation of costs

The District Council needs to ensure appropriate policies and processes are in place to identify and record capital costs, including both direct and indirect expenses.

Completed projects

The Council also needs to ensure that, as phases of a project are completed, and assets become operational, capitalisation of the WIP balance is performed in a timely manner. This will ensure that depreciation on these assets starts when the asset is complete and ready for use.

The Council had a significant WIP balance at 30 June 2024 with a risk that some projects within the balance may have been abandoned and should be written off. The Council should analyse the aging of WIP balances by year and consider whether any old balances should be written off or impaired.

We will:

- assess the processes used by management to assess for impairment, including all significant WIP balances and review the analysis of WIP aging;
- update our understanding of the Council policy and processes to identify and capitalise both direct and indirect capital costs; and
- review management's processes to ensure that the capitalisation of WIP costs is performed in a timely manner.

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Other areas of interest across the local government sector

There are a number of sector wide issues significant to most local authorities. These include areas of interest that are not necessarily significant to the Council but are areas we monitor as part of our responsibility to consider the broader risks affecting local authorities. We have reviewed the specific areas of interest for the 2024/25 year and have not identified any areas of focus over and above those already covered in this plan. Should any additional areas be identified during the year we will notify the Council separately. Wider public sector areas of interest are set out on page 17.

Amendments to PBE IPSAS 1 regarding the disclosure of audit fees

The amendments to PBE IPSAS 1 have expanded and clarified the disclosure expectations for audit fees. These changes are applicable to reporting periods beginning on or after 1 January 2024, which means they will apply to the 2025 annual report.

The enhanced disclosure requirements introduce a requirement to disclose the fees incurred for services received from audit or review firms using specific categories. Under each category of other non-audit or review services, entities reporting under Tier 1 are required to provide a description of each type of service received and the corresponding fees incurred for the reporting period.

The amendments also clarify that for the purpose of these disclosures, the fees for services received from the audit or review firm are based on the amount of fees expensed during the reporting period. This includes any disbursements incurred in connection with the services.

Mutual Liability Riskpool Scheme

Although Riskpool is in wind down, member councils have an ongoing obligation to contribute to it should a call be made in respect of any historical claims (to the extent those claims are not covered by reinsurance), and to fund the ongoing operation of the scheme.

In August 2023, Riskpool indicated that member councils might have to provide further contributions to cover identified shortfalls whereby claims exceed reinsurance recoveries. This led to relevant councils recognising a provision or including disclosure of the situation and what it meant in their 2022/23 financial statements.

In November 2023, Riskpool made a call on member councils to fund quantified shortfalls. The amount to be funded by member councils was \$12.9 million. Riskpool reserves the right to make further calls for additional funding if needed. As of September 2024, we are not aware of any further calls being made.

The Council will need to consider its disclosures in this regard and should specifically consider whether further information is available to allow the Council to reliably measure a provision for unpaid calls.

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Dealing with the "Local Water Done Well" water reforms in the 2025 annual report

Local Water Done Well is being implemented in stages:

- Stage 1 repealing the affordable water reforms (completed in February 2024);
- Stage 2 passing the Local Government (Water Services Preliminary Arrangements) Act 2024 (completed in September 2024); and
- Stage 3 introducing the Local Government Water Services Bill, which will establish the enduring settings for the new water services system (expected to be passed by mid-2025).

Depending on the status of the water reforms and the Council's response to those, we recommend the Council provide a high-level summary of the reforms at the time of reporting. This should include that the council must prepare, consult on aspects of, and adopt a water services delivery plan. Where the Council's intentions are well developed and formalised via council resolution, the council may wish to describe the anticipated or proposed model or arrangement for delivering water services, and planned timing of implementation.

We will communicate any changes in expectations to you when we have a better understanding of water service delivery plans and their possible effects on the audited information contained in the annual report.

Benchmark reporting

As part of the local government reform programme, the Department of Internal Affairs (DIA) is set to benchmark council performance. The DIA will publish a yearly report on key financial and delivery outcomes, of which the first report is to be released mid-2025. The report is expected to include several council performance metrics, including rates, council debt, capital expenditure, balanced budget, and road condition. Legislation is expected to be amended to allow future benchmarking reports to include comparison of contractors and consultant expenditure, alongside other metrics.

We wish to signal to the council that where information used in the DIA's benchmarking process is drawn from the annual report, this may create additional areas of focus for both the council and the audit team during the audit process. Should any additional areas be identified, we will notify the Council separately.

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Fraud risk

Misstatements in the financial statements and performance information can arise from either fraud or error. The distinguishing factor between fraud and error is whether the underlying action is intentional or unintentional. Our consideration of fraud risk covers both misstatements resulting from fraudulent reporting and misstatements resulting from misappropriation of assets.

Your responsibility

The primary responsibility for the prevention and detection of fraud and error rests with the governing body, with assistance from management. In this regard, we will discuss the following questions with you:

- How does the governing body see its role in relation to fraud? How do you monitor management's exercise of its responsibilities?
- Has a robust fraud risk assessment been completed? If so, is the governing body satisfied that it had appropriate input into this process?
- How does management provide assurance that appropriate internal controls to address fraud risks are in place and operating?
- What protocols/procedures have been established between the governing body and management to keep you informed of instances of fraud, either actual, suspected, or alleged?
- Are you aware of any actual, suspected, or alleged fraud? If so, have the results of management's investigation been reported to the governing body? Has appropriate action been taken on any lessons learned?

Our responsibility

Our responsibility is to obtain reasonable, but not absolute, assurance that the financial statements and performance information are free from material misstatement, including any resulting from fraud. Our approach to obtaining this assurance is to:

- identify fraud risk factors and evaluate areas of potential risk of material misstatement;
- evaluate the effectiveness of internal controls in mitigating the risks;
- perform audit testing to address the risks identified; and
- remain alert for indications of potential fraud in evaluating audit evidence.

The Auditor-General has published useful information on fraud that can be found at oag.parliament.nz/reports/fraud-reports.

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Legislative compliance

As part of the Auditor-General's mandate, we consider compliance with laws and regulations that directly affect your financial statements. Our audit does not cover all of your requirements to comply with laws and regulations.

Mandatory disclosures

The annual report must contain the disclosures required under certain legislation, including:

- the Local Government Act;
- the Local Government (Financial Reporting and Prudence)
 Regulations 2014; and
- the Non-Financial Performance Measures Rules 2024.

The Council should continue to review the legislative disclosure requirements and check that these are accurate and complete.

Integrity self-assessment survey

In December 2024, the Office of the Auditor-General (OAG) published the second edition of the integrity framework for the public sector, followed in January 2025 by a guide on monitoring integrity in public organisations. The OAG's 2024-25 Annual Plan highlighted as a priority supporting strong organisational integrity practices. Aligned with that priority, Audit is conducting an integrity self-assessment survey (the survey) as part of the 2024-25 annual audits across 51 local authorities and 22 central government organisations. The survey aims to understand

how these organisations establish a culture of integrity and raise awareness about its importance. The District Council is one of the organisations being surveyed.

The survey results will be shared with the entity and will serve as a baseline for possible future audit work. A summary report will also be compiled from the findings across all surveyed organisations. This will be shared with the District Council.

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Group audit



The group comprises the following subsidiaries and controlled entities:

Taupō District Council	Lake Taupō Protection Trust
Taupō Airport Authority;	Destination Lake Taupō Limited
Destination Great Lake Taupō	Data Capture Systems Limited

Additionally we have identified the following associates in which the group has an interest:

Local Government Funding	Bay of Plenty Local Authority
Authority	Shared Services

Our audit report covers the group as a whole. We developed our audit approach for the group to obtain sufficient information to give an

opinion on the group financial statements and service performance information. We have assessed the risks of material misstatement and have identified our approach for the parent entity.

We will report any significant internal control deficiencies to Council and management of the group.

This will include any deficiencies identified by the group engagement team or brought to our attention by a component auditor. We will communicate deficiencies related to:

- group-wide internal controls; or
- internal controls at each component.

We will also communicate any fraud identified by the group engagement team or brought to our attention by the component auditor.

Group materiality is documented below in the materiality section.

Component	Our audit approach
Taupō District Council (Parent)	The parent auditor is Leon Pieterse of Audit New Zealand. The audit work on this component will be a full financial statement and service performance report audit using the staff of Audit New Zealand. The significant audit risks relevant to the parent entity are listed above.

This table shows the work we have planned for the parent entity. In addition to this, we will perform analytical procedures for other components.

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Materiality

In performing our audit, we apply materiality. Materiality refers to information that if omitted, misstated, or obscured could reasonably be expected to:

- influence readers' overall understanding of the financial statements and service performance information; and
- influence readers in making decisions about the stewardship and allocation of resources, or assessing your performance.

This definition of materiality is broader than the one used in the private sector.

It is a matter of judgement whether information is material. We consider the nature (qualitative) and amount (quantitative) of each item judged in the surrounding circumstances and its impact. Qualitative considerations are of equal significance as quantitative considerations. Qualitative considerations are of primary importance in in the context of disclosures for transparency and accountability reasons, and in evaluating any non-compliance with laws and regulations.

The governing body and management need to make their own assessment of materiality from a preparer's perspective Management and the governing body should not rely on our materiality assessment as a basis for owning and making judgements about the integrity of the financial statements and service performance information.

Financial statements materiality

For planning purposes, we have set overall group materiality for the financial statements and overall parent materiality based on the value of last year's property, plant, and equipment. This is subject to change once the actual results for the current year are available. We only apply this overall materiality to the fair

Group materiality	
Overall materiality	\$186,400,000
Specific materiality	\$3,900,000
Clearly trivial threshold	\$195,000
Parent materiality	
Parent materiality Overall materiality	\$184,200,000
•	\$184,200,000 \$3,850,000

value of property, plant and equipment.

We set a lower, specific group materiality and specific parent materiality for some items due to their sensitivity. For example, we apply a lower specific materiality to related party and key management personnel disclosures. For this audit we have set a lower, specific group materiality and lower, specific parent materiality for all items not related to the fair value of property, plant and equipment. A lower specific materiality is also determined separately for some items due to their sensitive nature. For example, a lower specific materiality is determined and applied for related party and key management personnel disclosures.

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We design our audit procedures to detect misstatements at a lower level than overall materiality. This takes account of the risk of cumulative misstatements and provides a safety net against the risk of undetected misstatements.

We will report all uncorrected misstatements to the governing body other than those that are below

Misstatements

Misstatements are differences in, or omissions of, amounts and disclosures that may affect a reader's overall understanding of your financial statements and service performance information. The effects of any detected and uncorrected misstatements, individually and in aggregate, are assessed against materiality and qualitative considerations.

our **clearly trivial threshold** unless there are relevant qualitative considerations. We will ask for each of these misstatements to be corrected. Where management does not wish to correct a misstatement we will seek written representations from the governing body on the reasons why the corrections will not be made.

Audit of service performance information

Our audit work will be undertaken under Auditing Standard 1 (Revised) *The Audit of Service Performance Information* (issued by the External Reporting Board July 2023). This standard is closely related to the accounting standard for service performance reporting (PBE FRS 48). The new Standard is broadly similar to the existing Standard on auditing service performance information but may result in a few changes in our audit work, including our approach to determining which performance measures are material, or how we link the work we do on some performance measures to the work we do in related financial statement areas.

Of particular note are specific requirements relating to the measurement bases or evaluation methods used to measure or evaluate performance measures and/or descriptions. Auditors are required to assess if these are appropriate and meaningful, if they are available to intended users, and whether the service performance information is prepared, in all material respects, in accordance with these. In respect of availability to intended users, we will be looking for adequate disclosure in the annual report on the basis of measurement/evaluation methods for performance measures and/or descriptions, where this is not self-evident.

Materiality for service performance information

At an overall level, we assess whether the service performance information is suitable, given your purpose and the nature of your activities, and whether the reporting allows for an informed assessment of the District Council's performance. In doing this we consider whether the information is relevant, complete, reliable, neutral, and understandable.

We set materiality for service performance information at an individual measure level based on what we expect would influence readers' overall understanding, decision making, or assessment of the District Council's performance. Because of the variety of measurement bases applied, we normally express this materiality as a percentage of the reported result.

Qualification to the statement of service performance

In previous financial years we have issued a qualified audit opinions in relation to the District Council's statement of service performance. Specifically we note as of 30 June 2024 the following measures were qualified in our audit report:

- water supply median response time measure, in which we issued a qualified audit opinion for both the 2024 financial year and 2023 financial year; and
- wastewater median response time measure, in which we issued a qualified audit opinion for both the 2024 financial year and 2023 financial year; and

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 roading responsiveness measure on which we issued a qualified audit opinion for the 2024 financial year only.

The limitations identified mean that additional audit procedures are required to document and determine whether the issues noted previously have been resolved, and consult with our technical experts regarding the scope and wording of the qualifications. This may lead to additional time and fees required to complete the audit, and we may seek recoveries should further work or consultation be required, above what is agreed within our audit proposal letter.

As the measures aforementioned were qualified in the prior year (2024) we will qualify the 2025 audit report on the basis that we were unable to gain the required assurance over the prior year comparatives for each performance measure, unless the District Council can reliably determine the result of each qualified measure.

We have identified the following measures as material and assessed materiality for planning purposes. **We will reassess this during the audit.**

Material measure	Materiality
Community leadership - investments CL.01 - The value of the TEL Fund is maintained relative to inflation.	8% of the reported result.
Roading - renewal of assets TR.03 - The percentage of the sealed local road network that is resurfaced.	8% of the reported result.
Roading - responsiveness to roading issues TR.05 - Percentage of customer service requests relating to council roads and footpaths that are responded to within five working days.	5% of the reported result.
Wastewater - discharge compliance WW.02, 03, 04, 05 – compliance with the territorial authority's resource consents for discharge from its sewerage system in relation to sewerage system resource consents, measured by the number of: Abatement notices; Infringement notices; Enforcements orders; and Convictions.	No margin of error acceptable. Compliance is either met or not met.

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Material measure	Materiality
Wastewater - fault response times WW.07 - Median resolution time: from the time that Council receives notification of a sewerage overflow resulting from a blockage or other fault in Council's sewerage system, to the time that service personnel confirm resolution of the fault or blockage.	5% of the reported result.
Safety of drinking water WS.01 - The extent to which the local authority's drinking water supply complies with the following parts of the drinking water quality assurance rules (a) to (j).	No margin of error acceptable. Compliance is either met or not met.
Drinking water fault response time WS.03 - Median time for attendance for urgent callouts: from the time that Council receives notification to the time that the service personnel reach the site.	5% of the reported result.

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Our audit process (§)



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Professional judgement and professional scepticism

Many of the issues that arise in an audit, particularly those involving valuations or assumptions about the future, involve estimates. Estimates are inevitably based on imperfect knowledge or dependent on future events. Many financial statement items involve subjective decisions or a degree of uncertainty. There is an inherent level of uncertainty which cannot be eliminated.

The term "opinion" reflects the fact that professional judgement is involved. Our audit report is not a guarantee but rather reflects our professional judgement based on work performed in accordance with established standards.

Auditing standards require us to maintain professional scepticism throughout the audit. Professional scepticism is an attitude that includes a questioning mind and a critical assessment of audit evidence. Professional scepticism is fundamentally a mind-set resulting in a questioning approach when considering information and in forming conclusions.

Exercising professional scepticism means that we will not accept everything you tell us at face value. We will ask you and management to provide evidence to support what you tell us. We will also challenge your judgements and assumptions and weigh them against alternative possibilities.

Wider public sector considerations

A public sector audit also examines whether:

- The governing body carries out its activities effectively and efficiently;
- waste is occurring or likely to occur as a result of any act or failure to act by the governing body;
- there is any sign or appearance of a lack of probity as a result of any act or omission by the governing body; or by one or more of its members, office holders, or employees; and
- there is any sign or appearance of a lack of financial prudence as a result of any act or omission by the governing body; or by one or more of its members, office holders, or employees.

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Reporting protocols and expectations

Communication with management and the governing body

We will meet with management and the governing body throughout the audit. We will maintain ongoing, proactive discussion of issues as and when they arise to ensure there are "no surprises".

Meeting with	Purpose	Planned timing
Mayor/CE/CFO	Planning meeting with the Mayor and management.	Initial planning meeting timing dependant on availability.
Risk and Assurance Committee (RAC) Chair	Brief on the draft audit plan, and discussion audit risks for 2025.	During RAC meetings held at Council and contact as required.
Finance/Policy teams	Update on audit progress, recommendations and discussion of information.	Frequently (weekly- to-fortnightly whilst audit phases are underway).



Reports to the governing body

We will provide a draft of all reports to management (and the governing body) for discussion/clearance purposes. In the interests of timely reporting, we ask management to provide their comments on the draft within 10 working days. Once management comments are received the report will be finalised and provided to the governing body.

At the end of the audit, we will report to the governing body our views on:

- the level of prudence in key judgements made by management in preparing the financial statements; and
- the quality and timeliness of information provided for audit by management.

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Expectations

For the audit process to go smoothly for both you and us, there are expectations that each of us need to meet. Our respective responsibilities are set out in our audit engagement letter.

We expect that:

- you will provide us with access to all relevant records and provide information in a timely manner;
- staff will provide an appropriate level of assistance;
- the draft financial statements, including all relevant disclosures, will be available in accordance with the agreed timetable;
- management will make available a detailed workpaper file supporting the information in the financial statements; and
- the annual report, financial statements and service performance information will be subjected to appropriate levels of quality review before being provided to us.

To help you prepare for the audit, we will liaise with management and provide them with a detailed list of the information we will need for the audit.

Health and safety



The Auditor-General and Audit take seriously their responsibility to provide a safe working environment for audit staff.

Under the Health and Safety at Work Act 2015, we need to make arrangements with management to keep our audit staff safe while they are working at your premises.

We expect you to provide a work environment for our audit staff that minimises or, where possible, eliminates risks to their health and safety. This includes providing adequate lighting and ventilation, suitable desks and chairs, and safety equipment where required. We also expect management to provide them with all information or training necessary to protect them from any risks they may be exposed to at your premises. This includes advising them of emergency evacuation procedures and how to report any health and safety issues.

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Audit logistics and next steps



Our team

Our engagement team is selected to ensure that we have the right subject matter expertise and sector knowledge. Each member of the audit team has received tailored training to develop their expertise.

Our senior audit team members are:

Leon Pieterse Appointed Auditor

Kay Oloro Audit Manager

Brandan Botha Assistant Manager

Additionally, our audit will be supported by the following Audit New Zealand specialists:

Dieter Rohm Director, ISAA

Thembi Mpofu Specialist, ISAA

AuditDashboard

In 2024, we used AuditDashboard, our online portal, to transfer files between the District Council and Audit New Zealand. Overall, the use of AuditDashboard made it easy to fulfil requests. Real-time status updates provided greater visibility to everyone and helped to keep everyone organised and on the same page.

We will again use AuditDashboard for transferring files as part of the audit.

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Timetable

Below is our proposed timetable for the 2025 audit. Management and Audit New Zealand have agreed on the timeframes for the final audit, but this is subject to Council approval.

We will continue discussions with management about further details of the planned timetable to ensure this is consistent with the internal timetable for the production, approval/signing, and tabling of the annual report to ensure the statutory deadline is met.

Planning	Completed
Interim audit	In progress
Revaluation information for all asset classes revalued (including the revaluation report)	20 June 2025
Revaluation audit begins	23 June 2025
Pre-final audit requests loaded onto AD	30 June 2025
Draft financial statements available for audit (including notes) with actual year-end figures	22 October 2025
Final audit begins	27 October 2025
Final financial statements available, incorporating all agreed amendments	10 November 2025
Annual report available, including any Chair and Chief Executive's overview or reports	21 November 2025
Verbal audit clearance given	5 December 2025
Annual report adopted by Council (and audit report issued)	12 December 2025
Draft report to the Council issued	19 December 2025
Management comments provided for the report to Council	19 January 2026
Final report to Council issued	30 January 2026

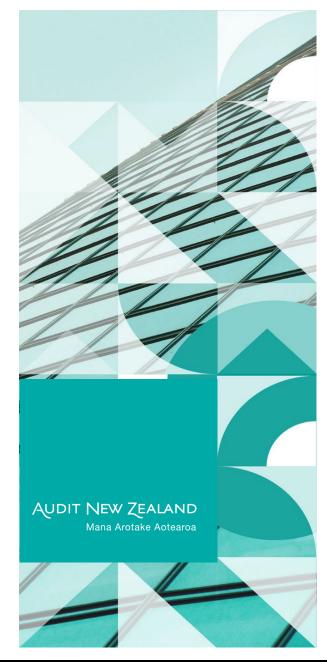
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AUDIT NEW ZEALAND Mana Arotake Aotearoa

Taupō District Council

Audit for the year ended 30 June 2025: Audit status report 28 May 2025

Introduction

We are writing to provide the Risk and Assurance Committee (RAC) with a status update on the progress of the 2025 annual audit. Please find the details outlined below.

We intend to issue our reports to the Council, including relevant findings and associated recommendations, once these have been confirmed with management.

Detailed update on the interim audit

Update on main audit areas

1 Significant risks

1.1 The risk of management override of internal controls

We have updated our process documentation for the current year and conducted a walkthrough of the procedures followed for journals. No significant issues were identified during the documentation review and walkthrough. We will finalise our work over this during our final audit.

1.2 Valuation and fair value assessment of property, plant and equipment

We have updated our process documentation for the current year and obtained additional details regarding the valuation and fair value assessment processes.

We intend to bring forward our audit procedures relating to the current year revaluations of land and buildings and fair value assessment of infrastructure assets from the final audit phase. This work is scheduled to be conducted from 14 July 2025 to 24 July 2025.

Upon completion of this audit work, we will provide clearance to management.

Taupō District Council - Update to R&AC June 2025.docx

1.3 Performance reporting – response time measures

Water and Wastewater fault response and resolution times

Through discussions during our interim audit, review of system documentation, and a walkthrough of the relevant processes, we confirmed that the procedures followed in the current year remain consistent with those of the prior year. As a result, the issue relating to the recording of after-hours calls continues to affect the reported wastewater and water response times.

We intend to consult with our Professional Practice Group (PPG) regarding the impact on the audit opinion. We anticipate that the outcome will be consistent with the prior year, resulting in a qualified opinion on the statement of service performance for both the current and comparative periods.

Percentage of customer service requests relating to roads and footpaths that are responded to within five working days (Road responsiveness)

In the prior year, we assessed the responsiveness to customer service requests relating to roading and footpaths as material, due to the high level of public interest in the District Council's handling of roading issues. This assessment led to the issuance of a qualified opinion on the road responsiveness performance measure.

Following discussions during our interim audit, a review of system documentation, and a walkthrough of the current year's processes, we confirmed that the procedures remain unchanged from the prior year. Consequently, the issue identified previously continues to persist.

As with the matter noted above, we intend to consult with our Professional Practice Group (PPG) regarding the impact on the audit opinion. We expect the outcome to be consistent with the prior year, resulting in a qualified opinion on the statement of service performance for both the current and comparative periods.

2 Audit progress

The planning phase of the audit has been completed, and the audit plan has been discussed with and issued to management.

We commenced the interim audit on 12 May. The scope of our interim audit work is to update our understanding of the Council's systems, business processes, and control environment, as identified in the prior year, and to document any changes since that time.

Taupō District Council - Update to R&AC June 2025.docx

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For the 2025 audit, we do not intend to place reliance on internal controls. However, we assessed the design and implementation of key controls and processes to identify relevant risks. These risk assessments will inform and shape our approach for the final audit phase.

We are currently working with management to obtain outstanding information required to complete the interim audit procedures.

3 Final audit timing

Management and Audit New Zealand have agreed on the proposed timeframes for the final audit, subject to Council approval.

The final audit is scheduled to commence on 27 October 2025, with verbal clearance planned for 5 December 2025 and Council adoption of the annual report expected on 12 December 2025.

We will continue to engage with management should there be a change to the timetable.

4 General

- Please let us know if you are aware of any actual or suspected frauds or unusual transactions that have not been shared with us.
- We look forward to working with management to complete the outstanding areas and discussing our draft management report with Management.

Taupō District Council - Update to R&AC June 2025.docx

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Report with action plans accepted – Updated 28/04/2025

18 - 20 March 2025



BUILDING CONSENT AUTHORITY ACCREDITATION ASSESSMENT REPORT

WITH ALL ACTION PLANS ACCEPTED

Updated 28/04/2025

Taupō District Council

WPF 102279

This report may only be reproduced in full

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Report with action plans accepted – Updated 28/04/2025

18 - 20 March 2025

BCA AND ASSESSMENT DETAILS

ORGANISATION DETAILS							
Organisation: Taupō	District Council						
Address for service: 67 Horomatangi Street, Taupo 3330							
Client Number: 7419)	Accred	litatior	Number:	14		
Chief Executive:		Julie G	ardyne	,			
Chief Executive Contact Details	s:	jgardyn	e@tau	ipo.govt.nz			
Responsible Manager:		Dean S	outhey	<u> </u>			
Responsible Manager Contact	Details:	dsouthe	ey@tai	upo.govt.nz	<u> </u>		
Authorised Representative:		Dean S	outhey	<u>, , , , , , , , , , , , , , , , , , , </u>			
Authorised Representative Cor	ntact Details:	dsouthe	ey@tai	upo.govt.nz	_		
Quality Assurance Manager:		Dean S	outhey	/			
Quality Assurance Manager Co	ontact Details:	dsouthe	ey@tai	upo.govt.nz	<u> </u>		
	Technical	14	ļ	Support f	unctions		2
Total FTEs should = technical FTEs + admin FTEs + vacancies	Vacancies (Technical)	0		Vacancies	s (Suppo	rt)	2
		В	uildin	g Consen	t S (excl. A	mendme	ents)
		R1	450	R2	218	R3	61
		C1	51	C2	34	C3	21
Activity during the previous 12	months	Nation	al Mul	ti-use App	rovals		0
Activity during the previous 12	Activity during the previous 12 months		Iments	(Total)		:	266
		CCCs				,	901
			New compliance schedules			48	
		BCA Notices to Fix			0		
ASSESSMENT TEAM							
Assessment Dates: 18 March 2025 to 20 March 2025							
Lead Assessor:		Georgir					
Technical Expert:		Dawsoi	n Gilch	rist			
Observers:							
ASSESSMENT FINDINGS							
	_	This as		nent (RR):	Last a		ent (RR):
Total # of "serious" non-compl		0		0			
Total # of "general" non-compl		5			9		
Total # of non-compliances out	tstanding:		5			2	
Recommendations:		10			1		
Advisory notes:			2		2225	9	
Date all action plans must be accepted:			7 May 2025 7 July 2025				
Date all non-compliances must be cleared:			_	/ July	2025	_	
NEXT ASSESSMENT	mt tum a.	l		autina Da		4	
Recommended next assessment type:			R	outine Re		ient	
Recommended next assessme IANZ REPORT PREPARATION				warch	1 2027		
IANZ REPORT PREPARATION	N .					1	,
Prepared by: Georgina Jackson	Date: 1 April 2025			Signatur	e: (5e8	nja Ju	h
Checked by: Adrienne Woollard	Date: 3 April 2025			Signatur	Ah)	Λ.

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INTRODUCTION

This report relates to the routine accreditation assessment of the **Taupō District Council Building Consent Authority (BCA)** which took place on site during **March 2025** to determine compliance with the requirements of the *Building (Accreditation of Building Consent Authorities) Regulations 2006*.

This report is based on the document review, witnessing of activities and interviews with the BCA's employees undertaken during the accreditation assessment.

A copy of this report, and subsequent information regarding progress towards clearance of non-compliances, will be provided to the Ministry of Business, Innovation and Employment in accordance with International Accreditation New Zealand's contractual obligations. This report may also be made publicly available by the BCA as long as this is not done in a way that misrepresents the content within. It may also be released under the Local Government Meetings and Official Information Act 1987 consistent with any ground for withholding that might be applicable. IANZ may also be required to release this report and assessment documentation if requested under the Official Information Act 1987.

ASSESSMENT SUMMARY

The assessment identified that the Taupō District Council BCA was highly engaged with the accreditation process and took pride in building a team environment focused around continuous learning.

Despite needing to manage a very recent move to a new building, the BCA was seen to have been very well prepared. Throughout the assessment, the BCA team took the opportunity to raise thoughtful discussions on accreditation requirements, ask clarifying questions and also request feedback regarding plans the BCA had to address the findings made.

The BCA was seen to have a robust audit and continuous improvement system in place. In several instances, issues had been identified and managed with good monitoring of further implementation, to ensure that these were fully resolved prior to this assessment. This indicated that this system was working well to identify and manage issues as they arose. The level of detail provided within sighted internal audits, as well as the systematic planning for each step to be taken to address continuous improvement, was commendable.

The BCA was seen to have maintained good recording across a number of quality system areas, such as the good descriptions of discussions and actions taken across the various team meetings. In addition, training records were seen to have been managed well across the team, with appropriate explanations where changes had occurred and good recording of continuous professional development activities within BCO's individual 'Summary of Training and Experience' documents. The BCA also maintained good records of quarterly meetings with contractors, which supported monitoring records.

Staff across all levels of the BCA team were consistently professional, informative and enthusiastic about demonstrating their work. The BCA was seen to be led by competent management personnel, who were providing good support for their team and maintained a collaborative approach throughout the assessment

There were, however, some outstanding issues. These issues are detailed below.

CONTINUING ACCREDITATION

Accreditation is a statement, by IANZ, that your organisation complies with the Regulations and MBIE BCA accreditation scheme guidance documents (as relevant). Where non-compliance with the Regulations has been identified, the Act requires that it must be addressed in order for accreditation to continue.

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STEPS TO ADDRESSING NON-COMPLIANCES IDENTIFIED

Step 1	Action plans Non-compliances raised during the assessment have been summarised and recorded in detail in this report. BCA to analyse the root cause of the finding within the finding tables nested under the relevant regulation, and then develop and document an action plan to address each finding (including documenting the evidence that will be submitted to address the finding).	Required to be submitted within 10 working days of the receipt of this report.
Step 2	IANZ Reviews the action plans provided IANZ will analyse the submitted action plans with the proposed evidence of implementation indicated, and will respond to the BCA accordingly with required improvements and/or acceptance of the plan.	IANZ has a KPI of 10 working days to review and respond. Action plans and proposed evidence required to be accepted within 20 working days of the receipt of this report.
Step 3	Submitting clearance evidence Upon the acceptance of all action plans, the BCA can proceed to provide clearance evidence to IANZ.	BCA to submit a separate email to address each GNC, ideally containing all listed proposed evidence.
Step 4	Review of clearance evidence Upon receiving clearance evidence, IANZ will review the appropriateness of the evidence to clear the identified non-compliance(s). Note that where the evidence provided does not provide sufficient assurance that the non-compliance has been addressed then IANZ may request further information to be satisfied, even if supply of that information was not detailed in the original action plan.	IANZ has a KPI of 10 working days to review and respond to each piece of clearance evidence provided.
Step 5	Last date for information submission The BCA must provide its final clearance information in sufficient time to allow for review, revision and resubmission of the information before the last date for final information submission provided.	If insufficient or incomplete information is received by the last date for information submission, the BCA must apply for an extension of time (if relevant). Alternatively, an initial notice of possible revocation of accreditation may be issued.
Step 6	Final clearance The BCA must clear all identified non-compliances.	Within 3 months of the issuing of this report (unless an extension is granted or a finding is conditionally cleared waiting for future information).

If you do not agree with the non-compliances identified, or if you need further time to address non-compliances, please get in touch with the Lead Assessor as soon as possible. Where you are seeking an extension to an agreed timeframe to address a non-compliance, your Chief Executive is required to formally request an extension of the timeframe. These will only be granted for unpredictable and unmanageable reasons.

Failure to provide timely, objective evidence that identified non-compliances have been effectively and sustainably resolved may result in a recommendation to revoke accreditation.

If you have a complaint about the assessment process or wish to appeal any of the findings or outcomes, please refer to the BCA Accreditation disagreements guidance, which can be found here, or contact the IANZ Lead Assessor, IANZ Programme Manager – Building, or IANZ Operations Manager - Inspection and BCA sectors for further information about the IANZ appeals and complaints process.

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RISK ASSESSMENT

The BCA's risk, both to the Territorial Authority, as a BCA and also as an organisation accredited by IANZ was assessed using the following criteria:

High risk	A non-functioning BCA - depending on extent and type of risk and agreed management method. E.g. there is a pattern of failure to follow multiple policies, procedures and systems (PPS) and/or that multiple PPS have not been consistently and effectively implemented.	Some form of monitoring within 6 months
Medium risk	The BCA is not currently compliant and is unlikely to demonstrate substantial compliance at the next assessment if significant actions are not taken to address the identified issues, especially where there was a failure to implement PPS over two or more assessment cycles.	1 year
Low risk	"Normal" risk (the BCA is likely to remain substantially compliant over the next two years).	2 years
Extra Low risk	The BCA is almost fully compliant and likely to remain that way.	Reduced monitoring at next 2 yearly assessment

Consideration, as at the end of the on-site assessment phase of this assessment has determined that the BCA is considered to pose a **Low Risk**. The main reasons for considering this risk category were:

- The BCA was seen to be appropriately resourced to manage their workload, with contractual agreements in place to meet capacity and capability requirements.
- Only 5 GNCs were raised, and the BCA team had actively participated in discussions regarding how they planned to resolve these.
- The BCA was seen to be engaged with the accreditation process, with a strong focus on system improvement.
- The BCA was seen to have a good audit and continuous improvement systems in place to identify
 and manage issues as they occurred.

NEXT ACCREDITATION ASSESSMENT

As part of the clearance process, IANZ will consider if the clearance material demonstrates full compliance with the accreditation requirements and the likelihood of the BCA to remain substantially compliant moving forward. Based on this, IANZ will undertake a further review of the Risk category of your BCA at the end of the clearance process. This further review will determine the timing of your next assessment.

Currently, if your BCA does not undergo a significant change, requiring some form of interim assessment, and the BCA is able to clear the identified non-compliances within the agreed timeframe, the next assessment of the BCA is planned as a **Routine Reassessment** for **March 2027**.

You will be formally notified of your next assessment at least six weeks prior to its planned date.

RISK AT THE END OF THE ASSESSMENT CLEARANCE PROCESS

To be completed at the end of the assessment clearance process:

Consideration, as at the end of the assessment process has determined that the BCA is considered to pose a risk post clearance process. The main reasons for determining this risk category were:

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ABBREVIATIONS

the Act the Building Act 2004

AOB Accredited Organisation – Building

BCA Building Consent Authority
BCO Building Control Officer
the Code the Building Code

CCC Code Compliance Certificate

Consent Building Consent
CI Continuous improvement
Col Conflict of Interest

Forms Regulations Building (Forms) Regulations 2004

GNC General Non-compliance

IANZ International Accreditation New Zealand

MBIE Ministry of Business, Innovation and Employment

LBP Licensed Building Practitioner

NCAS National Competence Assessment System

NTF Notice to Fix

the Regulations Building (Accreditation of Building Consent Authorities) Regulations 2006

RFI Request for Further Information SNC Serious Non-compliance

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ASSESSMENT OBSERVATIONS AND RECORDS OF NON-COMPLIANCE

Regulation 6A(1) A system for notification

Observations and comments, including good practice and performance

The BCA had appropriately documented its system for notifying the building consent accreditation body and the Ministry of any of the matters listed within Regulation 6A(1) within 20 working days of the matter taking place.

Over the last two years, the BCA has not been required to make any notifications, and so implementation was unable to be fully assessed. However, the BCA was able to describe the requirements to make a 6A Notification with regard to the BCA's upcoming future plans.

Regulation 7(2)(a) Providing consumer information

Observations and comments, including good practice and performance

The BCA provided adequate consumer information regarding how to apply for a consent, and how an application was processed, inspected and certified in accordance with Regulation 7(2)(a). Required information was made available to the public on the BCA's website.

Regulation 7(2)(b) Receiving building consent applications

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for receiving applications in accordance with Regulation 7(2)(b).

The BCA was seen to be appropriately receiving and accepting complete applications. Sighted examples had been received electronically through the BCA's Datacom Sphere portal.

Regulation 7(2)(c) Checking building consent applications

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for checking applications in accordance with Regulation 7(2)(c).

Building consent applications were vetted using the vetting checklist in the BCA's Datacom Sphere portal. Sighted examples were verified to be appropriate and had been accepted within 2 working days, as per the BCA's documented procedure.

Regulation 7(2)(d)(i) Recording building consent applications

Observations and comments, including good practice and performance

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The BCA had appropriately documented its procedure for recording applications in accordance with Regulation 7(2)(d)(i).

Once a building consent application was received and considered to be complete, a unique application number would be generated in the BCA's MagiQ system.

Regulation 7(2)(d)(ii) Assessing building consent applications

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for assessing applications in accordance with Regulation 7(2)(d)(ii).

Applications were seen to have been appropriately assessed using the building categories documented within the NCAS.

Regulation 7(2)(d)(iii) Allocating building consent applications

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for allocating applications in accordance with Regulation 7(2)(d)(iii).

All reviewed applications were seen to have been appropriately allocated to competent staff, contractors or to staff working under appropriate supervision.

Regulation 7(2)(d)(iv) Processing building consent applications

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for processing building consent applications to establish whether the applications complied with the requirements of the Act, the Building Code, and any other applicable regulations under the Act specified for buildings, in accordance with Regulation 7(2)(d)(iv).

Building consent application records reviewed had recorded appropriate reasons for compliance decisions and requests for further information.

Regulation 7(2)(d)(v) Granting and issuing building consents and Compliance with Form 5

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for granting and issuing consents, in accordance with Regulation 7(2)(d)(v).

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The BCA was seen to 'approve' consents and suspend the statutory clock while waiting for fees, prior to granting the consent. This was inappropriate, as, while the Act allows for the BCA to not grant the consent while waiting for fees, the BCA cannot stop the statutory clock unless it is waiting for reasonable information in respect of the application. The payment of fees is not considered to be "reasonable information" in respect to the application.

GNC 1 - To be resolved.

General Non-compliance No. 1: Action Plan accepted ✓ Cleared select date.

Breach of requirement:	Regulation 7(2))(d)(v)					
Breach of requirement:	Regulation(s)	□ 5(a)	□ 5(b)	√ 5(c)	□ 6(b)	□ 6(c)	□ 6(d)
FINDING DETAILS							
while waiting for fees. Thi granting unless it is waiting	The BCA was seen to 'approve' consents and suspend the statutory clock, prior to granting consents, while waiting for fees. This was not appropriate, as the BCA cannot stop the statutory clock before granting unless it is waiting for further reasonable information. The payment of fees is not considered to be reasonable information in respect of the application.						
IMPORTANT DATES							
Date this action plan was	accepted by IA	NZ:			28 April	2025	
Final date evidence of in			epted fron	n BCA:	24 June		
PLAN OF ACTION (To be p	rovided by BCA)						
processing has been complete granted and the processing processing been granted and the processing processing processing processing has been complete granted and the processing has been granted and the processing processing has been granted and the processing has	essing clock is st	topped.				ng the BC	has
 Updated procedule processing has be GoGet change wo Evidence 3 x of the is stopped. Supply x 1 Team r 	en completed. rding to granted in the MagiQ status sh	n the chec howing the	klist in pre BC has b	issue loc een grant	ation.		
EVIDENCE OF IMPLEMENTATION AND ANY DISCUSSIONS:							
however c communication	n plan and propo ould you please ation regarding th aining evidence?	outline w is matter?	hat evider	nce will b	e provide	d to den	nonstrate
Team meeting to discuss the updated procedure 7(2)(d)(v) 1.0 (a) showing the word grants and 7(2)(d)(v) 1.0 (b) that shows that the consent is granted when the processing has been completed. Evidence of implementation. This is only a refresher on checklist understanding, with the sole change being an updated word in the GoGet checklist that the BCO already							
clicks as part of the existing process. 8/04/2025 IANZ reviewed updated proposed evidence of implementation and comment from TDC above. This action plan is accepted.							
Date ORG (Initials)							10111 1 1 1 1 1
Date ORG (Initials)	s action plan is ac	ccepted.		<u>'</u>			10111 1 1 1 1

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Signed: Date: Select a date

Regulation 7(2)(d)(v) Lapsing building consents

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for lapsing of Building Consents, in accordance with Regulation 7(2)(d)(v).

The BCA's lapsing process was observed. Reminder letters were sent to customers within 1 month of the lapse date and this provided information regarding applying to extend the lapse date. Sighted lapsed consents were seen to have been recorded as lapsed within an appropriate timeframe of the lapse date.

The BCA was seen to be recording reasons for decisions regarding extensions to lapsing timeframes, however the BCA is recommended to ensure that their recorded reasons for decisions are consistently the BCA's reasons, as in a sighted example this appeared to focus more on the customer's reasons for their application.

Recommendation R1.

Regulation 7(2)(d)(v) Compliance with statutory timeframes for granting building consents

Observations and comments, including good practice and performance

The BCA's compliance with the statutory timeframe for granting building consents within 20 working days was seen to be averaging around 98% for the last 12 months, which was considered to be substantially compliant.

Regulation 7(2)(e) Planning, performing and managing inspections

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for planning, performing and managing inspections in accordance with Regulation 7(2)(e).

Inspections were adequately planned during consent processing.

On-site inspections were witnessed during the assessment and a selection of inspection records were reviewed. Inspections were seen to have been conducted appropriately; however, the BCA is recommended to ensure that they consistently annotate inspection photos in order to provide context to what the photo is demonstrating in relation to compliance or non-compliance. In some cases, this had not been recorded.

Recommendation R2.

At the time of the assessment, inspections were generally being undertaken within 1 working day from the time of booking.

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Regulation 7(2)(f)(i) Application for code compliance certificates

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for receiving and considering applications for a Code Compliance Certificate in accordance with Regulation 7(2)(f)(i).

Applications for Code Compliance Certificates were reviewed and were considered to be appropriate and accurately recorded within the BCA's system.

Regulation 7(2)(f)(i) Preparing, issuing and refusing to issue code compliance certificates

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for preparing, issuing, or refusing to issue Code Compliance Certificates in accordance with Regulation 7(2)(f)(i).

Sighted examples of CCCs had been prepared and issued appropriately and in accordance with the BCA's documented procedures.

Regulation 7(2)(f)(i) 24-month CCC decisions

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for making a 24-month decision on whether to issue or refuse to issue a Code Compliance Certificate where no application for Code Compliance Certificate had been received, in accordance with Regulation 7(2)(f)(i).

At 23 months from the date of granting, the BCA was seen to send out a reminder letter to customers of the upcoming decision whether to issue or refuse to issue CCC. In addition, the BCA sent customers a letter of the BCA's decision and reasons for decision 24 months from the date of granting. However, the BCA is recommended to ensure their reasons for decisions fully align with section 94 of the Act (matters for consideration when deciding whether to issue CCC), particularly where the BCA could not ascertain that the building work complied with the building consent as in one case the BCA had explained this with the statement "Inspections endorsed in the BC were not completed", which would not have been appropriate if it had been provided as a reason in isolation (as inspections are not a requirement of the Act).

Recommendation R3.

The BCA was seen to have recorded reasons for decisions where they had agreed to an extension of time to decide whether to issue or refuse to issue CCC at 24 months. However, the BCA is recommended to ensure that their recorded reasons for decisions are consistently the BCA's reasons, as this appeared to be more specific to the customer's reasons in a specific instance.

Recommendation R4.

Regulation 7(2)(f)(i) Compliance with statutory timeframes for code compliance certificates

Observations and comments, including good practice and performance

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The BCA's compliance with the statutory timeframe for issuing or refusing Code Compliance Certificates within 20 working days was seen to be averaging around 95%, which was considered to be substantially compliant, however this may not be an accurate representation of the BCA's compliance with this statutory timeframe, as per GNC 2 below.

Through monthly operational meeting minutes (and other team meeting minutes), the BCA was able to demonstrate that they were monitoring the 20 working day timeframes for CCCs. Where timeframes had been exceeded, the BCA had provided reasons and actions taken as appropriate. However, compliance with 24-month CCC decision timeframes (as per section 93(2)(b)(i) of the Act) did not appear to have been reported as part of these statistics. These CCC decisions (at 24 months from the date of granting) must be included as part of this consideration, as per section 93(2)(a) of the Act. **GNC 2 – To be resolved.**

General Non-compliance No. 2: Action Plan accepted ✓ Cleared select date.

Breach of rec	uirement:	Regulation 7(2))(f)(i)					
Breach of rec	uirement:	Regulation(s) \Box 5(a) \Box 5(b) \checkmark 5(c) \Box 6(b) \Box 6(c) \Box 6(d)						□ 6(d)
FINDING DET	AILS							
Compliance with 24-month CCC decision timeframes (as per section 93(2)(b)(i) of the Act) did not appear to have been reported as part of the BCA's statutory timeframe compliance monitoring. These CCC decisions (at 24 months from the date of granting) must be included as part of this consideration, as per section 93(2)(a) of the Act.								
IMPORTANT						I		
		s accepted by IA		ntad fran	n DCA.	17 April 24 June		
		•	an be acce	eptea fron	II BCA:	24 June	2025	
1. Amend the template of the Building Operational Management meeting minutes (A2883690) in Section 9 to include reference to the 24-month refusal decision consisting of the following: Building consents: CCC application received No CCC application received at 24-month. CCC refusing (Granting) CCC extension of time 2. Reg 8 table to be updated to include a new line for this stat. The stat will get reported in the monthly operational management meeting minutes and moved into the Reg 8 spreadsheet monthly.								
PROPOSED EVIDENCE OF IMPLEMENTATION (To be provided by BCA):								
 Operational Management Meeting Minutes completed after a recent meeting to show reference to the 24-month refusal decision. Reg 8 table completed with updated stats 								
EVIDENCE OF IMPLEMENTATION AND ANY DISCUSSIONS:								
17/04/2025 IANZ (GJ)	please note states, "24- this basis t	of action and pro that the plan of a month refusal de his plan is accep decision to issue	action state cision". Th ted but ple	es 'CCC no e 'CCC no ase be re	o received ot received minded th	d', wherea d' part is a	s above thappropriate	nis it also e and on

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28/04/2025 The Operational Management Meeting will be amended to include: No CCC application TDC (DS) received at 24 months, the decision recorded is CCC refusing (granting), or CCC extension of time. 28/04/2025 IANZ reviewed changes described in comment from TDC above and within plan of IANZ (GJ) action above. These changes are accepted. Date **ORG** (Initials) NON COMPLIANCE CLEARED

Report with action plans accepted – Updated 28/04/2025

Date: Select a date

Regulation 7(2)(f)(ii) **Compliance schedules**

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for preparation and issuing of Compliance Schedules in accordance with Regulation 7(2)(f)(ii).

Within the review of examples of issued Compliance Schedules, the following issues were identified:

- Incorrect technical referencing of performance standards for some specified systems.
- Some of the technical referencing within the inspection/maintenance procedures was incorrect.
- Interfaced specified systems were not always appropriately documented within the relevant locations.

GNC 3 - To be resolved.

Within the review of the issued Compliance Schedules, it was identified that the Specified Systems and Performance Standards listed did not always align with the draft Compliance Schedules attached to the Form 5s. Whilst a Minor Variation for the change has been recorded within GoGet and the Specified System Info Sheets within Objective, in some cases, not all changed Specified Systems had been captured, and the recorded reason for decision was considered to be at the minimum level required to verify the change. The BCA is recommended to ensure all changes to Specified Systems and/or Performance Standards via a Minor Variation are recorded and have clearly documented reasons for decision.

Recommendation R5.

It was noted that at the end of the sighted Compliance Schedules that the BCA recorded an "amendment history" but this contained the issued dates of the draft and 'final version' of the Compliance Schedule. The issue of the Draft Compliance Schedule is not considered to be an amendment or change to the issued Compliance Schedule, as at the time of the recorded date, the Compliance Schedule had not yet been issued. The BCA is advised to reconsider how this is recorded. Advisory Note A1.

General Non-compliance No. 3: Action Plan accepted ✓ Cleared select date.

Breach of requirement:	Regulation 7(2)	(f)(ii)						
Breach of requirement:	Regulation(s)	Regulation(s) \Box 5(a) \Box 5(b) \checkmark 5(c) \Box 6(b) \Box 6(c) \Box 6(d)						
FINDING DETAILS								
Within the review of exam Incorrect technical Some of the techni Interfaced specific locations.	referencing of perical referencing wit	rformance thin the ins	standards spection/m	s to some	specified ce proced	systems. ures was i	ncorrect.	

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IMPORTANT DATES	
Date this action plan was accepted by IANZ:	28 April 2025
Final date evidence of implementation can be accepted from BCA:	24 June 2025
PLAN OF ACTION (To be provided by BCA)	

- 1. Update the Compliance Schedule Form 2A (015A Template) guidance on standards by including:
- a) Guidance and explanation prompts,
- b) Current and Superseded Standards selections,
- c) Interfacing prompts
- 2. Update the Compliance Schedule (015 draft compliance schedule template) to include:
- a) Current and Superseded Standards selections,
- b) Interfacing,
- c) Version Control Log History

PROPOSED EVIDENCE OF IMPLEMENTATION (To be provided by BCA):

- 1. Supply amended Compliance Schedule Form 2A (015A Template)
- 2. Supply amended Compliance Schedule (015 Template)
- 3. Supply 2 x (015 Template) Compliance Schedule Examples showing the updated changes.
- 4. Supply x 1 Team meeting minutes with attendance records.
- 5. Supply 3 x technical audits will also be conducted to confirm that correct technical references are recorded.

EVIDENCE O	EVIDENCE OF IMPLEMENTATION AND ANY DISCUSSIONS:						
17/04/2025 IANZ (GJ)	This action plan and proposed evidence of implementation is mostly appropriate, however could you please outline what evidence will be provided to demonstrate training regarding how staff will use these altered templates to address the finding raised (such as to ensure the correct technical references will be recorded)?						
28/04/2025 TDC (DS)	the changes-including updates to: (Processing) Compliance Schedul (015 draft template) with guidance standards selections, and interfacir Schedule SS information and versic CCC applications (Inspections) (015A Compliance Schedule SS ir standards selections, interfacing.	and explanation prompts, current and superseded g prompts, as well as updates to the Compliance on control. Iformation template) with current and superseded and ance records. Technical audits will also be					
28/04/2025 IANZ (GJ)	IANZ reviewed updated proposed evidence of implementation and comment from TDC above. This action plan is accepted.						
Date ORG (Initials)							
NON COMPLIANCE CLEARED							
Signed:		Date: Select a date					

Regulation 7(2)(f)(iii)	Notices to fix			
Observations and comments, including good practice and performance				

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The BCA had appropriately documented its procedure for issuing Notices to fix in accordance with Regulation 7(2)(f)(iii).

Two examples of issued Notices to Fix were reviewed. Both were considered to have been issued appropriately.

Regulation 7(2)(g) Customer inquiries

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for receiving and managing customer inquiries about building control functions in accordance with Regulation 7(2)(g).

Inquiries were received by email, phone and website. Where inquiries were not able to be resolved on the spot, these were seen to be monitored through both the BCA's MagiQ Service Request System and managed Outlook folders. All sighted examples had been appropriately responded to within the timeframes set within the BCA's service request system, with most being responded to within 24 hours.

Regulation 7(2)(h) Customer complaints

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for receiving and managing customer complaints about building control functions in accordance with Regulation 7(2)(h).

Complaints were recorded and managed through the BCA's complaints register. Complaints were seen to have been investigated and responded to appropriately, with good recording of actions, communication and evidence.

Regulation 8(1) Forecasting workflow

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure to forecast its workflow in accordance with Regulation 8(1).

Using the BCA's volume of building control work it had processed, inspected and approved over the last two years, the BCA had completed a 'staffing formula spreadsheet' to forecast workflow. This was also seen to be updated monthly with data such as statutory timeframe compliance statistics and inspection timeframes. In addition to this, the BCA had also completed 'decrease by 10%' and 'increase by 10%' spreadsheets to consider whether changes in future workflow would impact the BCA's ability to manage capacity or capability requirement changes. These considerations included a 'commentary summary sheet' which was seen to meet forecasting requirements.

Regulation 8(2) Identifying and addressing capacity and capability needs

Observations and comments, including good practice and performance

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The BCA had appropriately documented its procedure for identifying and addressing capacity and capability needs on an ongoing basis, in accordance with Regulation 8(2).

Using the 'staffing formula' spreadsheet, the BCA had carried out an annual workflow analysis which was seen to include a calculation of the BCA's capacity and capability requirements. In addition, capacity and capability needs were seen to be monitored as part of the BCA's monthly operational meetings and considered as part of other weekly and fortnightly team meetings. Where gaps were identified, the BCA had utilised contractors to meet capacity and capability requirements.

Regulation 9 Allocating work

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure to allocate work in accordance with Regulation 9.

Sighted examples were seen to have been appropriately allocated to competent employees or contractors.

Regulation 10(1) Assessing prospective employees

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for establishing the competence of a person who applied to it for employment as an employee performing building control functions in accordance with Regulation 10(1).

Regulation 10(2) Assessing employees performing building control functions

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for assessing biennially (or more frequently) the competence of its employees performing building control functions in accordance with Regulation 10(2).

Due to the update of the Regulation within 2024, the BCA had updated its documented procedure to undertaking competency assessments at least once every two years. Individuals' competency levels and limitations were recorded on the BCA's competency matrix.

Regulation 10(3)(a) to (f) Competence assessment system

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure which specified the technical requirements for a competence assessment system. All competence assessments were found to be appropriate and to

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record an appropriate level of detail, as per the National Building Consent Authority Competency Assessment System (NCAS), in accordance with Regulation 10(3).

Regulation 11(1) The training system

Observations and comments, including good practice and performance

The BCA had developed a training system in accordance with Regulation 11(1). Where omissions were detected, they are addressed under their relevant sub-Regulation below.

Regulation 11(2)(a) Making annual (or more frequent) training needs assessments

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for making annual (or more frequent) training needs assessments in accordance with Regulation 11(2)(a).

Using the form '509 – Annual Training Plan assessment' for individuals, the BCA was seen to have conducted training needs assessments for their employees conducting building control functions. These included considerations such as a self-assessment by the individual regarding their knowledge/skills relating to areas such as code clauses, legislation, building controls or specialist areas. In addition, needs were identified as an assessment by the Team Leader or Building Manager. As well as training needs, continuous professional development items were also raised through this assessment.

Regulation 11(2)(b) Preparing training plans that specify the training outcomes required

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for preparing training plans that specified the training outcomes required in accordance with Regulation 11(2)(b).

Using the '505 – BCA Training register' file, individual's training plans were seen to have been completed appropriately for all technical staff, with training needs recorded appropriately. The BCA's training plans had been well maintained in sighted examples, with training needs recorded as per the '509 – Annual training plan assessment' forms. Timeframes for training to be undertaken, together with the desired outcomes and how training was to be monitored and reviewed had also been appropriately detailed within the training plans.

Regulation 11(2)(c) Ensuring that employees receive the training agreed for them

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for ensuring that employees received the training agreed for them in accordance with Regulation 11(2)(c).

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Training achievement against planned arrangements was monitored by the BCA. Where training was not completed within planned timeframes, reasons for the training being missed were recorded and the training was seen to have been rescheduled appropriately.

Regulation 11(2)(d)

Monitoring and reviewing employees' application of the training they have received, including by observing relevant activities

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for monitoring and reviewing employees' application of the training they had received, including by observing relevant activities, in accordance with Regulation 11(2)(d).

Records of monitoring of training had recorded evidence of what was considered during monitoring and the achievement of the training outcome. Examples of evidence of the monitoring and review of the application of training were sighted and were considered to be appropriate. These included items such as competency assessments, supervision records and examples of completed work

Regulation 11(2)(e) Supervising employees doing a technical job under training

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure to supervise its employees doing a technical job under training in accordance with Regulation 11(2)(e).

In sighted examples where supervision was required, the BCA had not specified clearly whether direct or indirect supervision had been provided. In these cases, this had been relevant to the supervision requirements relating to the inspector's competency, so this should have been clearly documented. **GNC 4 – To be resolved.**

In addition, the BCA's documented procedure stated that "Supervision is to be recorded either in the processing check sheet or on the inspection records." This procedure also required that inspection supervision was to be recorded in the GoGet memos. In sighted examples, this had only been recorded as GoGet memos.

GNC 4 – This point resolved on site, with an updated version of the BCA's documented procedure being provided.

In one example, supervision was recorded as per the documented procedure. It was noted that the category appeared to have been reduced due to the scope of work (C3 to C1). However, this was not clearly documented within the processing checklist or the supervisors' records. It is recommended that where categories are reduced (due to scope of work), this is clearly documented.

Recommendation R6.

General Non-compliance No. 4: Action Plan accepted ✓ Cleared select date.

Breach of requirement:	Regulation 11(2)(e)						
Breach of requirement:	Regulation(s)	□ 5(a)	□ 5(b)	√ 5(c)	□ 6(b)	□ 6(c)	□ 6(d)
FINDING DETAILS							

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In sighted examples where supervision was required, the BCA had not specified clearly whether direct or indirect supervision had been provided. In these cases, this had been relevant to the supervision requirements relating to the inspector's competency, so this should have been clearly documented.

IMPORTANT DATES

Date this action plan was accepted by IANZ:	17 April 2025
Final date evidence of implementation can be accepted from BCA:	24 June 2025

PLAN OF ACTION (To be provided by BCA)

Amend the procedure Regulation 11(5)(a)(note) to show: Supervision is to be recorded in Goget using the Goget supervision memo's

PROPOSED EVIDENCE OF IMPLEMENTATION (To be provided by BCA):

- 1. Amended procedure Regulation 11(5)(a)(note)
- Email from Manager to the inspection team of guidance note for indirect/direct supervision memos.
- 3. Evidence of 3 x indirect and 3 x direct supervision of building inspections

EVIDENCE OF IMPLEMENTATION AND ANY DISCUSSIONS:

Date
ORG (Initials)
Date

ORG (Initials)

NON COMPLIANCE CLEARED

Signed: Date: Select a date

Regulation 11(2)(f) Recording employees' qualifications, experience and training

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for recording employees' qualifications, experience, and training in accordance with Regulation 11(2)(f).

BCO's qualifications and training records were seen to be filed appropriately within individuals' training folders. In addition, BCO's 'Summary of Experience and Training Record' documents had recorded BCO's qualifications, relevant known experience, completed trainings and memberships such as with relevant professional institutes.

Regulation 11(2)(g) Recording continuing training information

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for recording continuing training information in accordance with Regulation 11(2)(g).

Sighted 'BCO's 'Summary of Experience and Training Record' forms were seen to have been revised to new versions each year. These forms were seen to be updated with new continuous development records on an ongoing basis and sighted examples of log entries included references to associated certificates and training, as relevant.

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Regulation 12(1) A system for choosing and using contractors to perform its building control functions

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for choosing and using contractors to perform its building control functions in accordance with Regulation 12(1).

Regulation 12(2)(a) Establishing contractors' competence

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure to establish contractors' competence in accordance with Regulation 12(2)(a).

Contractor competency had been established as part of the engagement process. The BCA had obtained copies of competency assessments and qualifications for consideration. The contract agreement included appropriate details of competency expectations and the requirement for competency assessments for each contractor engaged on BCA work.

Regulation 12(2)(b) Engaging contractors

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for engaging contractors in accordance with Regulation 12(2)(b).

The BCA was seen to send a 'Consultant Contract Criteria' form to outline the minimum requirements for the potential contractors. Following the contractor filling this out and a review by the BCA's Building Consents Manager, the contractor would complete a '906 Consultant evaluation', which the BCA would review to assess the contractor's suitability. This was seen to have been conducted appropriately, with supporting evidence filed appropriately.

Regulation 12(2)(c) Making written or electronic agreements with contractors

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for making written or electronic agreements with contractors in accordance with Regulation 12(2)(c).

Contractual agreements for contractors were reviewed. The BCA had updated contractual agreements with its contractors conducting building control work, which included appropriate detail for the described scope of work.

Regulation 12(2)(d) Recording contractors' qualifications

Observations and comments, including good practice and performance

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The BCA had appropriately documented its procedure for recording contractors' qualifications in accordance with Regulation 12(2)(d).

The BCA had requested and recorded its contractors' qualifications and competencies as per its documented procedure. All contracted staff held an appropriate qualification.

Regulation 12(2)(e) Monitoring and reviewing contractors' performance

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for monitoring and reviewing contractors' performance in accordance with Regulation 12(2)(e).

The BCA had reviewed contractor performance annually (for each of its contractors performing building control work) against the KPIs outlined within their contractual agreements. This was completed on a 'Contractor Performance Review Form' for each contractor. These reviews were supported by minutes from quarterly (or more frequent) meetings with each of their contractors, covering topics such as forecasting, the BCA QAS compliance and training needs. The reviews contained a detailed analysis of the performance of the contractors from the BCA's perspective.

Regulation 12(2)(f) Annually (or more frequently) assessing contractors' competence

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for annually (or more frequently) assessing contractors' competence in accordance with Regulation 12(2)(f).

One of the BCA's contractor's competence assessments was due in February 2025 and was now overdue by a few weeks. However, as this was only one individual and the BCA had evidence to demonstrate that this was already being followed up on with the contractor, this has only been raised as a recommendation to ensure that competence assessments are maintained.

Recommendation R7.

Sighted contractor competency assessments provided specific consideration of the contractor's ability to comply with the BCA's policies, procedures and systems under Regulation 10(3)(f) within the sighted competency assessments. The BCA were also able to demonstrate consideration of contractor's compliance with the BCA's QAS through quarterly meetings with the contractor and ongoing technical audits including contractor's work. However, the BCA is advised to consider how they would record their consideration of individual (as opposed to the entire contracted organisation) contractor's competence, in the possible scenario where the contractor had not previously worked in the BCA's quality assurance system.

Advisory Note A2.

Regulation 13(a) Identifying employees and contractors who are competent to provide technical leadership

Observations and comments, including good practice and performance

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The BCA had appropriately documented its procedure for identifying employees and contractors who were competent to provide technical leadership in accordance with Regulation 13(a).

Technical leadership had been assessed as part of the competency assessment system and technical leaders had been identified on the BCA's Group Skills Matrix.

Regulation 13(b) Giving the employees and contractors the powers and authorities to enable them to provide the leadership

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for giving its employees and contractors powers and authorities to enable them to provide technical leadership in accordance with Regulation 13(b).

Appropriate powers and authorities had been delegated to the Technical Leaders through the BCA's Delegations Manual.

Regulation 14 Ensuring necessary (technical) resources

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for ensuring it had a system for providing and ensuring the continuing availability and appropriateness of the technical information, facilities, and equipment that its employees and contractors needed to perform building control functions.

Appropriate technical information and facilities were available and accessible to employees and contractors to perform building control functions appropriately.

The BCA had maintained an equipment register with a reminder schedule set up within their GoGet system. Critical measurement equipment used during inspections, such as thermometers and moisture meters, were seen to have been calibrated appropriately. BCA contractors conducting inspections used the BCA supplied equipment and this was shown to be able to be tracked as needed.

Regulation 15(1)(a) A building consent authority must record its organisational structure

Observations and comments, including good practice and performance

The BCA had appropriately documented its organisational structure in accordance with Regulation 15(1)(a).

Regulation 15(1)(b) A building consent must record in the structure its reporting lines and relationships with external parties

Observations and comments, including good practice and performance

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The BCA had appropriately documented its organisational structure, including reporting lines and accountabilities, and the authority's relationships with external organisations in accordance with Regulation 15(1)(b).

A building consent authority must record roles, Regulation 15(2) responsibilities, powers, authorities and any limitation on powers and authorities

Observations and comments, including good practice and performance

The BCA had appropriately documented the roles, responsibilities, powers, authorities and any limitation on powers and authorities for its employees and contractors performing building control functions, in accordance with Regulation 15(2).

Roles and responsibilities for employees performing building control functions were documented in job descriptions, with powers and authorities documented on the BCA's delegations register.

Regulation 16(1) A system for giving every application for a building consent its own uniquely identified file

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for allocating every application for building consent and building consent amendment a unique identification in accordance with Regulation 16(1).

Unique identification numbers for consents were generated through the BCA's MagiQ system. The application number would be in a six digit arrangement such as '123456'. Any amendments would receive an 'A' added to the end of the number, such as '123456A' for the first amendment of a building consent. Any subsequent amendments would receive an additional number, such as '123456A1' for the second amendment and '123456A2' for the second amendment of the building consent.

Regulation 16(2)(a)

System for ensuring that all information relevant to an application for a building consent is put on the application's file

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for ensuring that all information relevant to a building consent application was included in the application's file in accordance with Regulation 16(2)(a).

Required information relevant to the application was seen to be held within the BCA's Objective document management system.

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Item 5.6- Attachment 1

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Regulation 16(2)(b)

System for ensuring that all information relevant to an application for a building consent is kept in a way that makes it readily accessible and retrievable

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for ensuring that all information relevant to an application for a building consent was kept in a way that made it readily accessible and retrievable in accordance with Regulation 16(2)(b).

BCA information relevant to building consent applications were generally readily available and kept in a manner that was clearly identified for building consent files reviewed. However, some issues with connectivity across the BCA's software were noted. For example, issues which were seen to have been raised within the BCA included the generation of RFI letters in GoGet not consistently working for contractors (despite this appearing to work for internal BCA staff doing the same task), file uploads into Objective sometimes required 'work-arounds' involving closing and re-starting applications, and there were instances of GoGet and Objective not being available for periods of time after moving into the BCA's new building (sometimes for over an hour during the first week of moving in, however this appeared to have reduced to occurrences lasting less than a minute during the week of this Routine Reassessment). The BCA is recommended to ensure their systems ensure all information relevant to an application for a building consent is consistently retrievable and accessible.

Recommendation R8.

Regulation 16(2)(c)

System for ensuring that all information relevant to an application for a building consent is stored securely

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for ensuring that all information relevant to an application for a building consent was stored securely in accordance with Regulation 16(2)(c).

Records were maintained through both external and cloud-based backup methods, with a disaster recovery plan in place to ensure a replication of BCA data was available in the event where this might be required. Data was protected with firewalls, anomaly detection systems, staff training and authentication requirements with delegated user access.

Regulation 17(1)

A quality assurance system that covers management and operations and covers the policies, procedures and systems described in regulations 5 to 16 and 18

Observations and comments, including good practice and performance

The BCA had developed a quality assurance system that covered its management and operations. The quality assurance system covered the policies, procedures, and systems described in regulations 5 to 16 and 18.

Where omissions were identified, they have been addressed under their relevant Regulation in this report.

Regulation 17(2)(b)

The policy on quality

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Observations and comments, including good practice and performance

The BCA had appropriately documented its quality policy, which included quality objectives, and quality performance indicators for its building control functions at a high level, in accordance with Regulation 17(2)(b).

The quality policy was sighted and considered to be appropriate. The BCA was also seen to have considered its quality policies appropriateness through the BCA's strategic management review.

Regulation 17(2)(d) Regular management reporting and review, including of the quality system

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for reviewing its management system annually (or more frequently) against the expected standards for performance and high-level performance indicators from its quality policy in accordance with Regulation 17(2)(d).

The BCA conducted reporting against the expected standards for performance, using the performance indicators from its quality policy as part of their annual strategic management review. These considerations were also seen to be reported on as part of the BCA's monthly operational meetings, where relevant actions, reasons for decisions and outcomes were seen to be recorded and monitored appropriately. In addition, several topics relating to performance indicators had been routinely outlined and reported on within weekly team meetings (e.g. processing or inspection and compliance meetings), as well as fortnightly building team meetings.

Regulation 17(2)(e) Supporting continuous improvement

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for supporting continuous improvement in accordance with Regulation 17(2)(e).

Potential Improvements were seen to be filled out on a 'Continuous improvement form template', to be reviewed and added to the continuous improvement register, which outlined the required steps as per Regulation 17(2)(e). If the continuous improvement item was approved and then implemented, then the form was updated throughout the management of the continuous improvement item, to be signed off when complete.

Sighted examples of continuous improvement items consistently demonstrated great recording of each step in the process. Continuous improvement items were routinely seen to be broken up into a systematic plan with defined steps and the associated actions were clearly described for each step. Evidence of each update was clearly recorded and referenced, with very informative explanations regarding progress made.

Items raised as part of the BCA's internal audits were seen to have been followed up particularly well within the continuous improvement process, with the monitoring and review of continuous improvement items including a good sample taken, to assess whether implementation of changes had been conducted appropriately.

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Regulation 17(2)(h) Undertaking annual audits

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for ensuring that an internal audit of every building control function occurred annually (or more frequently) in accordance with Regulation 17(2)(h).

Quality system and technical audits were monitored by using the BCA's audit review planner, which also outlined other scheduled items such as each of the BCA's meetings, competency assessment due dates, training plan assessments, technical resource checks and forecasting reviews.

Sighted quality system audits were seen to be comprehensive, with appropriate sampling, excellent use of screenshots to show the specific items that demonstrated compliance, and good explanatory comments by the auditor regarding the material considered and their reasons for decisions. Findings had been appropriately managed through the BCA's continuous improvement system.

Technical audits for processing and inspections were also seen to include good sampling, a range of staff conducting the audits, and good reasons for decisions being recorded.

On the other hand, while the BCA's completed Compliance Schedule Audit was considered to be highly detailed and a good audit of the BCA's process, there was inadequate technical consideration of the content of the Compliance Schedules. For example, whether the specified systems and performance standards were appropriate for what had been installed in the building.

In addition, the auditor did not have current competency for the work (i.e. Compliance Schedules) being audited (or alternative evidence such as a historic competency to conduct this work, with recorded reasons for decisions recorded to demonstrate currency).

GNC 5 - To be resolved.

General Non-compliance No. 5: Action Plan accepted ✓ Cleared select date.

Breach of requirement:	Regulation 17(2)(h)					
Breach of requirement:	Regulation(s)	□ 5(a)	□ 5(b)	√ 5(c)	√ 6(b)	√ 6(c)	□ 6(d)
FINDING DETAILS							
While the BCA's cand a good audit content of the Coperformance stand	of the BCA's prod empliance Sched	cess, there lules. For	was inad example,	equate te whether	echnical co the spec	onsiderati ified syst	on of the
The auditor did no audited or alterna recorded reasons	tive evidence su	ich as a' h	nistoric co	mpetency	to cond		
IMPORTANT DATES							
Date this action plan was	accepted by IA	NZ:			28 April	2025	
Final date evidence of im	plementation ca	an be acce	epted fron	n BCA:	24 June	2025	
PLAN OF ACTION (To be p	rovided by BCA)						
To update forms 's Inspection (A1665 the SS's are appro	158)' to ensure ea	ach form co					
 Amend the proced technical review sh sheet. 	•	. , . ,	,			•	

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PROPOSED EVIDENCE OF IMPLEMENTATION (To be provided by BCA):

- 1. Supply 2 x amended completed 514 Technical audits Processing (A1665156)
- 2. Supply 2 x amended completed 515 Technical audits Inspection (A1665158)
- Supply amended procedure with new web link to compliance schedule technical review sheet template.
- 4. Supply 2 x Compliance Schedule reviewing sheet completed

EVIDENCE O	F IMPLEMENTATION AND ANY DISCUSSIONS:						
17/04/2025 IANZ (GJ)	This action plan and proposed evidence of implementation is mostly appropriate, however, could you please clarify the plan of action to address point 2 of this non-compliance? I also recommend that the BCA considers submitting their updated technical audit forms for review in advance of conducting the audits. However, taking a two-stage approach is not a requirement.						
28/04/2025 TDC (DS)	In response to GNC part 2: The auditor does not hold commercial competency for Compliance Schedules and has indicated they are not seeking to upskill in this area. The auditor would continue to do the procedural audits of Compliance Schedules. Technical staff (with current assessed commercial competency) will continue to audit technical considerations regarding final compliance schedules.						
28/04/2025 IANZ (GJ)	IANZ reviewed comment from TDC above. This action plan is accepted.						
Date ORG (Initials)							
NON COMPL	NON COMPLIANCE CLEARED						
Signed:	Date: Select a date						

Regulation 17(2)(i) Identifying and managing conflicts of interest

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure in its quality assurance system for identifying and managing conflicts of interest in accordance with 17(2)(i).

Identified conflicts of interest were recorded on a form and this information would be summarised on the BCA's Conflict of Interest Register. Recorded conflicts were seen to have been appropriately managed. Sighted examples included declarations such as for council owned buildings and previous working connections with applicants.

Regulation 17(2)(j) Communicating with internal and external persons

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for communicating with internal and external persons in its quality assurance system, in accordance with 17(2)(j).

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The BCA used several communication methods such as face-to-face, email, team and management meetings, strategic reviews and the council's website.

Regulation 17(3) A quality assurance manager

Observations and comments, including good practice and performance

The BCA had appointed a Quality Assurance Manager, named as Dean Southey in its quality assurance system, in accordance with Regulation 17(3).

Regulation 17(3A) Concerns and complaints about building practitioners

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure to ensure that the BCA considered concerns raised about practitioners and decided whether to make, and made complaints, to relevant occupational or professional authorities about practitioners who were practitioners of or within an occupation or profession in accordance with Regulation 17(3A)(a).

Concerns about practitioners were recorded in an LBP Concerns spreadsheet, with a separate spreadsheet for LBP complaints. Concerns were seen to have been recorded appropriately, with good recording of relevant information and filed evidence, with reasons for decisions regarding the next steps being clearly described. Where a potential complaint had been recorded, this was seen to have been managed appropriately, with good supporting evidence.

Regulation 17(4)(a) A system for ensuring that its employees comply with the authority's quality assurance system

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for ensuring that its employees complied with the authority's quality assurance system in accordance with Regulation 17(4)(a).

Sighted continuous improvement records, internal audits, staff inductions and staff training demonstrated that the BCA had ensured its employees complied with the BCA's quality assurance system.

Regulation 17(4)(b) A system for ensuring that its contractors comply with a nominated quality assurance system

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for ensuring that its contractors complied with either the authority's quality assurance system or the contractor's quality assurance system, in accordance with Regulation 17(4)(b).

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The BCA had ensured that its contractors complied with the BCA's quality assurance system through contractual agreements, internal audits and quarterly meetings with the contractor.

The BCA also inducted contractors into its quality assurance system, however, in one sighted example, the BCA did not appear to have used the specific induction form as per their documented procedure. Email evidence indicated that an induction of the contractor into the BCA's QAS had occurred during a meeting, however as the BCA's documented procedure had indicated a specific form would be used (which was also seen being used for BCA employees), the BCA is recommended to review this process prior to future contractor engagement, to ensure this process will be consistently implemented as per the documented procedure.

Recommendation R9.

Regulation 17(5)(a) Strategic management reporting and review

Observations and comments, including good practice and performance

The BCA had appropriately documented its system for annually (or more frequently) reviewing its quality assurance system in accordance with Regulation 17(5)(a).

The BCA had conducted annual strategic management reviews which were seen to have generally considered the appropriateness and effectiveness of each of the items for Regulation 17(5)(a), however as the wording regarding these specific considerations were not consistently clear within the Strategic Management Review Record, the BCA is recommended to consider adding prompts to explicitly indicate whether the appropriateness and effectiveness of its processes have been considered.

Recommendation R10.

Regulation 17(5)(b) Making appropriate changes in the quality assurance system

Observations and comments, including good practice and performance

The BCA had appropriately documented its system for annually (or more frequently) making appropriate changes in the quality assurance system in accordance with Regulation 17(5)(b).

Changes in the quality assurance system were seen to have been made by the BCA utilising their continuous improvement process, as documented under Regulation 17(2)(e).

Regulation 18(1) Technical qualifications

Observations and comments, including good practice and performance

The BCA had appropriately documented its system for ensuring that each employee and contractor who performed the authority's building control functions by doing a technical job held an appropriate technical qualification or was working towards one (unless exempted from the requirements).

All employees and contractors conducting building control functions by doing a technical job were recorded as holding an appropriate qualification or to be working towards an appropriate qualification.

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Report with action plans accepted - Updated 28/04/2025

18 - 20 March 2025

Regulation 18(3) Technical qualifications

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for establishing circumstances of employees and contractors that would make it unreasonable and impractical to require technical qualifications in accordance with Regulation 18(3)(a) and (b).

All BCA technical staff were either working towards or held an appropriate qualification and therefore no BCA staff required exemption from holding an appropriate qualification.

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Item 5.6- Attachment 1

Report with action plans accepted – Updated 28/04/2025

18 - 20 March 2025

SUMMARY OF RECOMMENDATIONS

Recommendations are intended to assist your BCA to maintain compliance with the Regulations. They are not conditions for accreditation but a failure to make changes may result in non-compliance with the Regulations in the future.

It is recommended that:

- R1 Regulation 7(2)(d)(v) The BCA is recommended to ensure that their recorded reasons for decisions (regarding extensions to lapsing timeframes) are consistently the BCA's reasons, as in a sighted example of an application for an extension to the lapse time of a consent the recorded reasons appeared to focus on the customer's reasons.
- Regulation 7(2)(e) The BCA is recommended to ensure they consistently annotate inspection photos in order to provide context to what the photo is demonstrating in relation to compliance or non-compliance.
- R3 Regulation 7(2)(f)(i) The BCA is recommended to ensure that their recorded reasons for decisions to refuse a CCC fully align with the requirements of section 94 of the Act.
- R4 Regulation 7(2)(f)(i) The BCA is recommended to ensure that their recorded reasons for decisions regarding an application for an extension of time to decide whether to issue or refuse to issue CCC at 24 months are consistently the BCA's reasons, as, in a specific instance, these appeared to be more specific to the customer's reasons.
- R5 Regulation 7(2)(f)(ii) The BCA is recommended to ensure all changes to Specified Systems and/or Performance Standards via a Minor Variation are recorded and have clearly documented reasons for decision.
- Regulation 11(2)(e) In one example, supervision was recorded as per the documented procedure. It was noted that the category appeared to have been reduced due to the scope of work (C3 to C1). However, this was not clearly documented within the processing checklist or the supervisors' records. It is recommended that where categories are reduced (due to scope of work), this is clearly documented.
- R7 Regulation 12(2)(f) One of the BCA's contractor's competence assessments was due in February 2025 and was now overdue by a few weeks. It is recommended that the BCA ensures that competence assessments are kept up to date for their contractors.
- **R8 Regulation 16(2)(b)** Some issues with connectivity across the BCA's software were noted. The BCA is recommended to ensure their systems consistently ensure all information relevant to an application for a building consent is consistently retrievable and accessible.
- R9 Regulation 17(4)(b) In one sighted example, the BCA did not appear to have used the specific form to induct a contractor, as per their documented procedure. The BCA is recommended to review this process prior to future contractor engagement, to ensure this process will be consistently implemented as per the documented procedure.
- **R10** Regulation 17(5)(a) As the wording regarding the specific 17(5)(a) considerations (regarding appropriateness and effectiveness) were not consistently clear within the Strategic Management Review Record, the BCA is recommended to consider adding prompts to the template to explicitly indicate whether the appropriateness and effectiveness of its processes have been considered.

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Report with action plans accepted - Updated 28/04/2025

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SUMMARY OF ADVISORY NOTES

Advisory notes are intended to assist your BCA to improve compliance with accreditation requirements based on IANZ's experience. They are not conditions for accreditation and do not have to be implemented to maintain accreditation.

IANZ advises that:

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- Regulation 7(2)(f)(ii) It was noted that at the end of the sighted Compliance Schedules that the BCA records an "amendment history" but this contained the issued dates of the draft and 'final version' of the Compliance Schedule. The issue of the Draft Compliance Schedule is not considered to be an amendment or change to the issued Compliance Schedule, as at the time of the recorded date, the Compliance Schedule had not yet been issued. The BCA is advised to reconsider how this is recorded.
- Regulation 12(2)(f) The BCA is advised to consider how they would record their consideration of individual (as opposed to the entire contracted organisation) contractor's competence, in the possible scenario where the contractor had not previously worked in the BCA's quality assurance system.

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Taupō District Council Report with action plans accepted – Updated 28/04/2025

SUMMARY TABLE OF NON-COMPLIANCE

The following table summarises the non-compliance identified with the accreditation requirements in your BCA's accreditation assessment. Where a non-compliance has been identified, a Record of Non-compliance template has been prepared detailing the issue, and to enable you to detail your proposed corrective actions to IANZ. You must update and return a template for each non-compliance identified.

Regulatory	Non- compliance	Non- compliance		Bread	ch of Re er "Y" who	gulatior ere applic	າ 5/6? able		Resolved On-site?	Date Non- compliance to	Date Non- compliance	Numi	per of	Brief comment
requirement	(Serious / General)	identification number	5(a)	5(b)	5(c)	6(b)	6(c)	6(d)	Yes/No	be cleared by (DD/MM/YYYY)	cleared (DD/MM/YYYY)	Recommendation	Advisory Note	(where applicable)
0(4)(4)	01													
6(A)(1)	Choose item.													
6(A)(2)	Choose item.													
Regulation 7	21													
7(1)	Choose item.													
7(2)(a)	Choose item.													
7(2)(b)	Choose item.													
7(2)(c)	Choose item.													
7(2)(d)(i)	Choose item.													
7(2)(d)(ii)	Choose item.													
7(2)(d)(iii)	Choose item.													
7(2)(d)(iv)	Choose item.													
7(2)(d)(v)	General	GNC 1			Υ				No	7/07/2025		R1		
7(2)(e)	Choose item.											R2		
7(2)(f)(i)	General	GNC 2			Y				No	7/07/2025		R3, R4		
7(2)(f)(ii)	General	GNC 3			Y				No	7/07/2025		R5	A1	
7(2)(f)(iii)	Choose item.													
7(2)(g)	Choose item.													
7(2)(h)	Choose item.													
Regulation 8														
8(1)	Choose item.													
8(2)	Choose item.													
Regulation 9														
9	Choose item.													
Regulation 10														
10(1)	Choose item.													
10(2)	Choose item.													
10(3)	Choose item.													
Regulation 11														
11(1)	Choose item.													
11(2)(a)	Choose item.													
11(2)(b)	Choose item.													
11(2)(c)	Choose item.													
11(2)(d)	Choose item.													
11(2)(e)	General	GNC 4			Υ				No	7/07/2025		R6		
11(2)(f)	Choose item.				-				1.0	.,				
11(2)(g)	Choose item.													
Regulation 12														
12(1)	Choose item.													
12(1) 12(2)(a)	Choose item.													
12(2)(a) 12(2)(b)	Choose item.													
12(2)(0)	CHOOSE REITI.													

Taupō District Council Report with action plans accepted – Updated 28/04/2025 18 - 20 March 2025

Regulatory	Non- compliance	Non- compliance		Bread	ch of Re	gulatio	n 5/6? able		Resolved On-site?	Date Non- compliance to	Date Non- compliance	Numb	per of	Brief comment
requirement	(Serious / General)	identification number	5(a)	5(b)	5(c)	6(b)	6(c)	6(d)	Yes/No	be cleared by (DD/MM/YYYY)	cleared (DD/MM/YYYY)	Recommendation	Advisory Note	(where applicable)
12(2)(c)	Choose item.													
12(2)(d)	Choose item.													
12(2)(e)	Choose item.													
12(2)(f)	Choose item.											R7	A2	
Regulation 13														
13(a)	Choose item.													
13(b)	Choose item.													
Regulation 14														
14	Choose item.													
Regulation 15														
15(1)(a)	Choose item.													
15(1)(b)	Choose item.													
15(2)	Choose item.													
Regulation 16														
16(1)	Choose item.													
16(2)(a)	Choose item.													
16(2)(b)	Choose item.											R8		
16(2)(c)	Choose item.													
Regulation 17														
17(1)	Choose item.													
17(2)(a)	Choose item.													
17(2)(b)	Choose item.													
17(2)(c)	Choose item.													
17(2)(d)	Choose item.													
17(2)(e)	Choose item.													
17(2)(h)	General	GNC 5	1		Υ	Υ	Υ		No	7/07/2025				
17(2)(i)	Choose item.		1											
17(2)(j)	Choose item.		1											
17(3)	Choose item.		1											
17(3A)	Choose item.		1											
17(4)(a)	Choose item.		1											
17(4)(b)	Choose item.		1									R9		
17(5)(a)	Choose item.		†		<u> </u>							R10		
17(5)(b)	Choose item.		1									-		
Regulation 18														
18(1)	Choose item.													
18(3)	Choose item.		†		 									
. 5(0)	JIIOOOO ROIII.		1	1	1]]							

Risk Register

					k Regis					
Project	Risk Title	Risk Causes	Risk Consequences	Current Likelihood	Current Consequence	Current Risk Rating	Risk Controls / Treatments	Residual Likelihood	Residual Consequence	Residual Risk Rating
East Urban Lands	Financial	The project requires significant investment from the Council, and the timing of returns remains uncertain.	Council will have significant land holding costs.	Possible	Major	High	Quarterly and annual performance reviews are scheduled to track progress and adjust plans as necessary.	Possible	Moderate	High
East Urban Lands	Cost Overruns	Potential higher-than- anticipated costs due to detailed design changes or increased contracting prices.	If the costs are higher than anticipated the project may not have enough budget to complete the works.	Possible	Major	High	Monthly project control group reports are being utilised to monitor and manage costs, with section sales, pricing, and future development stages adjusted as needed.	Possible	Moderate	High
East Urban Lands	Market Conditions	Variability in the housing market may affect the sale price and timeframes for lot sales.	Council would not achieve its full potential of return on investment.	Possible	Major	High	Quarterly and annual performance reviews are scheduled to track progress and adjust plans as necessary.	Possible	Moderate	High
East Urban Lands	Contractual	Delays in finalising the development agreement with the preferred development partner.	Council would not achieve it's aspirations for affordable housing.	Possible	Severe	Extreme	Bell Gully, a legal expert, has been engaged to draft the development agreement, ensuring robust contractual terms for the development.	Possible	Moderate	High
204 Crown Road	Financial	The project requires significant investment from the Council, and the timing of returns remains uncertain.	Council will have significant land holding costs.	Possible	Major	High	Quarterly and annual performance reviews are scheduled to track progress and adjust plans as necessary.	Possible	Moderate	High
204 Crown Road	Cost Overruns	Potential higher-than- anticipated costs due to detailed design changes or increased contracting prices.	If the costs are higher than anticipated the project may not have enough budget to complete the works.	Possible	Major	High	Monthly project control group reports are being utilised to monitor and manage costs, with section sales, pricing, and future development stages adjusted as needed.	Possible	Moderate	High
204 Crown Road	Market Conditions	Variability in the commercial/industrial market may influence the sale price and timeline for selling the lots.	Council would not achieve its full potential of return on investment.	Possible	Major	High	Quarterly and annual performance reviews are scheduled to track progress and adjust plans as necessary.	Possible	Moderate	High
30 Mahoe Street	Financial	Council's investment in the development poses a potential financial risk in terms of the timing of returns.	Council will have significant land holding costs.	Possible	Major	High	Quarterly and annual performance reviews are scheduled to track progress and adjust plans as necessary.	Possible	Minor	Medium
30 Mahoe Street	Market Conditions	Variability in the commercial/industrial market may influence the sale price and timeline for selling the lots.	Council would not achieve its full potential of return on investment.	Possible	Major	High	Quarterly and annual performance reviews are scheduled to track progress and adjust plans as necessary.	Possible	Minor	Medium

14/05/2025 1 of 1 Version 1.1



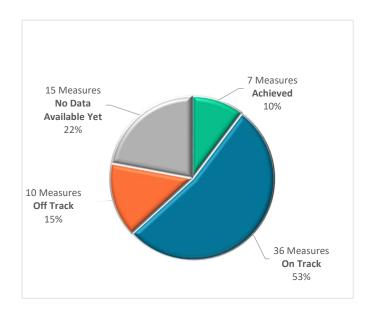
NON-FINANCIAL PERFORMANCE MEASURES

Q3 REPORT 31 MARCH 2025



Non-Financial Performance Overview

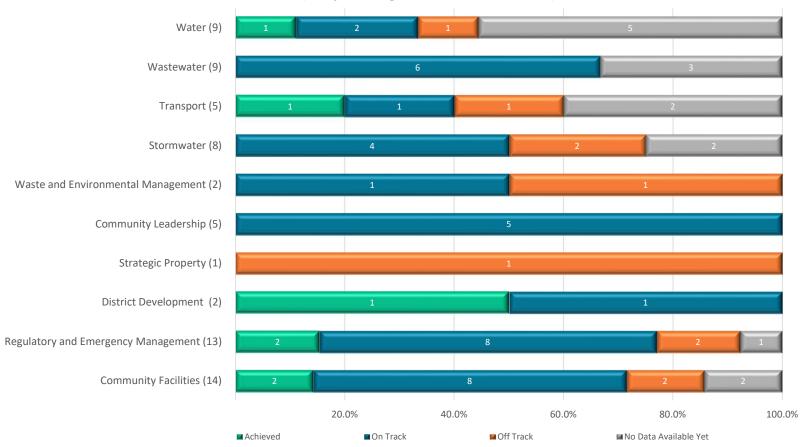
- Every three years, as part of its Long-Term Plan development, Taupō District Council (Council) establishes a set of non-financial performance measures for each of its activities. This dashboard report summarises Council's performance against these measures.
- The Non-Financial Performance Summary graph below shows our performance against these measures for the period 1 July 2024-31 March 2025.
- · Our performance is grouped by the number of measures On Track, Off Track, Achieved or No Data Available Yet.
- 53% of our performance measures are On Track, 10% have been Achieved, 15% are Off Track and 22% had No Data Available Yet. There has been a slight reduction in Off Track measures. For each performance measure that is Off Track, further explanation regarding is provided later in this report.



Overview 2 of 12 Q3 2024/25 Report

Non-Financial Performance By Activity Group





Overview 3 of 12 Q3 2024/25 Report

Off Track Measures Report - Community Facilities



2 of 14 measures off track

Key Performance Indicator Off Track

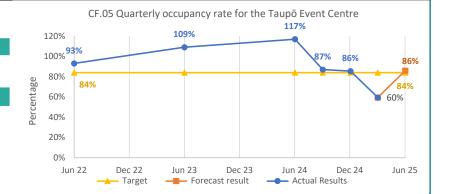
CF.05 The occupancy rate of the Great Lake Centre and Taupō Events Centre.

Target

The Great Lake Centre and Taupō Events Centre are occupied at least 84 percent of the time

Discussion & Action Taken to Improve Result

GLC occupancy is just 0.5% off its target. TEC occupancy has been severely impacted with the prolonged closure of the stadium as has been required as a result of floor refurbishment.



Key Performance Indicator Off Track

CF.06 Total number of visitors (physical and virtual) to the museum is maintained or increased.

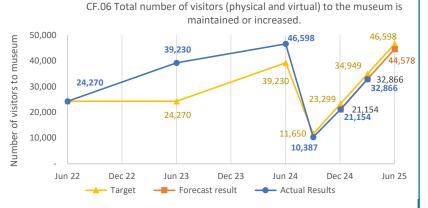
Target

Visits are maintained or increased when compared to previous year. i.e. greater than 2023/24 result of 46,598.

Discussion & Action Taken to Improve Result

Physical Visitors 17,275; Facebook Visitors 2,500; Website Views 13,091 or 6,077 active users.

We are only just off target and with the scheduled holiday programme workshops during the upcoming holidays (June/July), Matariki and Winterfest activities alongside promotion on Facebook will encourage more visits both physical and virtual in second half of the year.



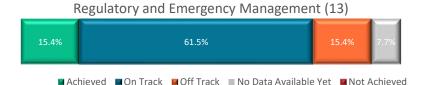
Community Facilities 4 of 12 Q3 2024/25 Report

Item 5.10- Attachment 1

Off Track Measures Report - Community Facilities

Community Facilities 5 of 12 Q3 2024/25 Report

Off Track Measures Report - Regulatory and Emergency Management



2 of 13 measures off track

Key Performance Indicator Off Track

RE.04 Percentage of Building Warrants of Fitness audited yearly.

Target

At least 55 per cent.

Discussion & Action Taken to Improve Result

There are now over 700 buildings in our district that require auditing.

We have completed 46 BWOF inspections for the Jan-March quarter.

Our audit schedule is determined by building risk categories, over a four year period. For some buildings we inspect annually, but others only every 4 years. Buildings can also require an number of inspections that are not captured in the reported audit total.

Key Performance Indicator Off Track

RE.09 Dog control – percentage of initial response within 24 hours for dog control complaints.

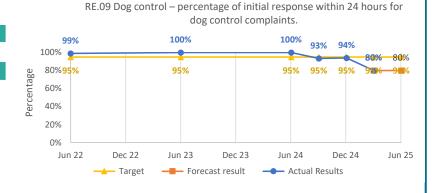
Target

95 per cent.

our results.

Discussion & Action Taken to Improve Result

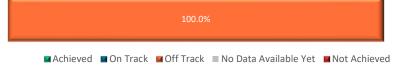
Achievement of this measure relies on 3 parts of the business - Customer Services, Business Support and the Compliance Team. All three teams have been affected by onboarding and internal position changes. The teams continually communicate with each other around areas requiring improvement and work together to ensure staff understand the importance of Service Requests and their response times. Reporting restrictions with our Service Request management system can also affect



Regulatory and Emergency Management 6 of 12 Q3 2024/25 Report

Off Track Measures Report - Strategic Property

Strategic Property (1)



1 of 1 measures off track

Key Performance Indicator Off Track

SP.01 The number of actions undertaken which were identified in the Housing Strategy.

Target

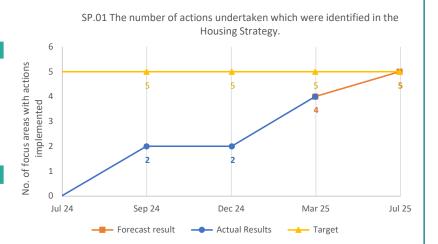
At least one for each focus area.

- * Focus Area 1: affordable housing.
- * Focus Area 2: development of Māori land & papakāinga.
- * Focus Area 3: housing for the elderly.
- * Focus Area 4: social housing development.
- * Focus Area 5: healthy and sustainable homes.

Discussion & Action Taken to Improve Result

Actions have taken place in Focus Areas 1 - 4.

Focus Area 5: This focus area requires that Council encourage our community to make their homes warmer, drier and more environmentally sustainable. The Housing Strategy proposes that this will be achieved through the development of a webpage and a public education campaign. However Council's Housing and Property Investment Group (strategic Steering Group compromised of elected members and staff) has discussed the priorities within the Housing Strategy and Focus Area 5 is not a high priority at this time, especially in light of the fact that government agencies already provide this support.



Strategic Property 7 of 12 Q3 2024/25 Report

Off Track Measures Report - Waste and Environmental Management

Waste and Environmental Management (2)



1 of 2 measures off track

Key Performance Indicator Off Track

WM.01 The quantity of material (tonnes) diverted from landfill as a percentage of the total waste stream.

Target

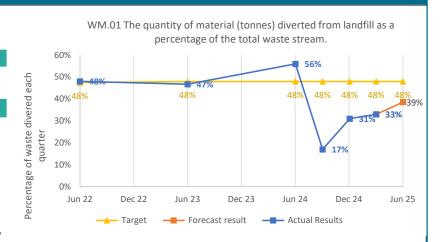
At least 48 per cent.

Discussion & Action Taken to Improve Result

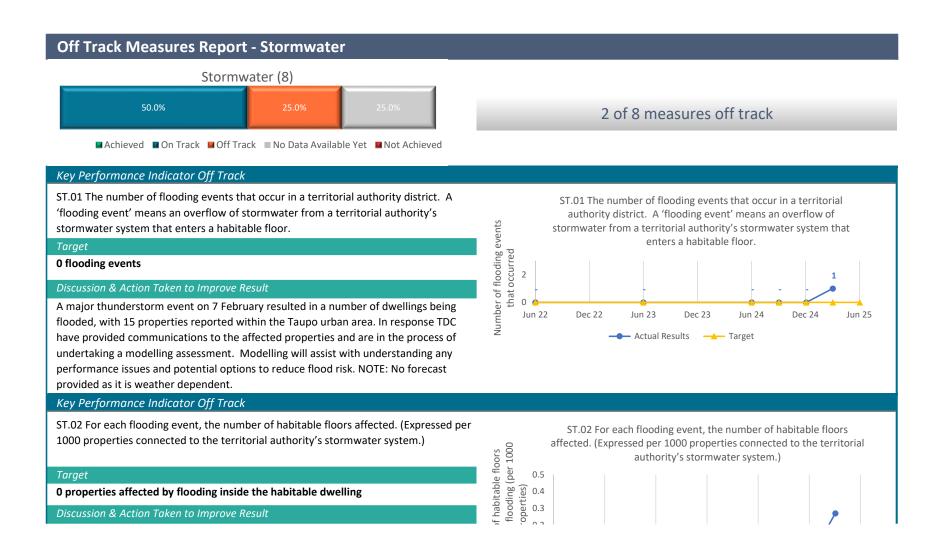
Council has stopped recycling concrete, a heavy material, which has impacted on Council's recycling rates.

Of waste collected to date (36,000 tonne) approximately 12,000 has been diverted from the landfill. There is a further 2,000 tonnes of green waste that is yet to be mulched, which will improve the diversion rates report.

Council has commenced a project to construct a Waste Resource Recovery Building by mid-2027 which will enable a significantly higher waste diversion.



Waste and Environmental Management 8 of 12 Q3 2024/25 Report



Stormwater 9 of 12 Q3 2024/25 Report

Off Track Measures Report - Stormwater

A major thunderstorm event on 7 February resulted in a number of dwellings being flooded. Council has 21,840 properties connected to its stormwater network, and 6 habitable floors were impacted on the 7 February event. In response TDC have provided communications to the affected properties and are in the process of undertaking a modelling assessment. Modelling will assist with understanding any performance issues and potential options to reduce flood risk. NOTE: No forecast provided as it is weather dependent.

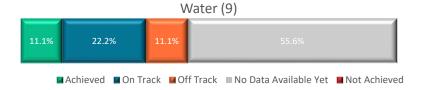


 Stormwater
 10 of 12
 Q3 2024/25 Report

Off Track Measures Report - Transport Transport (5) 1 of 5 measures off track 20.0% ■ Achieved ■ On Track ■ Off Track ■ No Data Available Yet ■ Not Achieved Key Performance Indicator Off Track TR.03 The percentage of the sealed local road network that is resurfaced. TR.03 The percentage of the sealed local road network that is resurfaced. Target 5% At least 3 per cent. 3.0% 3.0% 4% Percentage 2% 1% Discussion & Action Taken to Improve Result Have yet to start on our resurfacing programme which is likely to commence in March to May due to the number of events being hosted within the Taupō District. Jun 22 Dec 22 Jun 23 Dec 23 Jun 24 Dec 24 Jun 25 Forecast result Actual Results

Transport 11 of 12 Q3 2024/25 Report

Off Track Measures Report - Water



1 of 9 measures off track

Key Performance Indicator Off Track

WS.01 The extent to which the local authority's drinking water supply complies with the following parts of the drinking water quality assurance rules: (a) 4.4 T1 Treatment Rules; (b) 4.5 D1.1 Distribution System Rule; (c) 4.7.1 T2 Treatment Monitoring Rules; (d) 4.7.2 T2 Filtration Rules; (e) 4.7.3 T2 UV Rules; (f) 4.7.4 T2 Chlorine Rules; (g) 4.8 D2.1 Distribution System Rule; (h) 4.10.1 T3 Bacterial Rules; (i) 4.10.2 T3 Protozoal Rules; and (j) 4.11.5 D3.29 Microbiological Monitoring Rule.

Target

All schemes are compliant with the relevant parts of the drinking water quality assurance rules.

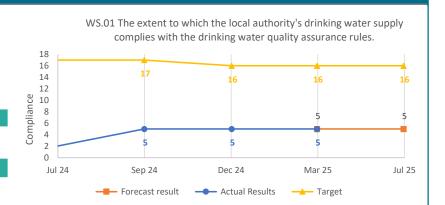
Discussion & Action Taken to Improve Result

Treatment Plant non-compliances are due to:

- 1. Absence of full treatment for protozoa and arsenic (where present).
- 2. Mangakino intermittently non-compliant due to SCADA control system issues.
- 3. Ongoing turbidity and FAC contact time issues at Kinloch will be resolved with completion of WTP upgrade.

Work is underway to install protozoal barrier or treatments at the following schemes: Centennial Drive, Hatepe Village, Kinloch, Motuoapa, Omori, Tirohanga, and Whareroa. These improvements will reduce protozoal non-compliances.

14 of 26 networks comply with DWQAR Distribution System rules. Non-compliances relate to sample scheduling fault, where days between samples was mis-calculated. The number of schemes will dropped to 15 in April with the connection of Whakamoenga Point to Taupō.



Water 12 of 12 Q3 2024/25 Report

Audit Source	Audit Date	Audit/review recommendation	Most Recent Audit Status	Priority given by auditor	JUNE 2025 Management Status update	Target Completion Date
Audit NZ - Annual Report	2016/17	Service Request/Work Order System The District Council improves its service request system to ensure that data is valid and complete.	June 2023: The various systems used by the District Council do not integrate with each other. We note the District Council has signed an agreement with TechOne and the switch to the TechOne system for performance development was meant to go live during the 20/21 financial year however, due to unforeseen circumstances, TechOne is yet to fully go live. Matter progressing	Necessary	Process changes have been made and Customer Relations team are actively managing the culture and customer outcomes of service requests in preparation for the new system. Forecast completion delayed from July 24 to Dec 24. Reprioritised due to other priorities estimated completion is now August 2025. Merged with 'Water supply and wastewater median resolution times' recommendation to become 'DIA performance measure - response and resolution time measures'	Merged
Audit NZ - Annual Report	2017/18	Water supply and wastewater median resolution times Enhance controls and review processes to ensure that attendance and resolution times are recorded accurately in their customer service request system.	June 2023: We followed up on progress made during our 2023 audit, noting that the District Council is still working to resolve this issue. Matter outstanding.	Urgent	TDC's Three Waters Team mapped existing processes for lodging and recording customer service requests and response times. The root cause of issues relating to the capture of resolution times have been established and these are the inability of the after hours contractor to log calls directly into AssetFinda. TDC is planning the upgrade of AssetFinda to version 4 (expected before end of 2024) this will provide the technology improvements needed to make it possible for Downers to log priority jobs directly into AssetFinda eliminating the problem. TDC and Downers are progressing provision of key information and discussions regarding the system integration. Matter progressing. Merged with 'Service request/work order system' recommendation to become 'DIA performance measure - response and resolution time measures'	Merged
Audit NZ - Annual Report	2018/19	Develop and test organisational business continuity (BCP) Develop and test organisational business continuity plans with each of its departments to ensure that services continue to be provided after an event.	June 2024: We continue to observe that the District Council has not yet developed and tested organizational business continuity processes. Matter progressing	Necessary	The TDC BCP project is a significant piece of work. We have completed the business impact analysis (BIA) phase and have identified and prioritised the BCPs required to sustain TDCs critical services. A BCP policy and Crisis Management Plan have been drafted and are being reviewed. A template for TDC BCPs has been produced and we will workshop and produce one high priority BCP as a pilot. Once the pilot is complete, we will have a better understanding of the work required to produce the BCPs identified across TDC, or, which can be combined.	Jun-25
Audit NZ - Annual Report	2019/20	Water supply and wastewater median resolution times Enhance controls and review processes to ensure that attendance and resolution times are recorded accurately in their customer service request system.	Merged with similar item in 2017/18	Urgent	Merged.	Merged

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Audit Source	Audit Date	Audit/review recommendation	Most Recent Audit Status	Priority given by auditor	JUNE 2025 Management Status update	Target Completion Date
Audit NZ - Annual Report	2019/20	Review of payroll masterfile changes Payroll masterfile maintenance reports are independently reviewed by individuals who are unable to make changes in the payroll system.	June 2024: We continue to observe that masterfile maintenance reports are still being reviewed by personnel who have access to make changes to the payroll system. No progress	Necessary	At the time the audit was conducted, one person from P&C was both: i) maintaining the payroll master file, and also ii) running payroll processing, leaving an opportunity for fraudulent behaviour. Since audit identified this issue, P&C have implemented new processes whereby different people from the P&C team undertake these functions. P&C have also implemented further improvements - changes to bank account details or pay rate changes require two people to be involved - one to make the change and another to check the change (prior to the next payrun). Records are kept of the change and the checking. Audit's suggestion to have an independent person, who cannot undertake changes, check any changes is not possible as there is no 'read-only' access to the payroll system on CIA. Any further improvements would require changes to the CIA system. No change to report. Delayed.	Dec-25
Audit NZ - Annual Report	2019/20	Valuer's recommended improvements – roading assets Review WSPs' recommendations and consider implementing these improvements to the overall completeness and accuracy of data used for valuations. • consider running future valuations within the RAMM asset register using the RAMM Valuation Module; • where culvert components are partly wooden, identify these components separately from other materials to give more accuracy to culvert remaining lives; • continue to maintain and develop the asset component register, obtain and utilise information on construction and renewal dates where available to improve the reliability of the valuation; • assessment of the condition information to be provided when it is available to improve expected and remaining lives of assets, as well as the accuracy of valuation; and • continue to update construction costs to provide up to date information for future valuation updates.		Necessary	We are transitioning to Asset Management Data Standard (AMDS) in July 2025 which will mean we will be able to do our asset valuations directly from RAMM or now known as Thinkproject, this will mean consistency and not having information outside RAMM ie in spreadsheets etc. We are progressing on asset condition data as we transition to AMDS.	Jul-25
Audit NZ - Annual Report	2019/20	Long service leave calculation (actuarial) Implement a reporting function within the payroll system to generate data to be able to confirm the long service leave calculation.	June 2024: We observed that there is still no reporting function to generate data for confirming long-service leave calculations. Matter progressing	Beneficial	Finance team will perform a manual calculation to verify the value flowing through to the financial reports from our payroll system at financial year end. Matter progressing Delayed from Dec 2024 to June 2025.	Jun-25

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Audit Source	Audit Date	Audit/review recommendation	Most Recent Audit Status	Priority given by auditor	JUNE 2025 Management Status update	Target Completion Date
Audit NZ - Annual Report	2020/21	Implement a policy regarding capitalisation of internally generated cost We recommend the District Council incorporates a formal capitalisation policy to provide clear guidance on the circumstances where internally generated employee costs can be capitalised.	June 2024: We have observed that the Council has yet to adopt a formal capitalisation policy that provides clear guidance on the treatment of internally generated costs. This absence of a structured policy can lead to inconsistencies in how these costs are recorded and reported. Establishing a comprehensive capitalisation policy is essential to ensure that all internally generated costs are accurately identified, measured, and capitalised in accordance with relevant accounting standards. Such a policy would provide clear criteria for distinguishing between costs that should be capitalised and those that should be expensed, thereby enhancing the reliability and transparency of the Council's financial statements. No progress	Necessary	Policy is in the process of being written. Matter progressing Delayed from December 2024 to June 2025.	Jun-25
Audit NZ - Annual Report	2020/21	Asset capitalisation process The District Council does not have a formalised process in place for the communication between the asset engineers and the finance team for the capitalisation of significant capital projects from work in progress to commissioned assets. We also recommend assets are capitalised timely, based on when the asset is entered into service.	June 2023: We continue to note that District Council has not implemented a formalised process around asset capitalisations. For the 2022/23 financial year, we also noted that assets work in progress invoices were not trecorded in the correct period. We recommend the District Council review its cut-off procedures in terms of financial yearend, to ensure that all transactions and capitalisations are captured in the correct financial year. Matter outstanding	Necessary	Cross-organisation project team established, to develop a formalised, documented asset capitalisation process. This team will monitor the current WIP situation and develop an ongoing best practice process. Matter progressing. Merged with 'Lack of formal approval documentation for property, plant, and equipment (PPE) purchases' to become 'Improvements to asset capitalisation and documentation processes'.	Merged
Audit NZ - Annual Report	2020/21	High annual leave balances We recommend the District Council to encourages employees to use their annual leave and maintain individual leave balances of less than six weeks.	June 2024: We have observed that several employees have an annual leave balance exceeding six weeks. The Council is actively working with these employees to reduce their leave balances. Matter progressing	Necessary	We are currently monitoring annual leave every month. Each manager is provided a list of leave balances that exceed 6 weeks each month and leave plans are actioned from there. We currently have 43 people we are monitoring. In January that number was 46. Matter progressing. Delayed from Dec 2024 until June 2025	Jun-25

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Audit Source	Audit Date	Audit/review recommendation	Most Recent Audit Status	Priority given by auditor	JUNE 2025 Management Status update	Target Completion Date
Audit NZ - Annual Report	2020/21	Depreciation not in line with policy Complete a review to ensure all depreciation rates are in line with Council's policy, or that the policy is updated to reflect appropriate depreciation rates.	June 2023: We continue to note that some of the depreciation rates utilized were not in line with District Council's policy. Additionally, during our current year audit we noted there were asset classes that District Council did not provide a fixed asset register breakdown on an asset-by-asset basis for (infrastructure); this is challenging because we were unable to perform a sense check on an asset-by-asset basis and had to perform our substantive audit work through alternative means. We recommend that District Council prepares fixed asset register on an asset-by-asset basis for infrastructure assets. Matter outstanding	Necessary	Whilst Audit recognise we have made enhancements in this area they still found evidence of depreciation rates inconsistent with policy the Audit NZ - Annual Report audit. A full review will be actioned across the financial and infrastructural fixed asset registers to ensure rates and policy are in agreement by financial year end. Matter progressing Delayed from Dec 2024 to June 2025.	Jun-25
Audit NZ - Annual Report	2022/23	Completeness and accuracy of vested assets We recommend that the District Council implements a robust process to ensure all vested assets are recognised in the correct financial year.	June 2024: We continue to observe instances where a robust process has not been implemented for the capitalisation of assets. Matter progressing	Necessary	The 3 Waters Financial Asset Data Specialist has put in place a robust process to ensure capture of all TDC 224c approvals and the 3 Waters Asset Information Team actions all those that include 3 Waters assets. As a courtesy includes whether any Transport assets also arise for their reference. This includes LINZ lodgement approval dates which has been deemed by Audit NZ - LTP (A3755988) to be the effective transfer of ownership to Council and shall be capitalised in the correct financial year where possible. Finance, in collaboration with other relevant parts of TDC, will develop a plan to ensure the assets of other areas are capitalised in the correct financial year. From Transport: These are notified by the development engineer and notified to asset staff. The date to be recorded as the vesting date will be the date the planner signs off the 224c completion certificate.	Ongoing
Audit NZ - Annual Report		sale The District Council should design and implement clear policies	June 2024: We note that the Council has sought advice regarding the classification of fixed assets from an external accounting advice provider. However, the Council has yet to formalize a policy based on the advice received. Matter progressing.	Necessary	We have received accounting advice on this matter and will formalise a policy that will be implemented for financial year end. Matter progressing. Delayed from Feb-25 to Jun-25	Jun-25
Audit NZ - Annual Report	2022/23	Inadequate processes in place for the physical verification of operational property, plant and equipment We recommend that a periodic physical verification exercise be performed for all classes of operational property, plant and equipment.	N/A - New matter	Necessary	The plan is to combine this process with a data cleanse exercise as well which will take greater planning. The focus of the team at the moment is asset capitalisation Matter on hold.	Matter on hold

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Audit Source	Audit Date	Audit/review recommendation	Most Recent Audit Status	Priority given by auditor	JUNE 2025 Management Status update	Target Completion Date
Audit NZ - Annual Report	2022/23	Fully written down assets included in the fixed asset register The District Council should periodically review all assets with a zero net book value to inform their assessment of useful lives. Assets no longer in use should be removed from the fixed asset register based on the approved policies and procedures.	June 2024: We acknowledge that the District Council has initiated a process to update and remove fully written-down assets from the fixed asset register. However, we still observe a number of fully depreciated assets remaining within the register. Matter progressing.	Necessary	Fully written-down assets have been sent to both the business partners and the business manager for assessment. This is an ongoing process and will be reviewed periodically to ensure continuous evaluation of the assets. For context there are currently 2000 assets involved many of quite low value so this exercise will take a bit of time to address. Matter progressing.	Ongoing
Audit NZ - Annual Report	2022/23	Lack of formal approval documentation for property, plant and equipment (PPE) purchases We recommend the District Council retains formal and proper evidenced approval documents for all property, plant and equipment purchases before the assets are purchased.	N/A - New matter	Necessary	Capital purchases are approved via an annual plan/LTP process in the first instance. Then, depending on the asset, the mechanics of the purchase authority is either via a contract claim (whereby someone with suitable DFA approves a contract in its entirety—usually the CEO), or on a purchase order where the system delegation limits prohibit all approvals except those with DFA. Merged with 'Asset capitalisation process' to become new recommendation titled: 'Improvements to asset capitalisation and documentation processes'.	Merged
Audit NZ - Annual Report	2022/23	Enhancement of the sensitive expenditure policy required to ensure compliance with OAG guidance and best practices We recommend that: •the meaning of "reasonable and moderate" in relation to alcohol purchases is communicated clearly at all levels, and that the sensitive expenditure policy is updated to provide guidance in this regard as well as when specific approvals are required for unique events; and •clear guidance and pre-approval processes are included in the policy to govern travelling and other sensitive expenditure for specific unique events like a mihi whakatau.		Necessary	The Sensitive Expenditure Policy has been updated against the Office of the Auditor General Guide and adopted by the Risk and Assurance Committee at its July 2024 meeting. The update addresses the points raised by Audit. Merged with 'Sensitive Expenditure Policy Improvements' to become new recommendation titled: 'Sensitive Expenditure policy enhancements and improvements'.	Merged
Audit NZ - Annual Report	2023/24	DIA performance measure - response and resolution time measures We recommend that processes used to capture and report on requests for service, both standard and after-hours, be complete and accurate. This includes ensuring that response and resolution times are supported by documentation. Additionally, we suggest enhancing controls and review processes to ensure that request for service times are recorded accurately in the customer service request system and that the data is valid and complete.	Additionally, as a result of the selection of the roading responsiveness measure, we have extended our qualification to include this	Urgent	Process changes have been made and Customer Relations team are actively managing the culture and customer outcomes of service requests in preparation for the new system. Forecast completion delayed from July 24 to Dec 24. Three Waters is working on is the integration of Downer's system with Council's system as of the understanding that this is creating the issue with requests and service with different timing, although note that it's not outlined in the audit review/recommendation – if can see the audit report will help determine what it relates to. Reprioritised due to other priorities estimated completion is now August 2025.	Aug-25

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Audit Source	Audit Date	Audit/review recommendation	Most Recent Audit Status	Priority given by auditor	JUNE 2025 Management Status update	Target Completion Date
Audit NZ - Annual Report	2023/24	Improvements to asset capitalisation and documentation processes. We recommend that the District Council establish a formalised process to ensure effective communication between asset engineers and the finance team for the timely capitalisation of significant capital projects from work in progress to commissioned assets. This process should include the timely capitalisation of assets based on their entry into service. Additionally, the District Council should retain formal and properly evidenced approval documents for all PPE purchases before the assets are acquired.	June 2024: Matter progressing (asset capitalisation). We continue to observe instances where a robust process has not been implemented for the capitalisation of assets. June 2024: No progress (need for formal documentation for PPE purchases). We have observed a lack of asset capitalisation forms, which hinders the capitalisation process in the fixed asset register. Furthermore, there is insufficient communication between asset engineers and the finance team, affecting the robust capitalisation of property, plant, and equipment.	Necessary	A project brief and process plan have been developed to address this issue. The project is scheduled to enter the planning phase in Q1 of the 2026 financial year. This initiative will ensure a robust and comprehensive overview of the asset capitalisation process and documentation requirements. Continuous improvement efforts are already underway to enhance these processes further. Matter progressing	TBD Q1 2026
Audit NZ - Annual Report	2023/24	Significant improvements required to the asset management process We recommend that the District Council implement robust and effective processes for asset management to enhance financial reporting.	N/A - New matter	Urgent	Unfortunately, progress on this item, along with several other items related to asset management and capitalisation, will only be made once we initiate the project to document and implement a process to address these issues. This project is scheduled to start early in the new financial year. Matter on hold.	Mar-26
Audit NZ - Annual Report	2023/24	Improvements to fixed asset register asset data We recommend that all assets be recognized and recorded within the Fixed Asset Register (FAR) with a sufficient level of detailed information. This detailed information should include specifics that allow for the accurate assessment of each asset's useful life.	N/A - New matter	Necessary	Please see comments in the report to governors, we have no intention of bringing the detailed infrastructural assets that are held in separate asset management systems into CiA, it is not designed to be an asset management system. In terms of non-infrastructural assets we are in a new system so as we improve our knowledge of it the level of data held will increase. No action. Matter on hold. Council disagrees with audit recommendation.	On hold pending further discussion with audit.
Audit NZ - Annual Report	2023/24	Review process of data inputs into RAMM for roading renewals performance measure We recommend that management implement enhanced measures in the quality review process for reseal inputs. Additionally, it is crucial to further improve the current system for reviewing the data captured in the Road Asset Maintenance Management (RAMM) system concerning road renewals. These improvements will help ensure the accuracy and reliability of the recorded information.	N/A - New matter	Necessary	We are now doing a mutual input/verification process between the contractor and our data team. I designed this lifecycle process:	Jul-25

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Audit Source	Audit Date	Audit/review recommendation	Most Recent Audit Status	Priority given by auditor	JUNE 2025 Management Status update	Target Completion Date
Audit NZ - Annual Report	2023/24	Work in progress assets that are complete but not capitalised in the fixed assets register We recommend that all work in progress (WIP) be frequently reviewed for any changes in project or asset conditions. This review should include assessing whether any capitalisations into additions or impairments should occur. Regular reviews will help ensure that the WIP balance accurately reflects the current status of projects and assets, and the correct depreciations are charged for the relevant period.	N/A - New matter	Necessary	There is a project team in place from across the business whose focus is on clearing old WIP, executive have provided extra support for this in the infrastructure area. Work progressing	Jun-25
Audit NZ - Annual Report	2023/24	Review of financial reconciliations We recommend that the Council consistently complete and review reconciliations. This practice will enable the Council to detect and correct any errors that could result in material misstatements in a timely manner. Ensuring these reconciliations are regularly performed and reviewed is crucial for maintaining accurate financial records and preventing potential discrepancies.	N/A - New matter	Necessary	Finance is currently focussing on reconciliations for FY25 year end. Work progressing.	Jul-25
Audit NZ - Annual Report	2023/24	Revaluation of infrastructural assets – valuer's recommendations We recommend that the Council thoroughly review the recommendations made in the roading and three waters valuation reports. It is crucial to address these recommendations in a timely manner to ensure they are implemented before the next valuation. This proactive approach will help enhance the accuracy and reliability of future valuations.		Necessary	Transport are transitioning to Asset Management Data Standard (AMDS) in July 2025 which will mean we will be able to do our asset valuations directly from RAMM or now known as Thinkproject, this will mean consistency and not having information outside RAMM ie in spreadsheets etc. We are progressing on asset condition data as we transition to AMDS. Council staff have made some progress with addressing the valuers recommendation in relation to Three Waters infrastructure. Staff plan to continue progressing with revaluation recommendations prior to the next	Jul-25
Audit NZ - Annual Report	2023/24	Infrastructure asset valuations – unit rates for future asset valuations Council needs to develop reasonable and supportable unit rates for future valuations and fair value assessments, council should maintain a unit rate database updated annually with reference to recent contract data and other cost indicators.	N/A - New matter	Necessary	Roading - We are implementing the AMDS standard in July 25 and with this standard there are new practises around the mandatory data required. RAMM is now called AWM. AWM also has an asset valuation tool that we will implement for June 2026 revaluation. Three waters — As resourcing and time allow, we will address the above matters, the focus of the team at present is the back log of capitalisation work. Matter Progressing	Jul-25
Audit NZ - Annual Report	2023/24	Late review of termination of Council staff in the Council human resource system We recommend that a periodic review of staff movements be conducted to ensure all terminations are processed in a timely manner. Regular reviews will help identify any delays and ensure that termination information is promptly communicated to the relevant teams, thereby maintaining accurate and up-to-date personnel records.	N/A - New matter	Beneficial	This particular item was a one off where we had not been notified of an employee that had terminated. That is not normally the case. Because we are complex organisation with many different business units outside of the corporate offices we don't see all of our staff every day, therefore, we rely heavily on our managers letting us know of any changes. Thankfully this person was not automatically paid.	On hold pending further discussion with audit.

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Audit Source	Audit Date	Audit/review recommendation	Most Recent Audit Status	Priority given by auditor	JUNE 2025 Management Status update	Target Completion Date
КРМС	Aug-23	R1.4 Implement a plan to evaluate that controls that manage critical risks are in place and working as intended.	N/A - New matter	High	The next step is to focus on verifying the adequacy of the controls. This will be done by working alongside the business owners to identify opportunities to strengthen the current controls. Following this, H&S Respresentatives will trained on the Critical Risk Standard, and their role in gaining assurance of the adequacy of controls. The current focus is on the Aggressive and Threatening behaviour risk Council has noted an increase in reported aggressive incidents. Executive Safety Walks which make up part of our critical risk standard verification plan are focused on critical risk controls. All executive members have completed at least one of these verifications but this is currently on hold until a new H&S Manager is recruited. Matter on hold until H&S Manager recruited.	Dec-25
KPMG	Aug-23	R2.1 Conduct job specific or departmental risk assessments in all areas of Council.	N/A - New matter	High	The priority has been focussing on the Critical Risk management however some progress at departmental level has been made with the Community Engagement and development team who have a draft register and draft safety plan. Matter on hold until H&S Manager recruited.	Dec-25
KPMG	Aug-23	R2.2 Increase awareness at the management level of the importance in managing health and safety risks to prevent harm to workers and how practical solutions and processes can support work being done safely.	N/A - New matter	High	Micro learning Module for Managers is been finalised. H&S awareness is being discussed by the H&S manager with people leaders at team meetings, H&S meetings and at other opportunities. Planned in person Management training for People leaders willi be conducted once a H&S Manager is recruited. Matter on hold until H&S Manager recruited.	On hold due to H&S Manager Vacancy.
KPMG	Aug-23	R2.3 Review how work is done and what controls are in place to reduce risk as low as reasonably practicable. As per the examples in the findings, take into consideration (without limitation): Review the level of control needed to manage the risk, such as testing and tagging, Define what are the minimum requirements or expectations set by Council, such are SDS required for domestic quantities of chemicals, and Understand how work is done and identify where to make changes to reduce risk, such as changes to managing upset customers on call.	N/A - New matter	High	This will be progressed as part of the refinement of departmental risk registers mentioned above. However the first priority will be around enhancing controls for critical risks. Risk assessment underway for critical risks. Matter on hold until H&S Manager recruited.	Dec-25
KPMG	Aug-23	R4.1 Develop and implement an internal inspection and audit plan based on risk. Consult and communicate the roles and responsibilities to those who are responsible for first- and second- line assurance tasks.		Medium	Draft yearly inspection plan to be socialised with business in first quarter of next year. Matter on hold until H&S Manager recruited. Delayed from Feb 24 until Dec 25	Dec-25
KPMG	Aug-23	R4.2 Establish independent assurance processes.	N/A - New matter	Medium	Council looking at engaging an interim H&S resource that is SafePlus certified. Will discuss with this consultant the appropriate time to roll out a SafePlus survey. Matter on hold until H&S Manager recruited. Delayed from February until Dec 2025.	Dec-25

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Audit Source	Audit Date	Audit/review recommendation	Most Recent Audit Status	Priority given by auditor	JUNE 2025 Management Status update	Target Completion Date
KPMG	Aug-23	5.1 Define how health and safety risks are to be considered in the procurement process outlined in the Procurement Operational Guidelines.	N/A - New matter	Medium	High level guidance provided in Procurement Procedures (which replace the Procurement Guidelines). H&S Considerations to be added into the procurement process and documentation. Matter on hold until H&S Manager recruited. Delayed from February until Dec 2025.	Dec-25
KPMG	Aug-23	5.2 Train contract managers on their responsibility to understand how the work will be done safely and complete due diligence on contractor safety plans. Where required, train contract managers on how to inspect sites and audit process.	N/A - New matter	Medium	Training has commenced for contract managers with two sessions held last year. Further training will progress as resources allow. Matter on hold until H&S Manager recruited.	Sep-25
KPMG	Aug-23	5.3 Give clear guidance on when inspections and audits are required to be completed on contractors by establishing triggers for when inspections and audits are due and the frequency. Base the triggers on risk. Some considerations may be length of work, incident data trending, type of work being done and/or maturity of the contracted organisation.	N/A - New matter	Medium	Guidance to be finalised and socialised Matter progressing.	On hold due to H&S Manager Vacancy.
KPMG	Aug-23	5.4 Monitor and report on the number and type of site inspection and audits being completed by Taupō District Council on contactors. Hold departmental managers to account when inspections and audits are not completed as required.	N/A - New matter	Medium	Data on site audits and inspections being captured. Organisation would benefit from the establishment of KPIs outlining expected site audit frequency and these are being developed with the arrival of the new H&S Manager. Matter on hold until H&S Manager recruited.	
KPMG	Aug-23	5.5 Finalise the draft Contractor Health and Safety Handbook and communicate the requirements to stakeholders.	N/A - New matter	Medium	No progress. Matter on hold until H&S Manager recruited.	On hold due to H&S Manager Vacancy.
KPMG	Aug-23	6.1 Establish an emergency plan for all plausible scenarios that the Council may face. Include Taupō District Council expectations for the emergency management of workers and workplaces that are not involved in civil defence activities in the emergency plans.	N/A - New matter	Medium	Emergency plans and procedures are currently being reviewed across the council and updated emergency plans will be physically displayed at all sites. Due to reduced resourcing this progress has slowed but still progressing. Ac Baths and Turangi pools has been reviewed. Matter Progressing Delayed from Mar 25 to June 25	On hold due to H&S Manager Vacancy.
KPMG	Aug-23	6.2 Train workers in what to do in an event of each emergency scenario relevant to their location and work.	N/A - New matter	Medium	Emergency plans and procedures are currently being reviewed across the council. Once completed workers will be inducted and trained into the new plans and scenario testing undertaken. An implementation of an education campaign considered an important control measure to reduce consequences from high risk scenarios. Due to reduced resourcing training has been delayed until June. Matter progressing. Delayed from Mar 25 to June 25	On hold due to H&S Manager Vacancy.

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Audit Source	Audit Date	Audit/review recommendation	Most Recent Audit Status	Priority given by auditor	JUNE 2025 Management Status update	Target Completion Date
KPMG	Aug-23	6.3 Create a schedule to test and review emergency procedures based on risk or legal and other requirements to ensure emergency plans are effective and workers know what to do.	N/A - New matter	Medium	Emergency plans and procedures are currently being reviewed across the council. All sites will have have a documented review and testing regime according to current standards. Due to reduced resourcing progress has been delayed but is underway. Matter Progressing Delayed from Mar 25 to June 25	On hold due to H&S Manager Vacancy.
KPMG	Aug-23	7.1 Implement mechanisms that allow the Council to know which visitors and contractors are in the offices at any given time. Consider requiring visitors or contractors to have some form of visible identification for the d	N/A - New matter	Medium	New visitor sign-in processes will be implemented as part of TDC's new Civic Administration Building (expected to be operational in Q1 2025). Depending on the technology and processes adopted for the new building, TDC may roll these out for other office locations. Matter progressing.	On hold due to H&S Manager Vacancy.
KPMG	Aug-23	7.2 Implement physical security protocols that align to the New Zealand Government Protective Security Requirements.	N/A - New matter	Medium	Security Risk Registers for Customer Service teams' locations completed. Other Council building assessments have been on hold but support to complete the remaining sites has noe been engaged. The registers completed so far have been completed to align with the Protective Security Requirements. Implementation of risk register control recommendations for current sites are being supported for implementation by new H&S Manager. Matter Progressing	On hold due to H&S Manager Vacancy.
KPMG	Aug-23	7.3 Conduct physical security training and scheduled refresher training about security protocols within the Council. Additional reminders to workers to ensure they close the door behind them may be required until the culture changes.	N/A - New matter	Medium	TDC planning to develop and run an education campaign on security protocols throughout the organisation. This will likely occur in the Q1 2025 to align with relocation to the new Civic Administration Building. As part of the Security Risk Registers, an education campaign is a control measure identified as important to minimise risks across key buildings. Initial work on an education plan started but needs further progress for; 1. How we will communicate key security protocols - develop internal comms, branding, newsletter, training, writing comms for 12 months ahead, 2. Topics to cover e.g. working alone/remotely, tailgating and access points, closing doors, managing threats. 3. Getting relevant security protocols into the Induction Day programme. 4. Ensuring training/reminders are ongoing and regular. Will require involvement across the organisation including P&C, Customer Services, Facilities and potentially use Health & Safety Reps to help roll out across all teams, building security into team meetings as BAU. Matter progressing.	Mar-25
KPMG	Aug-23	10.1 In consultation, update reporting metrics to include progress on meeting the strategic objectives and action tracking.	N/A - New matter	Low	New dashboard reporting template under development will include progress on meeting strategic objectives and action plan. This will require reconfiguration of our Safety Incident Management System to enable better insights into incidents. Matter progressing. Delayed from Jan until Dec 2025.	Dec-25
KPMG	Aug-23	10.2 Implement mechanisms, such as a dashboard, where managers can access departmental information and be held accountable for meeting health and safety outcomes.	N/A - New matter	Low	Will align with updated reporting dashboard, which will require reconfiguration of Council's Safety Incident Management System. Matter progressing. Delayed from April 24 to Dec 25.	Dec-25

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Audit Source	Audit Date	Audit/review recommendation	Most Recent Audit Status	Priority given by auditor	JUNE 2025 Management Status update	Target Completion Date
KPMG	Aug-23	11.1 Improve the mana associated with being a HSR, by celebrating the success of the Health and Safety Committee by communicating across the organisation how they have made improvements.	N/A - New matter	Low	Will continually seek to improve engagement and performance of HSR meetings. Some initiatives already in place, but further specific initiatives being considered to reinvigorate this role include: - two monthly meetings rather than quarterly, with catering provided. - 100% attendance to be recognised at annual staff awards with \$50 voucher. - six-monthly workshop day for HSR development & bonding. - conference attendance for HSRs. Matter progressing. Continued improvement to change culture of these meetings. Aim to have HSR being highly desirable position by June 2026.	Ongoing until June 2026.
KPMG	Aug-23	13.1 Encourage reporting of incidents across the organisation. Consider the use of positive feedback mechanisms such as how an incident reported has been actioned or using key performance indicators.	N/A - New matter	Low	Increased focus on H&S from the CEO down. ELT actively encouraged to raise H&S as a day to day matter and for staff to record on Council's Health and Safety Incident Management System. Promoting recording of incidents will form a part of an internal engagement plan to be rolled out now health and safety resourcing in place. Matter progressing. Delayed from Mar 2024 to Aug 2025	Aug-25
KPMG	Aug-23	13.2 Roll out refresher training to departments that may not see the benefits of reporting incident and near misses. Define what should be reported and the expected timelines that reports are to be entered into the system.	N/A - New matter	Low	Incident management guidelines to be created. Introduction of learning teams introduced in Nov. This gives guidance to managers on expectations on the level of follow up required after a serious incident being notified. Ongoing engagement with the broader business regarding the need to report incidents and near misses. To be emphasised through implementation of engagement campaign and through roll-out of leader training. Will be done in the first quarter of the new year. Matter progressing. Delayed until Sept 25.	Sep-25
KPMG	Aug-23	15.1 Establish and commence the plan for regular review of all procedures across the Council. The review process should also be consistent across all teams to create standardised procedures.	N/A - New matter	Low	All procedures currently being collated into a H&S library, which includes an assessment of the currency of existing procedures. Matter progressing. Delayed from Feb 2024 to Dec 2025.	Dec-25
KPMG	Aug-23	R1.3 Based on the revalidation, identify the controls and mitigations to manage the identified critical risks.	N/A - New matter	High	Opportunities for improving controls are currently being identified and improvements initiated for all critical risks as well as ensuring these controls are consistently applied throughout TDC. Matter progressing. Delayed until Dec-25	Dec-25
Audit NZ - LTP (A3755988)	Jul-24	Performance management framework We recommend that for the next LTP Council include additional measures for this activity.	N/A - New matter	N/A	Management agree that it would be beneficial to complete an in-depth review of the performance management framework during the next LTP process. While the current framework was updated through this LTP, current sector uncertainties and timing of possible changes were both considerations when considering changing performance measures. Matter progressing	Jun-27

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Taupō District Council Audit Improvement Items- Open Audit Improvement Items

Audit Source	Audit Date	Audit/review recommendation	Most Recent Audit Status	Priority given by auditor	JUNE 2025 Management Status update	Target Completion Date
Audit NZ - LTP (A3755988)	Jul-24	Climate Change We recommend the Council incorporate the recommendations (stated in the report) in the climate change section of the next LTP. These recommendations are crucial for addressing the pressing issue of climate change and ensuring sustainable development for the District. We believe that their inclusion will significantly enhance the effectiveness and comprehensiveness of the LTP.	N/A - New matter	N/A	The work Council currently has underway in this space is much broader than the two targets mentioned above. Council is continuing to improve asset and network data to enable sound planning for infrastructure investment and other decisions. There has been a focus in Council's Infrastructure Strategy to progress resilience improvements for Council's infrastructure assets to reduce these risks. Council is currently progressing LGFA Climate Action loans which require an Emission Reduction Plan (ERP) with specific Emissions Reduction Targets. Council will continue to progress work in this space before the next LTP. Matter progressing.	Jun-27
WaiComply	Nov-23	Reduce protozoal failures by installing at protozoal barrier or treatments at the following schemes: - Ātiamuri Village - Bonshaw Park - Centennial Drive - Hatepe Village - Kinloch - Motuoapa - Motutere - Omori - Tirohanga - Waihaha - Whakamoenga - Whareroa	N/A - new matter	N/A	Reduce protozoal failures by installing at protozoal barrier or treatments at the following schemes: Ātiamuri Village Complete, Bonshaw Park Complete, Centennial Drive In Progress, Hatepe Village In Progress, Kinloch In Progress, Motuoapa In Progress, Motuoapa In Progress, Motuother Complete, Omori In Progress, Tirohanga In Progress, Waihaha Complete although barrier not currently 100% effective. Further investigation underway, Whakamoenga Complete, Whareroa In Progress	Various
WaiComply	Nov-23	Implement membrane filtration system or automated shutdown to manage turbidity events.	N/A - new matter	N/A	The pending protozoal treatment upgrades will also eliminate turbidity issues. Matter progressing.	Ongoing
WaiComply	Nov-23	Ensure new treatment plant process allows adequate retention times.	N/A - new matter	N/A	Being addressed through treatment plant upgrades. Matter progressing.	Ongoing - as above.
WaiComply	Nov-23	Ensure continuous monitoring and data quality is protected during maintenance work.	N/A - new matter	N/A	A number of TDC SCADA sites have been converted to the Factory Talk platform, with the water treatment sites on track to be completed by 2026. A number of the upgrades are associated with full membrane plant upgrades which have longer timeframes associated with full construction and rebuild. Taupo District Council have also engaged Mott MacDonald to complete a scoping exercise of TDCs SCADA system. The scoping exercise will review existing risks and identify options for improving SCADA.	
WaiComply	Oct-24	MOTUOAPA WATER SUPPLY ASSESSMENT - Consider reviewing the contact time demonstration at the Motuoapa Pump Station WTP, in particular the DWQAR option to use a calculated outlet flow based on inlet flow and contact level change. (Findings of results up until 30 June 2024).	N/A - new matter	N/A	Three Waters is installing a new flow meter that will override the need for this consideration. As an interim measure, they have reviewed their critical control points. Matter progressing.	Jun-25

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Taupō District Council Audit Improvement Items- Open Audit Improvement Items

Audit Source	Audit Date	Audit/review recommendation	Most Recent Audit Status	Priority given by auditor	JUNE 2025 Management Status update	Target Completion Date
Council MARK	Apr-22	Develop stronger ownership of strategic and operational risk by elected members and executive management respectively. A whole-of-organisation risk register is needed, using appropriate risk management tools that allow for constant evaluation, rating and mitigation of risks.	N/A - New matter	N/A	Strategic Risks: Council has identified 10 Strategic risks. We have workshopped and built risk profiles for 8 of the 10 risks which are reviewed and reported to the RAC. A copy of the strategic risk report from the March RAC is attached. We are looking to workshop and profile the two remaining strategic risks over the next few months. Operational Risk Register: We are doing a risk appetite workshop for council on 5th Jun (see attached meeting invite). Once completed, we will need to do a review and update of the TDC risk appetite, risk management policy and framework and will then include methodology to support the creation, management and reporting of organisation wide operational risks.	Jun-25
Council MARK	Apr-22	Improved financial reporting by providing clear explanations as to the reasons for financial variances to budget.	N/A - New matter	N/A	IBIS reporting will be available to the organisation by the time of this meeting, financial results are already discussed with managers on a monthly basis and significant variances will be fed back to executive in future. Matter progressing. First suite of reports has been rolled out to business in April. There are reports at Exec, ELT and budget manager level for opex	Jun-25
Council MARK	Apr-22	Establishing a Regulatory Strategy that better prioritises compliance work in a manner that considers public safety and cost effectiveness.	N/A - New matter	N/A	Work in progress sitting with Warrick Zander.	Jun-25
Council MARK	Apr-22	Undertaking better operational analysis of Council's community facilities – patronage, cost of operations etc	N/A - New matter	N/A	Finance will continue to work with business to refine estimates of utilisation for better forecasting. Matter delayed. This work has been delayed due to other more pressing matters in the finance portfolio. Work will commence as part of the Annual Plan for 2026/27	Jun-25
JASANZ	Feb-24	Obs2. Updating Council's in house competency framework.	N/A - New matter	Observation	Staff plan to refine the competency framework to make it a little more concise. Matter progressing. Still under consideration.	TBA
The Property Group	Jun-24	The 2024 Asbestos Management Plan (AMP) review is underway and which when completed is to have content align with industry best practice. Land, as well as buildings, to be addressed within the AMP.	N/A - New matter	N/A	An Asbestos Management policy has been completed for TDC. An Asbestos Management plan is under review. This will be supported by a Standard Operating Procedure to advise staff what to do in the event that previously unidentified asbestos is discovered, either in buildings or in green or brownfields land. Council's Asbestos Register (which records which buildings have asbestos) was updated in July 2024. Going forwards Council will ensure any land contaminated with asbestos is added to its Asbestos Register. Matter progressing	Mar-25
The Property Group	Jun-24	TDC's engagement of officers with experience and knowledge aligned with the property role and provided with training and ongoing risk and H&S management will assist with informing and maintaining competency of those potentially involved in asbestos identification and management thereof.	N/A - New matter	N/A	Specific training on identifiication of asbestos and appropriate management responses has been organised for TDC Property and Three waters staff. Refresher training will be delivered annually. The Health and Safety manager is working closely alongside the broader Property Team to support them in implementing good health and safety practices. Matter progressing	Mar-25
The Property Group	Jun-24	Key Performance Indicators (KPIs) to be used to encourage currency and competency, and measure adherence.	N/A - New matter	N/A	Key Performance Measures will be developed for all of Council's critical health and safety risks, of which asbestos is one. A health and safety assurance plan is also being developed, which is scheduled to be completed by Mar 2025. Specific property related KPI's will be progressed in 2024/25. Matter progressing	Mar-25

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Taupō District Council Audit Improvement Items- Open Audit Improvement Items

Audit Source	Audit Date Audit/rev	iew recommendation	Most Recent Audit Status	Priority given by auditor	JUNE 2025 Management Status update	Target Completion Date
The Property Group	Have the requirement H&S, scop	a review and update of the Supplier Panel. review include the conveyance to suppliers of the ents and expectations of TDC in all regards; e, fees, contract and performance. These to be in the with TDC's Procurement Policy 2024.	N/A - New matter	N/A	Supplier panels have been reviewed and finalised. Contractor requirements are being reviewed by the Health and Safety Manager any necessary changes communicated to supplier panel members. Matter progressing	
The Property Group		nt KPIs to encourage processes and role responsibilities e and measure through internal checks and audit.	N/A - New matter	N/A	Key Performance Measures will be developed for all of Council's critical health and safety risks, of which asbestos is one. A health and safety assurance plan is also being developed, which is scheduled to be completed by Mar 2025. Matter progressing	Mar-25
The Property Group	strategic p	Strategy. This will categorise TDC's strategic and non- properties, provide a masterplan for the Property Team o and give direction and understanding of wider property ons and outcomes sought.	N/A - New matter	N/A	Officers have completed a gap analysis and identified the scope for the Property Strategy. The document is currently being drafted, and we expect to have it completed by 31 July 2025, ready for review. Matter progressing.	Jul-25
The Property Group	officers w	n and Disposal Policy. To provide guidance to TDC hen acquiring and disposing of properties, derisking and lear due process steps to be followed.	N/A - New matter	N/A	Officers have completed a gap analysis and identified the scope for the Acquisition and Disposal Policy. The document is currently being drafted, and we expect to have it completed by 31 July 2025, ready for review. Matter progressing.	Jul-25
The Property Group		or the Elderly Policy. Provide clarity on the basis of the of TDC's elder housing and qualifying criteria for	N/A - New matter	N/A	Officers have completed a gap analysis and identified the scope for the Housing for the Elderly Policy. The document is currently being drafted, and we expect to have it completed by 31 July 2025, ready for review. Matter progressing.	Jul-25
The Property Group		nal Lease Policy. Provide clarity, consistency and ease of n for use of TDC's non-commercial properties.	N/A - New matter	N/A	Officers have completed a gap analysis and identified the scope for the Concessional Lease Policy. The document is currently being drafted, and we expect to have it completed by 31 July 2025, ready for review. Matter progressing.	Jul-25
Audit Source	Audit Date Audit/rev	iew recommendation	Most Recent Audit Status	Priority given by auditor	DECEMBER 2024 Management Status update	

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Audit Source	Audit Date	Audit/review recommendation	Most Recent Audit Status	Priority given by auditor	JUNE 2025 Management Status update	Target Completion Date
Audit NZ - Annual Report	2020/21	Sensitive Expenditure Policy improvement From our review of the Sensitive Expenditure Policy, we have identified opportunities to further strengthen the Policy and to ensure the Policy is in line with the updated good practice guideline from the Office of the Auditor General. From our review of the updated sensitive expenditure policy, we have identified recommendations to further strengthen the Policy and to ensure the policy is in line with good practice. We recommend Council further update their policy with the following points: •Policies specify the monitoring and reporting regime and, where applicable, any internal audit checks that may be applied. •Credit card policies and procedures need to set out the process for cancelling and destroying cards •Credit card policies and procedures need to set out the consequences of unauthorised use, and who is responsible in the case of misuse of the card.	addressed.	Beneficial	The Sensitive Expenditure Policy has been updated against the Office of the Auditor General Guide and was adopted at the July 2024 Risk and Assurance Committee meeting. The update addresses the points raised by Audit. Merged with 'Enhancement of the sensitive expenditure policy requrid to ensure compliance with OAG best practice guidance' to become new recommendation titled: 'Sensitive Expenditure policy enhancements and improvements'. Matter complete, pending audit approval 2025 financial year.	Closed pending audit approval. June 2025
Audit NZ - Annual Report	2023/24	Sensitive expenditure policy enhancements and improvements. We recommend that the District Council clearly communicate the meaning of "reasonable and moderate" in relation to alcohol purchases to all staff. The sensitive expenditure policy should be updated to provide guidance on this matter, including when specific approval is required for unique events. Additionally, the policy should include clear guidance and pre-approval processes for travel and other sensitive expenditures for specific unique events, such as a mihi whakatau. Furthermore, we have identified opportunities to further strengthen the Sensitive Expenditure Policy to ensure it aligns with updated good practice guidance from the Office of the Auditor-General.	June 2024: Matter progressing. We note that the District Council has made updates to the sensitive expenditure policy. However, since the policy was not approved prior to 30 June 2024, we have been unable to close this recommendation. We expect to close this recommendation in the next report to Council.	Necessary	Policy updated as per OAG guidelines. Matter closed pending Audit approval.	Closed pending audit approval. June 2025
Audit NZ - LTP (A3755988)	Jul-24	Condition and lifecycle of significant assets We recommend that the AMPs are updated to be consistent with the financial model and assumptions made in the LTP.	N/A - New matter	N/A	The property AMP has been updated with the latest financial figures as we can and have been provided. The doc no in Objective is A142921. The condition and lifecycle of our assets are constantly being updated within our database (SPM) and is ongoing work for our team. The financial figures are a snapshot in time.	Closed pending audit approval. June 2025
WaiComply	Oct-24	TAUPÖ - LAKE TERRACE WATER SUPPLY ASSESSMENT - Review and implement DWQAR bacterial performance demonstration for Titoki reservoir to capture all water leaving the Lake Terrace WTP. (Findings of results up until 30 June 2024).	N/A - new matter	N/A	Matter Completed December 2024.	Closed pending audit approval. June 2025

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Audit Source	Audit Date	Audit/review recommendation	Most Recent Audit Status	Priority given by auditor	JUNE 2025 Management Status update	Target Completion Date
Council MARK	Apr-22	Further progressing capital investment in stormwater management to protect district waterways.	N/A - New matter	N/A	TDC year on year deliver capital works to continuously improve the performance of our stormwater infrastructure and reduce environmental impacts Capital budgets for stormwater improvements are provided for in the LTP and Annual Plan. Improvements for the 2024-2025 year include the purchase of enviropods for a number of catchpits in Kinloch, the purchase of tetra traps for catchpits along Lake Tce in Taupo and the installation of a stormwater treatment interceptor in Turangi township. NOTE: recommend that this action is marked complete as TDC are continuously year on year delivering on capital improvements for stormwater discharge quality.	Closed pending audit approval. June 2025
Audit NZ - Annual Report	2020/21	Sensitive Expenditure: independence of approver We recommend there is one-up approval on all expenditure. If the approver is receiving a perceived or actual benefit from the transaction then it should be approved by that person's Manager on a one-up basis (or in the CEO's case, the mayor) or by an alternative member of those charged with governance (preferably the RAC Chair) to ensure there is the independence and transparency. This is also in keeping with Taupō District Council's Sensitive Expenditure Policy.	During our current year audit, we encountered three items of expenditure that were not approved on a one-up basis.	Necessary	The Sensitive Expenditure Policy has recently been updated to provide greater clarity of expectations. A training module has been prepared and is being rolled out. It is already our practice to attain one-up approval for such transactions. Matter closed- Confirmed by Draft Audit 5 Feb 2025	Closed pending audit approval. June 2025
Audit NZ - Annual Report	2020/21	Incomplete Interest Register We recommend additional training is provided to management and Councillors around interest declarations, and a process is implemented to ensure all Councillors and key management personnel declare all interests (including entities that Council does not engage with).	June 2024: We have reviewed the conflicts of interest register, and performed completeness checks by reviewing the companies and charities register. As a result of these investigations, we noted no undeclared interests during the year was noted. Matter closed	Necessary	TDC Governance team requests all elected members declare interests as part of induction process and annually thereafter. Going forward staff will also send reminders on a quarterly basis to Elected Members encouraging them to proactively disclose any interests. The Legal & Governance Team also maintain a register of arising interests as they are raised at meetings. At appointment of any new Executive and at the end of each financial year, Finance ask key management personnel and elected members to declare or interests and any recent divestments, irrespective of whether those interests are related to Council. Finance then verify these declarations by checking Companies Register and Directors Register. Matter closed- Confirmed by Draft Audit 5 Feb 2025	Closed pending audit approval. June 2025
Audit NZ - Annual Report	2021/22	Journal segregation of duties We recommend a one-up approval process for journals posted.	June 2023: As part of our work over the risk of management override of controls during the current audit we performed journal testing. We identified instances where journals were not approved on a one-up basis, but rather on a peer review basis. Matter outstanding	Necessary	From the point of Audit bringing this to our attention we have corrected the process. Matter closed- Confirmed by Draft Audit 5 Feb 2025	Closed pending audit approval. June 2025

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Audit Source	Audit Date	Audit/review recommendation	Most Recent Audit Status	Priority given by auditor	JUNE 2025 Management Status update	Target Completion Date
Audit NZ - Annual Report	2021/22	Assessment of recoverability of general debtors We recommend that the District Council performs assessment of the recoverability of outstanding general debtor balances and that adequate impairment allowance should be made as a result of any doubtful balances identified.		Beneficial	The Finance team have worked with the various departments to identify and take the appropriate action for any debt that: •Is not due for payment due to its nature for example regulatory charges, •needs to be followed up with the customer, or •are charges that can either be credited or written off. Matter closed- Confirmed by Draft Audit 5 Feb 2025	Closed pending audit approval. June 2025
Audit NZ - Annual Report	2022/23	Footpath condition rating not carried out on a regular basis We recommend that District Council carries out footpath condition ratings regularly to ensure compliance with the PBE FRS 48 standard and best practice.	N/A - New matter	Necessary	We have identified regular condition assessments of our footpaths every 3 years in our AMP and we have Colab arrange these to occur on our behalf. Matter closed- Confirmed by Audit Report on 2023-24 Audit NZ - Annual Report 5 Feb 2025	Closed pending audit approval. June 2025
Audit NZ - Annual Report	2022/23	Expenditure transactions are not approved timely We recommend that all expenditure, including sensitive expenditure, be approved for processing/payment in a timely manner, such as monthly.	N/A - New matter	Necessary	Instance related to approval of transaction by non-staff. Some system/process complexities have presented themselves in the approval workflow process by individuals outside the organisation. For internally approved sensitive expenditure transactions, Council has implemented checking of sensitive expenditure item approvals on a monthly basis. Staff have reviewed processes for managing and approval of credit card expenditure. Matter closed - Confirmed by Audit Report on 2023-24 Audit NZ - Annual Report 5 Feb 2025	Closed pending audit approval. June 2025
Audit NZ - Annual Report	2022/23	Employment agreement letters of key management personnel ((KMP) not approved We recommend that the District Council ensures that adequate policies and procedures are in place to sign off contract letters for executives to ensure those appointments are formalised before salary payments take place.	N/A - New matter	Necessary	The usual practice is to have contract letters approved before salary payments are made. The People and Culture team will ensure future lapses do not occur. Matter closed - Confirmed by Audit Report on 2023-24 Audit NZ - Annual Report 5 Feb 2025	Closed pending audit approval. June 2025
Audit NZ - Annual Report	2022/23	Expenditure items incorrectly coded in the general ledger We recommend that appropriate review and coding of expenditure take place to ensure the accuracy of the general ledger account used to enable appropriate reporting and monitoring.	N/A - New matter	Necessary	Finance periodically review GL coding each month for miscodes, we currently process around 35k transactions per month, and while every effort is made to ensure they are coded correctly it is not practical to review every transaction in detail. While ideally there would be no instances of miscoding, there is no evidence to suggest this is a systematic issue. Matter closed- Confirmed by Audit Report on 2023-24 Audit NZ - Annual Report 5 Feb 2025	approval. June 2025
Council MARK	Apr-22	Timelier Health, Safety and Wellbeing reports (monthly) to Elected Members would act as a valuable check on Council operations.	N/A - New matter	N/A	Operational Risk Register: We are doing a risk appetite workshop for council on 5 th Jun (see attached meeting invite). Once completed, we will need to do a review and update of the TDC risk appetite, risk management policy and framework and will then include methodology to support the creation, management and reporting of organisation wide operational risks.	approval. June
Council MARK	Apr-22	Improving performance accountability reporting. Positive anecdotal feedback needs to be transformed into a more structured process for measuring performance.	N/A - New matter	N/A	On hold pending resourcing of Business Excellence Team.	Closed pending audit approval. June 2025

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Audit Source	Audit Date	Audit/review recommendation	Most Recent Audit Status	Priority given by	JUNE 2025 Management Status update	Target
				auditor		Completion
						Date
Council MARK	Apr-22	Business concerns about the future commercial planning of Taupō needs to be directly addressed to achieve a commonly agreed outcome.	N/A - New matter	N/A	Council has adopted the Future Development Strategy which included addressing future business and industrial land requirements. That went through a public consultation process including engagement opportunities for the business community. Completed	Closed pending audit approval. June 2025

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Strategic Risk	Risk 2 Ineffective Relationships				-
Description	If effective relationships with partners, stakeholders, and the community are not developed and maintained, then this could result in missed opportunities to benefit from connections, delays the delivery of projects and		Risk Rating	•	High Medium Low
	services, community mistrust, or damage to TDC reputation.		Within TDC Risk appetite?		Υ
Owners	General Manager - People and Community Partnerships		Dieletrand	$\stackrel{\uparrow}{\longrightarrow}$	
Last reviewed	April 2025		Risk trend	\uparrow	
Next review	October 2025			↓	

Commentary and Emerging issues.

Council has established relationships with many communities, with Iwi and hapu, and with other key stakeholders that are critical for project consultation and to inform the delivery of Council business. Investment in staff expertise in building and maintaining external relationships, and to help grow engagement and communication approaches across Council teams is yielding early benefits. Engagement approaches and effective communication during the development of the Long-Term Plan provided community steer on what is important to ratepayers within the Taupō district and guided Council in its decision making. Sustaining relationship management, engagement and communication efforts over the long term is essential in supporting Council retaining social licence with its stakeholders and communities, credibility, and its good reputation. Effective and ongoing relationship and media management are critical to maintaining favourable relationships with communities and key stakeholders. Changes in central government policy could potentially impact Councils existing relationships, for example resource consent processes and unfunded mandates (for example; Local Water Done Well).

Risk drivers / causes.

- 1. **Not sure why or how**: Staff may lack the confidence, experience, or approaches to meaningfully engage with communities and stakeholders. Lack of clarity on why engagement and clear communication are important means opportunities to connect or collaborate may not be taken. Engagement approaches may be inconsistent and opportunities to grow engagement capacity are not taken.
- 2. **Unclear who relationship holders are / lack of engagement strategy:** Inconsistent understanding of the value of stakeholder management across TDC may result in missed opportunities for engagement. Relationships may not always be established ahead of time, which can limit understanding on what is valued.
- Absence of Customer Relationship Management (CRM) tool: Absence of mechanisms to support consistent identification of stakeholders and communities and capturing the use of approaches and feedback. Lack of context for those wishing to engage with stakeholders and communities. Opportunities and benefits of effective engagement are not maximised.
- 4. **Constrained by silos**: Siloed operations reduce the ability to draw connections between projects on behalf of communities and stakeholders. However, with staff now collocated in the new Council office this should improve over time resulting in a better understanding of what engagement is already underway or planned.
- 5. Constrained by time or process: Insufficient resourcing for small projects can limit opportunities for effective planning on project engagement. Not enough early project planning for engagement with communities and stakeholders to support decision making and risk analysis. Failure to adequately consider and plan for community impact damages our relationships with community members. Assuming that feedback can be obtained with short turnaround times pressures relationships; Iwi and hapū timeframes don't always align with Council timeframes due to resourcing or other priorities. Council is driving to ensure allocated funding is spent within financial year, which can pressure relationships.
- 6. **Unfunded mandates:** Decisions by Central Government place additional requirements on Local Government which may be unpopular particularly when costs associated with new obligations must be borne by ratepayers. Perception that these are options taken by Council.



7. Misinformation: Incorrect or misrepresentation of information – preconceptions and/or assumptions by communities and stakeholders that ineffective decisions have been made at ratepayer cost or that Council is responsible for areas that are out of its control. Mistrust of Council undermines our ability to do effective engagement and sustain stakeholder interest. Growth in social media commentary has led to a rise in misinformation.

Possible key impacts to TDC should the risk materialise.	
Plausible scenario	Worst case scenario
 Poor understanding of what communities/ stakeholders want or value - mismatched expectations. 	 Ongoing misrepresentation of information causes community and stakeholder disengagement and damage to Council reputation and credibility.
Project delays cause increased project bow-wave for outer financial years and higher delivery costs.	Failure to meet statutory obligations (such as water quality standards).
 Increased scrutiny from elected members, community and stakeholders, and media as queries rise – loss of social licence. 	 Breakdown of relationships between community, stakeholders, and elected officials results in perceived governance issues with commissioners
 Staff wellbeing decreases as relationships deteriorate and engagement becomes increasingly negative. 	 installed by Local Government Minister. Negative engagement experiences cause staff to leave Council.
Failure to meet legislative / regulatory requirements resulting in legal action.	

What are we tracking to understand this risk [Risk Indicators]

- Feedback: Direct / general feedback from stakeholders / communities / lwi.
- LGOIMA requests: Number and tone of Local Government Official Information and Meeting Act requests.
- Engagement tone: Social and formal media engagement tone
- Staff Wellbeing: Staff wellbeing / comfort in engaging with communities / stakeholders general negative 'vibe'.

How we are addressing this risk now.

- TDC recognition of the value of relationships. Council has invested in enhanced resources that enable better communication and engagement with communities, lwi and wider stakeholders including growing capabilities within wider Council teams supporting more effective lwi-hapu relationships and defining the 'why' and 'how'.
- Establishing and maintaining buy-in between parties in developing effective formal agreements. Formalising
 agreements that clarify expectations between lwi and Council (e.g. JMA and Mana Whakahono agreements).
- Having a more engaging and authentic communication style internally and externally. Supporting an interactive
 conversation rather than information sharing via social media, general media and in person. Establishing a
 Council social media persona that is an authentic, trusted and transparent voice.
- Investing in proactive engagement early in project planning to enable meaningful feedback that supports decision making and ensuring Council lets our communities know how their feedback has been considered (closing the loop).
- Working to communicate with targeted communities more effectively and find communication channels for audiences we are currently unable to reach.
- Having staff with a geographical focus who establish and maintain community relationships and act as a conduit between communities and Council teams.
- Council is working towards strengthening relationships with key community partners through the application of a new community grants process.

Future actions to manage the risk more effectively.

- Support and facilitate more regular check ins with Iwi and communities at all levels (formal to informal).
- Take a whole of Council approach to relationship management by clarifying priority, purpose, and primary
 relationship holders that connect Council teams where needed and manage over-engagement where necessary
 strategic and tactical relationship mapping, and clarity on roles and responsibilities.
- Ensure an equitable approach so that engagement in rural areas and Taupō town centre is consistent.
- Look for alternative communication channels and engagement methods to target a wider variety of audiences.



- Increased funding to support community and Iwi engagement, and communication across all Council projects and services.
- Procure a tool to assist with developing and maintaining relationships and partnerships that enables visibility of these across the organisation, such as a CRM system.
- Developing customer surveys to capture feedback and identify opportunities for improvement.
- Formalising our media strategy.

Connection to other Risks?

- Strategic risk 1 | Attracting and retaining a competent workforce (positive or negative experiences for staff when engaging with communities / iwi).
- Strategic risk 6 | Non delivery of projects (project delays and increased costs; failure to meet community expectations).
- Strategic risk 7 | Compliance and legal liabilities (failing to give effect to mandated obligations or meeting statutory timeframes for consultation).
- Strategic risk 10 | Underperforming Council (failing to give effect to governance agreed expectations or arrangements).



Plausible and Worst Case Scenario – Ineffective Relationships

	Risk Assessment Matrix							
	Almost Certain	Medium	High	Extreme	Extreme	Extreme		
۵	Likely	Medium	High	High	Extreme	Extreme		
LIKELIHOOD	Possible	Low	Plausible scenario	High	High	Extreme		
	Unlikely	Low	Medium	Medium	Worst Case scenario	High		
	Rare	Low	Low	Low	Medium	Medium		
		Insignificant	Minor	Moderate	Major	Severe		
	CONSEQUENCE							



Strategic Risk Description	Risk 7 Compliance and Legal Liabilities If Council does not meet its broad range of legislative and compliance responsibilities, either intentionally or unintentionally, then it may be	Risk Rating		Extreme High Medium Low
	subject to legal action or suffer other damage.	Within TDC Risk		N
Owner	Chief Executive and Elected Members	appetite?		
Last reviewed	April 2025		Î	
Next review	October 2025	Risk trend	$\uparrow \downarrow$	~
			\rightarrow	

Commentary and Emerging issues.

Council is finding it increasingly challenging to secure sufficient liability cover (consistent with what we are hearing from the sector), with exclusions and policy conditions increasing Councils risk. This reflects that a lack of international appetite to provide liability cover for NZ's local authority sector off the back of leaky buildings, legislative challenges, and other events.

The introduction of the Drinking Water Quality Assurance Rules in 2022 raised the water quality bar. We are working towards Councils water supply schemes being fully compliant, and council has a comprehensive programme of upgrades to our water treatment plants which will address this.

Climate change continues to be a cause of concern where the increased frequency of extreme weather events threatens the ability of our infrastructure to cope.

Central government reforms in the building and resource management area will have a significant impact on Councils regulatory services in the future.

Increased public interest in official information and more concern around privacy, both of which are having resourcing implications for council.

A rise in sovereign citizen challenging council authority is leading to increased time and effort defending council's position.

Risk drivers / causes.

- 1. **Lack of clarity / guidance:** Lack of technical guidance to provide clarity on what is compliant, how intolerable non-compliance is, or what the impact of non-compliance is on council.
- 2. **Human behaviour:** Staff error or poor judgement due to lack of experience, training, or skilled capacity to effectively manage tasks (key person risk). Negligence due to poor levels of engagement.
- 3. **Process complexity:** Critical processes are complex and/or managed manually exposing risk of human error with potentially significant impacts (i.e. Rates resolution). Inability to leverage rates, fees or charges reduces council revenue.
- 4. **Third party risk:** Use of contractors where expectations around compliance are misunderstood. Having robust processes to ensure that contractor deliverables are to the required standard. Increased risk of fraudulent activity.
- Poor asset or data quality: Poor asset or data quality and/or absence of technical systems that ensure asset vulnerabilities are understood and / or can enable effective data collection and reporting. Cyber risk for critical systems.
- Changing compliance environment: Decisions by Central or Regional government that change the compliance environment for local councils.
- 7. **Joint and several liability:** Multiple parties impacted by compliance / legal issues where council becomes the 'easy' target for compensation.



- 8. **Impacts of climate change:** Increased severe weather events causing non-compliance / consent impacts arising from discharge volume and/or wastewater failures as treatment capacity exceeded causing environmental impacts and relationship impacts with local iwi / hapu.
- 9. Lack of trust in central and local government: Reflected in the rise of the sovereign citizen movement becoming more common in our dealings with customers.

Possible key impacts to TDC should the risk materialise.	
Plausible scenario	

Loss of confidence in building consent authority and / or accreditation issues adding time and cost to processing building consents.

- Resource consenting could become regional (as opposed to local) resulting in potential staff cuts.
- Isolated injury or death; impacts on staff wellbeing; isolated impact on community public health, environment and/or local business.
- Potentially severe financial implications through claims against Council and / or fines; reduced revenue (rates, fees or charges); difficulty securing cost effective insurance.
- Damage to relationships with iwi / hapu (especially environmental non-compliance).
- Pressure from the community to keep compliance costs low.
- Poor community behaviours to avoid paying fees (i.e. asbestos in landfill).
- Loss of community confidence and damage to Council reputation.

Worst case scenario

- Prosecution of Council and / or officers e.g. Health and Safety at Work Act, Regional Council, Environment Court.
- Loss of life / significant injuries e.g. building collapse, widespread water quality issue.
- Severe financial impact, which could have flow on affects to financial strategy and council credit rating.
- Breakdown of relationships between community, stakeholders, and elected officials results in perceived governance issues e.g. commissioners appointed by Local Government Minister.
- Physical attack on Council staff by members of the public / sovereign citizen movement.

What are we tracking to understand this risk [Risk Indicators]

- Monitoring: Operational monitoring (all compliance activities), including H&S incidents.
- Reporting: Reporting against statutory requirements and Council Performance indicators.
- Requests for Service: number of call outs, incidents, and feedback from the public.
- Assurance: Audit and assurance processes.

How we are addressing this risk now.

- Performance reporting against council business plan and agreed KPIs; financial reporting to regulators and council (including reporting to insurers) and reporting to the Risk and Assurance Committee.
- Having appropriately skilled, qualified and experienced technical staff that understand the regulatory / legislative frameworks they work within. Understanding key person risk and managing critical technical gaps where possible. Using expert / external support where needed (i.e. Solicitors and advisors). Having a leadership culture that values compliance.
- Ongoing / continuous monitoring and record keeping. Data improvement programmes.
- Formalised and documented policies and standard operating procedures (including asset management plans)
- Use of external auditing capabilities to provide assurance that council is operating within compliance obligations; use of internal auditing capacity to provide peer review.
- Establishing a Business Excellence team within Council to coordinate and centralise Health & Safety, risk, and procurement and prioritise organisational improvement.
- TDC recognition of the value of relationships. Investment in enhanced resources that enable better communication and engagement with communities, lwi and wider stakeholders.
- Having arrangements and contingencies in place to minimise the impacts arising from incidents (i.e. business continuity plans, response arrangements and insurance where appropriate).



Future actions to manage the risk more effectively.

- Continue to progress corrective actions / identified improvements from audits and reviews.
- Strengthening council's internal capacity to provide assurance over compliance activities by implementing a formal assurance programme focused on risk vulnerability.
- Sustaining investment in ensuring that professional and technical SMEs are skilled, qualified and experienced within critical regulatory frameworks.
- Building redundancy to manage key person risk.
- Strengthening and updating systems and processes that enable good data quality, data management, record keeping, management of third-party contractors, and a strategic overview of council's compliance landscape.
- Continued investment in key assets to reduce the risk of asset failure and resulting compliance issues.

Connection to other Risks?

- Strategic risk 1| Attracting and retaining a competent workforce (key person risk for qualified technical and professional SME's).
- Strategic risk 2 | Ineffective Relationships (loss of social licence, reputation damage, relationship breakdown).
- Strategic risk 3 | Financial Strategy (Loss of revenue; fines; compromise TDC Financial Strategy; credit rating impacts).
- Strategic risk 4 | Critical Infrastructure Failure (failure of assets causes increased compliance risk).
- Strategic risk 5 | Zero Harm (Health and Safety impacts; injury, illness, death and staff wellbeing).
- Strategic risk 6 | Non-delivery of Projects (compliance requirements requiring project investments).
- Strategic risk 8 | Maintaining ICT Systems and secure records (data quality, data management, data security)
- Strategic risk 9 | Effects of Climate Change (increased severe weather events have propensity for noncompliant discharges of water / wastewater into the environment).



Plausible and Worst Case Scenario - Compliance & Legal

			Risk Asse	ssment Mat	rix			
	Almost Certain	Medium	High	Extreme	Extreme	Extreme		
۵	Likely	Medium	High	High	Plausible scenario	Extreme		
LIKELIHOOD	Possible	Low	Medium	High	High	Extreme		
	Unlikely	Low	Medium	Medium	High	Worst Case scenario		
	Rare	Low	Low	Low	Medium	Medium		
Insignificant Minor Moderate Major								
			C	ONSEQUENC	E			



Strategic Risk	Zero Harm			Extreme
Description	Harm is caused to workers, or others, due to poor or inactive health and safety systems, non-compliance with legislative requirements, or inadequate governance /	Risk Rating M		High Medium Low
	management of shared health and safety responsibilities with other PCBUs.	Within TDC Risk appetite?	N	
Owner	GM Organisation Performance – Sarah Matthews		1	
Last reviewed	March 2025	Risk trend	\uparrow_{\downarrow}	\
Next review	September 2025		\downarrow	

Commentary and Emerging issues.

Progress has been made in the short-term on initiating health and safety improvements across Council, with a focus on management of critical risks. The broader organisation is supportive of, and committed to, improving health and safety in TDC.

The establishment of structural improvements needed, as identified within the August 2023 KMPG Health and Safety Review report, has been slow due to a combination of no organisational H&S resource for 3 months in mid-2024 and the ongoing pressures of managing day to day operational matters. Of the 42 recommendations the following remain open: 5 of 7 High; 13 of 15 Medium; 5 of 20 Low recommendations. System improvements will be on hold until a new H&S Manager can be recruited (the role is currently vacant).

In acknowledgement of the significant amount of work required to drive health and safety improvements a Business Excellence Coordinator was engaged on a 12-month secondment from February 2025. The role's current priority is to support the health and safety function within the Business Excellence Team.

Risk drivers / causes.

- 1. **Staff wellbeing impacts from community interactions are increasing.** Global 'misinformation' and a range of community factors (cost of living, mistrust of government, regulatory changes, increased expectations) triggers more micro-aggressions by the public that become 'normalised'.
- 2. **Unclear expectations for people leaders** around health and safety responsibilities. Uptake across teams is variable with inconsistencies in application of Health and Safety at Work (H&S) accountabilities. Baseline expectations for all people leaders has not been well articulated.
- 3. Lack of dedicated Health, Safety and Wellbeing capacity: absence of 'business partner' approach to steward overarching Health, Safety and Wellbeing (H&S) practice across Council and provide technical expertise and advice to teams.
- 4. Inconsistent documented guidance and practice. Clear Council standards aligning to national standards, consistent practices that leverage national best practice, clearly documented Standard Operating Procedures (SOPs), and defined and measurable controls are inconsistent or insufficient to meet requirements.
- 5. **Lack of consistent training** for people leaders and staff covering both generic H&S requirements and / or more technical H&S training for more high-risk environments.
- 6. **Monitoring and reporting.** Current H&S incident reporting tool (DAMSTRA) is arduous to use and consequently could be missing key data.

Possible key impacts to TDC should the risk materialise.						
Plausible scenario Worst case scenario						
Physical injury to staff or member of the public. Staff may be exposed to aggressive behaviours	 Staff or member of the public loss of life. Significant staff wellbeing concerns or stress from frontline staff experiencing unsafe working 					



that become normalised over time. Ongoing wellbeing impacts for exposed staff.

- H&S investigations following incidents shift focus to reacting to incidents rather than reducing risk.
 Disruptions to team culture arising from investigations.
- Service level impacts arising from staff absent from the workforce.
- Staff workload increases and burnout potential arising from backfilling of roles. Lower engagement by staff or increase staff churn.
- Media interest or reputation impacts for Council.
- Financial implications arising from regulatory actions or compensation.

- environment. Decreased staff engagement, resignations or difficulty recruiting in key roles.
- Significant incident investigation executive stewardship required. Prosecution under H&S Act, either against the organisation or at Officer level as recently experienced by Ports of Auckland CEO.
- Regulator intervention. System review required.
- Sustained media coverage, reputational damage and reduced public perception of Council. Increased requests for information.
- Financial implications arising from regulatory actions or compensation.
- Closure of key services due to inability to secure staff.

How we are addressing this risk now.

- <u>Training</u> providing general training (staff inductions, manager training around obligations) and specific training (de-escalation, 4wd, working at height etc) through inhouse and external providers.
- Reporting Providing operational and strategic reporting on H&S incidents and development (i.e. quarterly reporting to Risk and Assurance Committee and Council and driver vehicle speeding reports).
- Critical risk management standard developing this to capture most critical H&S risks within Council.
- <u>Team level procedures</u> SOPs to provide guidance on effective and safe operating practices. H&S discussions in team meetings. Operational staff "toolbox" sessions.
- Monitoring staff health, contractor monitoring, team level control monitoring.

Future actions to manage the risk more effectively.

- Develop a H&S framework to provide high level guidance to the business. Develop clear standards for H&S that reflect TDC operations and national good practice.
- Complete development of the H&S Critical Risk Standard and roll out.
- Roll out Managers' H&S training for people leaders (developed and will be rolled out in May as part of the 'manager's essentials' training package).
- Develop consistent guidance and processes to guide H&S hazard and risk management, controls development and monitoring, incident management, and incident debriefing (including practice guidance that leverages cross team skills sharing for debrief / problem solving).
- Reconfigure (or replace) DAMSTRA so reporting reflects the current environment; develop guidance on use of DAMSTRA.
- Facilitate improved worker engagement by empowering H&S Representatives to engage with workers within their part of the business.
- Workshop participants which included a number of 3rd tier managers proposed that a 'business partner' approach to H&S be considered to provide resource to lead and steward H&S practice; provides technical H&S advice and guidance to teams (particularly high-risk environments); reviews team level H&S practices, procedures, controls and reporting; stewards and implements Council audit recommendations, and provides assurance to the Risk and Assurance committee that H&S risk is within TDC tolerance.

Connection to other Risks?

- Strategic risk 1 | Attracting and retaining a competent workforce (staff time off work through injury / stress, increased workload to cover absent staff, disengaged workforce, difficulty filling key front line roles).
- Strategic Risk 2 | Ineffective Relationships (impacts to loss of social licence, reputation damage, community or stakeholder relationship breakdown).



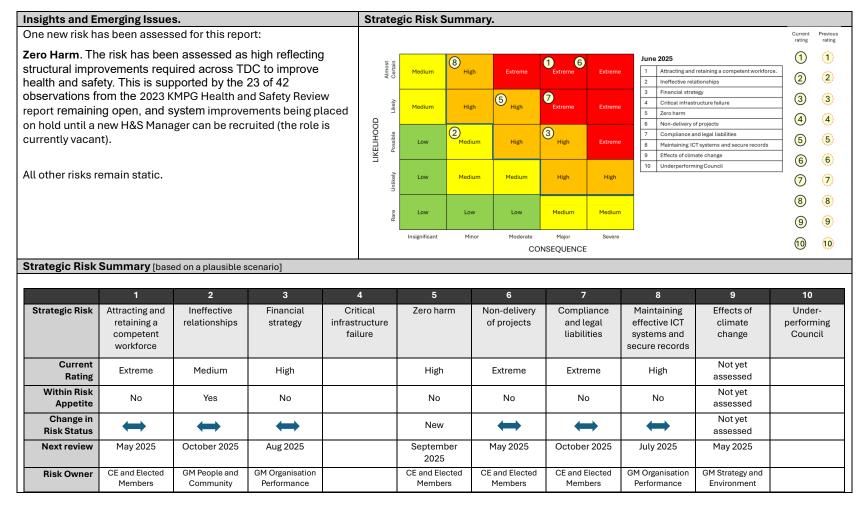
- Strategic Risk 3 | Financial Strategy (propensity to impact financial strategy through regulatory fines and / or reparation costs or compensation).
- Strategic Risk 7 | Compliance and legal liabilities (breaches of the Health and Safety at Work Act 2015).



Plausible and Worst Case Scenario - Zero Harm

			Risk Asse	ssment Mat	rix	
	Almost Certain	Medium	High	Extreme	Extreme	Worst Case scenario
٥	Likely	Medium High		Plausible scenario	Extreme	Extreme
LIKELIHOOD	Possible	Low	Medium	High	High	Extreme
	Unlikely	Low	Medium	Medium	High	High
	Rare	Low	Low	Low	Medium	Medium
		Insignificant	Minor	Moderate	Major	Severe
			C	ONSEQUENC	E	

Quarterly Strategic Risk Overview report | JUNE 2025



Strategic risk overviews.

1. Attracting and retaining a competent workforce:

If the Council is unable to attract and retain competent workers at the required levels, then it would be unable to achieve the required outcomes and objectives.

Council currently has an overall staff turnover of 19.1%, which exceeds council's risk appetite. There are some high-risk business units (specific Council services) that are contributing to this over all percentage which when removed, reduce the overall council turnover to 12%, which sits within council's risk appetite (up to 18% turnover).

Research indicates that engagement is a valuable indicator of organisational culture and a key driver for retaining staff. Councils' annual engagement survey remains consistent at 3.89 which is slightly better than other Council's using the same database. People and Culture continue to support teams where engagement scores are below average.

More targeted approaches may be needed to support business units with high turnover as in-house capacity to support increased recruitment is diverting expertise away from supporting teams that need additional engagement support.

3. Financial Strategy:

If Council does not have sufficient liquidity and/or funding, then delivery of service levels and ability to fund key projects may be significantly impacted. This could include not having adequate borrowing headroom, growth being different to projections and modelling, planned asset sales being delayed, funding required for unforeseen event such as a disaster.

Council remains in a strong position to cope with emerging financial pressures, both as a result of its financial status, and from its solid policies and practices underpinned by robust internal capability and external support, e.g. external management of TEL funds. Risk Tolerance Analysis undertaken in 2023 indicated Council could withstand financial losses between \$20M (when analysed against revenue measures) to \$145M (when analysed against asset, liability, and debt measures). Also, Council's strong Standard and Poors credit rating has recently been confirmed as AA+.

However, like all organisations, Council is subject to national and global drivers for economic shifts in inflation / interest rates and wider cost of living consequences on communities. These macro-economic impacts may affect the efficacy of Council's Financial Strategy.

Alongside central government's Local Waters Done Well reforms, there has been central government messaging that Council's should do more to 'harness debt' to spread costs over a longer time period. Although not materialising yet, it has the potential for pressure on TDC to increase debt, challenging prudent financial management. The debt and water charges of any possible waters entity that may provide water service to the community in the future will also have a possible impact on TDC's credit rating as community affordability would be inclusive of water services.

Council can be seen as last line of liability, particularly in the building and regulatory environment, exposing it to financial risk, e.g. in the case of the 'leaky buildings' Auckland Council received claims of more than \$250M. Council is also perceived as having 'deep pockets', making it further exposed to claims. In response to recent limitations placed on Professional Indemnity insurance for NZ's local government sector and an increasing gap between the value of Council's TEL fund and the underground assets being insured, Council has given approval for TDC to obtain Infrastructure Insurance to offset its overall uninsured risk exposure and will protect Council's debt headroom following a significant event. Once placed, the TEL fund will no longer be required for self-insurance purposes. Placement of this insurance is progressing well, and Council is expected to obtain cover shortly.

2. Ineffective relationships:

If effective relationships with partners, stakeholders, and the community are not developed and maintained, then this could result in missed opportunities to benefit from connections, delays the delivery of projects and services, community mistrust, or damage to TDC reputation.

Council has established relationships with many communities, with lwi and hapu, and with other key stakeholders that are critical for project consultation and to inform the delivery of Council business. Investment in staff expertise in building and maintaining external relationships, and to help grow engagement and communication approaches across Council teams is yielding early benefits.

Engagement approaches and effective communication during the development of the Long-Term Plan provided community steer on what is important to ratepayers within the Taupō district and guided Council in its decision making. Sustaining relationship management, engagement and communication efforts over the long term is essential in supporting Council retaining social licence with its stakeholders and communities, credibility, and its good reputation. Effective and ongoing relationship and media management are critical to maintaining favourable relationships with communities and key stakeholders.

Changes in central government policy could potentially impact Councils existing relationships, for example resource consent processes and unfunded mandates (for example, Local Water Done Well).

4. Critical infrastructure failure:

If any infrastructure essential for ensuring the safety and wellbeing of the community fails, then there could be adverse effects on public health and environmental outcomes.

Yet to be assessed

Increasing severe weather events and other emergencies, like those experienced on the 7 February 2025 are placing pressure on Council to 'get ahead' with resilience improvements to Council assets, while also being exposed to the management of other costs in responding to these unplanned events. Staff are still ascertaining the costs associated with this recent stormwater flooding event and are investigating the potential to utilise Council's Disaster Recovery Reserve (approx. \$2.5M) for response and recovery costs. With the increase in the extremity and occurrence of significant weather events, there is increased pressure on Council's ability to maintain insurance and increasing costs of cover.

5. Zero Harm

Significant harm is caused to workers, or others, due to poor or inactive health and safety systems, non-compliance with legislative requirements, or inadequate governance/management of shared health and safety responsibilities with other PCBUs.

Progress has been made in the short-term on initiating health and safety improvements across Council, with a focus on management of critical risks. The broader organisation is supportive of, and committed to, improving health and safety in TDC.

The establishment of structural improvements needed, as identified within the August 2023 KMPG Health and Safety Review report, has been slow due to a combination of no organisational H&S resource for 3 months in mid-2024 and the ongoing pressures of managing day to day operational matters. Of the 42 recommendations the following remain open: 5 of 7 High; 13 of 15 Medium; 5 of 20 Low recommendations. System improvements will be on hold until a new H&S Manager can be recruited (the role is currently vacant).

In acknowledgement of the significant amount of work required to drive system improvements a Business Excellence Coordinator was engaged on a 12-month secondment from February 2025. The role's current priority is to support the health and safety function within the Business Excellence Team, although this is not a H&S specialist role.

7. Compliance and legal liabilities

If Council does not meet its broad range of legislative and compliance responsibilities, either intentionally or unintentionally, then it may be subject to legal action or suffer other damage.

Council is finding it increasingly challenging to secure sufficient liability cover (consistent with what we are hearing from the sector), with exclusions and policy conditions increasing Councils risk. This reflects that a lack of international appetite to provide liability cover for NZ's local authority sector off the back of leaky buildings, legislative challenges, and other events.

The introduction of the Drinking Water Quality Assurance Rules in 2022 raised the water quality bar. We are working towards Councils water supply schemes being fully compliant, and council has a comprehensive programme of upgrades to our water treatment plants which will address this.

Climate change continues to be a cause of concern where the increased frequency of extreme weather events threatens the ability of our infrastructure to cope.

Central government reforms in the building and resource management area will have a significant impact on Councils regulatory services in the future.

Increased public interest in official information and more concern around privacy, both of which are having resourcing implications for council.

A rise in sovereign citizen challenging council authority is leading to increased time and effort defending council's position.

6. Non-delivery of projects:

If the Council does not deliver the projects it has funded within the planned timeframes, then this has a negative flow on effect for future planning and funding for the organisation and delivery for the community.

The PMO plays a lead role in the delivery of key infrastructure capital projects, approximately 60% of capital projects are delivered through the PMO. The PMO also provides technical support to projects managed outside of the PMO and non-capital projects.

The volume of projects planned for delivery increases each year.

There is a risk that some will not be completed within the planned financial year. Some of these risks are external environmental factors (such as contractor skills / availability, economic factors, or weather conditions) and some are internal, such as data quality, process, or engagement.

An increasing capital delivery plan, coupled with 3 years of "shovel ready" funding (2020-2023) has resulted in an increase in carry-over of capital. This has made the challenge of deliverability increase each year. The issue of deliverability and its solution sits with multiple teams across Council, not merely the PMO.

The organisation currently is on target to deliver against the project delivery targets agreed by elected members.

In summary, there are opportunities to improve the deliverability of Council's capital programme.

8. Maintaining ICT Systems and secure records:

IT systems and council data are vulnerable to system failures and cyberattacks impacting councils' operations and reputation.

The rapid shift to digital business, driven by cloud-based and Al technologies, is accelerating and introduces several operational risks to TDC's technology landscape. Dependence on a few major third-party vendors increases the exposure to disruptions and potential vendor lock-in.

The rise in cyberattacks, targeting the public sector, further heightens security concerns. Legacy systems at TDC, lacking security updates, remain vulnerable to outages and attacks. Change programs are underway but incomplete, and staff resistance to new technologies, coupled with the rapid pace of technological change, complicates the transition.

Effective risk management is essential to overcoming these challenges and ensuring secure, resilient digital service operations and service delivery

Item 5.14- Attachment 4

9. Effects of climate change:

If the current and future effects of climate change are not addressed in the Council's planning and delivery of services, then the impacts of climate change may have significant effects on the community and require additional unbudgeted resources to manage.

Council has a good understanding of its own emissions profile and has a Climate Change Strategy that focusses on how we can reduce those emissions. This risk however relates to how Council is responding to and planning to adapt to climate change, as opposed to preventing its occurrence.

Council currently has an ad hoc approach to addressing the impacts of climate change on our business activities and there is the opportunity to develop a more coordinated approach to adaption.

We have a good understanding of the different natural hazards that might impact us like flooding, snowfall, drought, and algal blooms. Our planning for assets, emergency management, land use and service delivery takes into account how ongoing climate change might exacerbate those natural hazard risks. However, the approach to assessing the risks is undertaken by distinct business units and there is not a consistent methodology applied. Part of the reason for the different methodologies is the varying national guidance for different hazards. The geographic location of the district also poses problems when trying to translate national or regional projections down to a district scale. The knowledge gaps and lack of coordination pose challenges in terms of duplication of work and potentially suboptimal responses when the hazards are experienced.

We don't currently have a good understanding of how climate change might impact beyond natural hazards. This could include more macro-economic impacts like increased immigration, changes in the housing market, and shifts in primary production. Our planning does not currently assess these types of risks and how they might impact our service delivery. This is largely because such macro impacts are not well understood at a district or even regional level.

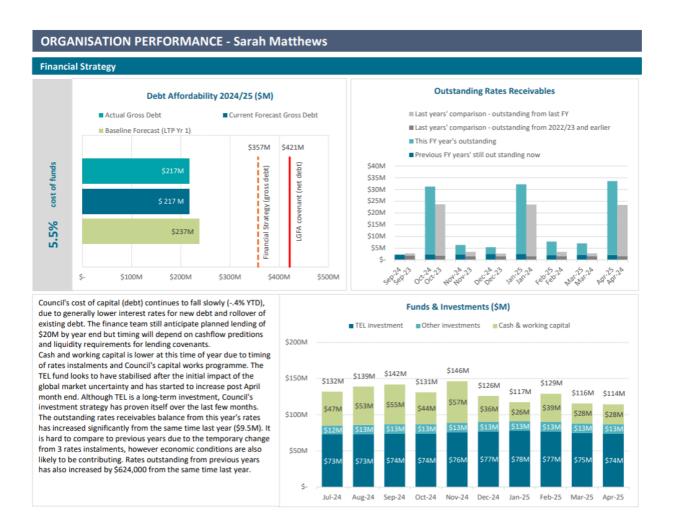
The development of this risk profile was the first time that the various council teams had come together to discuss their approaches to managing the impacts of climate change on the delivery of their services and functions. Further work is required before we will be able to rate this risk. The development of risk indicators will require further coordinated work between the council teams.

10. Underperforming Council:

If the Council fails to function as a cohesive team, then its ability to provide the governance required can be compromised and creating high levels of uncertainty it its ability to achieve its strategic objectives.

Yet to be assessed

Item 5.14- Attachment 4



Risk Register

				Significant Proje	cts Risk Register		Ris	k Regis	ter	Date Last Updated:	8/05/2025			
Project	Project Manager	Date updated	Risk Title	Risk Causes	Risk Consequences	Risk Owner	Current Likelihood	Current Consequence	Current Risk Rating	Risk Controls / Treatments	Control / Treatment Owner	Residual Likelihood	Residual Consequence	Residual Risk Rating
Broadlands Road Transfer Station Consent Renewal	Jason Dayne	29/04/2025	Regulatory - failure to renew consent.	Time required for appropriate engagement is limited as available time/space left in the current consented area are coming to a close.	Without support for a new consent it may impact on Council's ability to obtain WRC approval, there may be implications on the sorting facility, and the district will have to identify alternative landfill options.	Sponsor	Likely	Severe	Extreme	Engagement with iwi/hapū to provide clarity of information provided and gain project buy-in. All groups affected are included in discussions. Sponsor is working through ongoing engagement and project options.	Sponsor	Possible	Severe	Extreme
Drinking Water Standards NZ Upgrade - Kinloch, Omori, Hatepe, Motuoapa	Elijah May	3/04/2025	Financial - insufficient project budget.	Costs have been higher than anticipated since project kick off and there are a number of unknown scope items that have added additional costs into the project in order to complete the new plants.	Due to the cost increases and additional scope items the Kinloch and Omori projects are expected to be over budget at completion.	Sponsor	Almost Certain	Major	Extreme	The shortfall in funds has been outlined in the Annual plan and will address this shortfall	Sponsor	Possible	Moderate	High
SCADA FTview Upgrade	Linda Stewart	31/03/2025	Time - delays with project delivery	Conversion of FTview currently taking longer than planned	Overall project delay of FTView leads to delay in the SCADA programme (a vital programme of work for Councils' 3W infrastructure).	Sponsor	Likely	Moderate	High	The project team and Sponsor are currently working with an external consultant to prioritise sites based on risk and resource, with the plan to streamline the project and focus on the key sites based on this priority. A workshop is booked with the consultant to start this process.	Sponsor	Possible	Major	High
Turangi WW Consent	Michael Cordell	31/03/2025	Regulatory - failure to renew consent.	There is a risk that the consent sought, to remain on site with a recommended term, may receive submissions in opposition.	A hearing may be required, extending the project timeline and resulting in additional costs.	Project Manager	Almost Certain	Minor	High	We will continue to work with key stakeholders (hapū) to address as many issues as possible. However, it will be hard to respond to all submissions in opposition.	Project Manager	Almost Certain	Minor	High
Mangakino Lakefront Upgrade Project (phase 2)	Jason Dayne	31/03/2025	Property Ownership	The property we are working with is owner by LINZ	Draft agreement has not been signed as there are liability concerns Investing in a non-TDC owned property without a formal lease agreement LINZ and/or Mercury do not agree with our proposed designs	Sponsor	Possible	Major	High	The project Sponsor is pursuing the finalization of the user agreement (lease) with LINZ and Mercury, ultimately these entities will still have to approve our consent applications	Sponsor	Possible	Major	High
204 Crown Road - subdivision earthworks & Civil	Brad McKenzie	30/04/2025	Time - extension of time related to civil works.	Challenges with Unison, leading to delays.	Timeline for delivery will be extended.	Sponsor	Likely	Minor	High	The project manager is currently monitoring this closely and working with Unison.	Project Manager	Likely	Minor	High
Erosion control- Tapuaeharuru Bay	Brad McKenzie	30/04/2025	Environmental - continued erosion.	Delays and challenges around arranging stakeholder meetings.	Continued erosion without mitigation and a risk of significant impact to the environment and surrounding infrastructure. This also produces a financial risk as delays and potential damages could increase costs.	Sponsor	Possible	Major	High	Meetings with key stakeholders have now been arranged. However, there are further stakeholders to engage with.	Project Manager	Possible	Moderate	High
Stormwater Discharge Consents Renewal	Phil Burt	31/03/2025	Regulatory - failure to renew consent.	If there is lack of key stakeholder support for renewing the consent, this could create significant delays in the project.	Engagement with key stakeholders has commenced.	Project Manager	Possible	Moderate	High	Working with consultant to understand the consenting plan. Early engagement with wider stakeholders.	Project Manager	Unlikely	Moderate	Medium
View Road land disposal Stage 2	Elijah May	3/04/2025	Regulatory - not adhering to resource consent for WW disposal.	Challenges with the integration of stage 2 into SCADA has resulted in the stage 2 pivots only being able to be run manually, this may increase the risk of breaching consent conditions	TDC may incur penalties and/or abatement notices from Waikato Regional Council if we breach our consent conditions.	Sponsor	Possible	Moderate	High	The project team have engaged an external integrator to complete the commissioning of Stage 2 into Stage 1, we expect this process to be completed by mid 2025.	Sponsor	Unlikely	Moderate	Medium
Drinking Water Standards NZ Upgrade - Kinloch, Omori, Hatepe, Motuoapa	Elijah May	3/04/2025	Regulatory & Service Delivery - operating non- compliant water treatment plants.	Delays with projects.	If there are significant delays, Taumata Arowai may impose legal action and/or the public could be negatively impacted from a health perspective.	Sponsor	Unlikely	Major	High	The asset manager is communicating updates to Taumata Arowai and DWSNZ projects are ongoing.	Asset Manager	Unlikely	Moderate	Medium
Taupo WW Control gates bridge buffer storage tanks	Michael Cordell	28/3/2025	Financial - uncertainty around design.	Full cost of delivering the works will be unknown until design is complete and tendered.	Additional funds may be required, resulting in further delays.	Project Manager	Possible	Moderate	High	Working closely with consultant and have sought advice from contractors around preliminary design to understand costs better.	Project Manager	Unlikely	Minor	Medium
Tauhara Ridge Reservoir & Airport Connection	Peter van Niekerk	22/04/2025	Performance & Service Delivery.	Delays in the project	If the reservoir is not completed in a timely fashion, there will be level of service issues in the new Wharewaka development areas.	Sponsor	Possible	Major	High	Project Manager is currently monitoring the project closely. Reticulation works are nearing completion and the new reservoir construction is underway	Project Manager	Unlikely	Minor	Medium
204 Crown Road - subdivision earthworks & Civil	Brad McKenzie	30/04/2025	Financial - delays leading to additional budget requirements.	Delays from all parties with agreements, along with a large number of variations to contract following design issues.	Additional budget may be required to complete work.	Sponsor	Likely	Minor	High	Project manager working with all parties, opening up clear lines of communication to ensure deadlines are being met.	Project Manager	Possible	Minor	Medium
Taupo Wastewater Treatment Plant Primary Clarifier 3	Michael Cordell	28/03/2025	Financial - insufficient budget to complete the project.	Consultant have suggested that the budget might be too low due to recent price escalation and seismic considerations.	Additional budget may be required to complete work.	Sponsor	Almost Certain	Minor	High	The Project Manager is currently monitoring this closely. This is to be confirmed at the end of stage 2 works. Additional funding may need to be requested though the annual plan.	Project Manager	Unlikely	Minor	Medium
Waters Reform Activities	Jo Walton	28/03/2025	Performance & Service Delivery - overall uncertainty and tight timelines.	compressed timeline.	Decision making in this environment is challenging - many unknowns and DIA is still updating guidance as we go. Final legislation is not yet enacted and timeline is tight.	Sponsor	Possible	Moderate	High	Active control by PM, Sponsor, CE, Steering Group to stay abreast of all communications and be clear in our comms and messaging. Controls are in place for specific risks.	Programme Manager	Unlikely	Moderate	Medium
EUL Stage 1A Lot 20 - Earthworks & Civil	Brad McKenzie	30/04/2025	Financial - projected overspend leading to additional budget requirements.	Additional costs incured by external legal teams for development agreement with build partner and no allowance for staff capitalization within original budget. Additional costs were also spent on future stages.	Additional budget may be required to complete work.	Sponsor	Likely	Minor	High	Registration of interest/tenders are currently being reviewed - the outcome of this will determine the financial impact on the project.	Project Manager	Possible	Minor	Medium
Whangamata Road Improvements	Muhammad Amjad	5/05/2025	Financial - delays and change in details.	Ground conditions and some design changes have cost more than anticipated	Project have to utilize the available funding as contingency and may require additional funds for project close-out.	Project Manager	Likely	Moderate	High	Works are completed now and the project team anticipates an underspend. Final verified quantities will clarify if additional funds are required. This will be clarified in pending last monthly claim.	Project Manager	Possible	Minor	Medium
Owen Delany Park upgrade	Travis Delich	31/03/2025	Financial - project quality.	Tendered cost comes in over budget after tender	We'd have to make some design changes to get back within budget which would extend project time	Project Manager	Possible	Minor	Medium	We've been working with a Quantity Surveyor throughout the project and have identified some items we can take out of the design if required.	Project Manager	Rare	Minor	Low

8/05/2025 Version 1.1

Risk Register

				Significant Proje	ects Risk Register		Ris	sk Regis	ter	Date Last Updated:	8/05/2025			
Project	Project Manager	Date updated	Risk Title	Risk Causes	Risk Consequences	Risk Owner	Current Likelihood	Current Consequence	Current Risk Rating	Risk Controls / Treatments	Control / Treatment Owner	Residual Likelihood	Residual Consequence	Residual Risk Rating
Crushed Concrete Landfill	Louise Chick	22/04/2025		Some asbestos containing material has caused contamination as part of the concrete crushing process.	Approximately 8,500 tonnes of crushed concrete at the Broadlands Road Landfill is contaminated with asbestos. Crushed concrete have been sold to the community, and some of this may be contaminated. Financial impacts: estimated to be up to \$1.35M however as additional funding has been approved the project is no longer outside of budget (Insignificant). Reputation: No significant adverse impacts to date (Moderate, Rare). H&S: Could be investigated by WorkSafe (Major but Rare).	Sponsor	Rare	Major	Medium	Crushed concrete at Landfill tested & 75% was contaminated. Council approved additional funding required to enable safe disposal at its 25 February meeting. Although pricing to transport and dispose of it had been received, post-tender price increases have meant Council needs to obtain alternative proposals and the work is now currently advertised on GETS and closes on the 7th May. Planned: Evaluate proposals, select preferred supplier and dispose of. Had independent review by asbestos expert to guide response and decision making, which will reduce the risk of prosecution by WorkSafe.	Project Manager	Rare	Moderate	Low
Taupo WW Southern Trunk Main Upgrade Stage 1	Peter van Niekerk	22/04/2025	Financial - delays and change in details.	Ground conditions and some design challenges.	This could result in additional costs for delays and updated engineering details. However, the current contingency can cover this. If delays occur, this could lead to reputational and service delivery risks as well.	Project Manager	Unlikely	Insignificant	Low	Works are essentially complete so this risk is extremely low.	Project Manager	Rare	Minor	Low
Türangitukua park (Hirangi Rd carpark drainage)	Jason Dayne	29/04/2025	Time - Potential delays due to weather	Late in the construction season for sealing.	This could result in delays and minor risk of extra costs.	Project Manager	Possible	Insignificant	Low	Seal when weather is appropriate and mitigate with additional additive for cold weather, this has been allowed for by the contractor.	Project Manager	Rare	Minor	Low

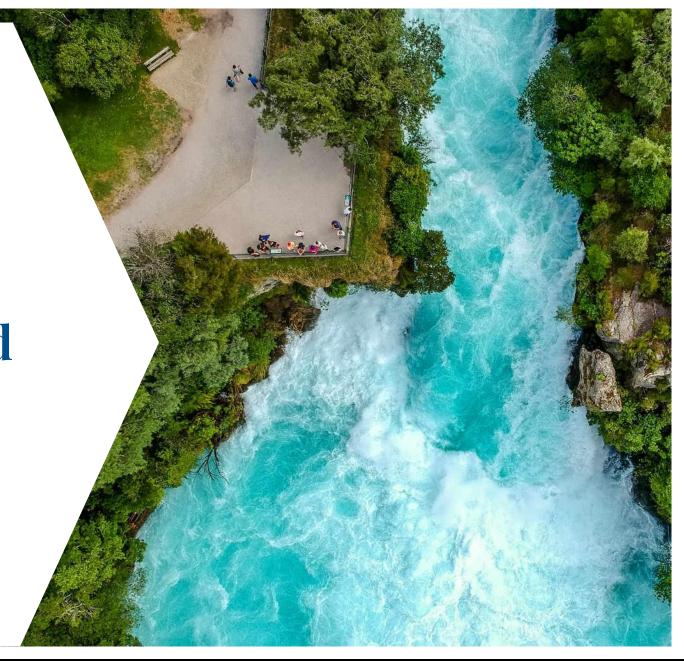
8/05/2025 Version 1.1



Quarterly Treasury Dashboard

31 March 2025





Economic Commentary (as at 30 April)

Global Commentary

The unknowns around tariffs and their impact on global economic conditions are the key focus for both debt and equity markets. To highlight the extent of the issues, it is not known if the Chinese and Americans are even communicating, let alone making any progress toward a trade deal.

To illustrate the uncertainties, here is a summary of key global central banks' approaches to the tariff uncertainties

- The US Federal Reserve has been attacked by Trump, as they grapple with Trumpflation (the combination of higher inflation, weaker growth and higher unemployment). Despite market projections, many believe that the Fed will be patient and cautious before delivering any rate cuts in 2025
- The Bank of Canada has stopped publishing forecasts
- The European Central Bank is not providing any forward guidance, warning that markets should be ready for large moves in either direction

Uncertainty and confusion around key policy settings are already causing damage to global economies, and the longer the wait, the greater the damage. Beyond the economic damage, market volatility has been extreme in bond and equity markets, with some movements being seen as the largest in decades.

An associated consideration is that many investors are questioning how much exposure they should have to the US markets given hits to its international reputation and perceived trustworthiness. Asset allocation decisions and associated investment flows have the potential to see continuing market volatility

The International Monetary Fund slashed its global growth forecasts last week off the back of tariff turmoil and deteriorating sentiment. The IMF now sees global growth slowing to 2.8% in 2025, down from an earlier estimate of 3.3%.

New Zealand Commentary

	OCR	90 day	2 year swap	3 year swap	5 year swap	7 year swap	10 year swap
30-Apr-25	3.50%	3.43%	3.05%	3.17%	3.43%	3.66%	3.93%

While the Q4 2024 GDP number at +0.7% was better than expected and Q1 2025 CPI inflation was slightly higher than expected, these data releases have been "Trumped" by global turmoil, which has seen the market and economists' price in further rate cuts throughout 2025. ANZ is now forecasting two additional OCR cuts down to 2.50% (from a 3.00% trough earlier) while tentatively forecasting two increases in Q4 2026, taking the OCR back to 3.00% (the currently perceived neutral rate). ANZ cited weak NZ data, such as the QSBO, Performance of Services Index and electronic card transactions and global uncertainty as being behind the call saying that the NZ economy is likely to need more monetary support throughout 2025. Markets are currently forecasting a 100% probability of the OCR falling to 2.75% low by the end of 2025.

Shorter-term rates in New Zealand have fallen significantly in the last month, while longer-term swap rates have fallen to a lessor degree as the volatile US bond market has had a greater influence at the longer end of the yield curve.

In the last month, the 2-year swap rate has fallen from 3.37% at the end of March to its current level of 3.05%, while the 5 and 10-year swap rates have fallen from 3.66% (down 0.23%) and 4.10% (down 0.15%) respectively.

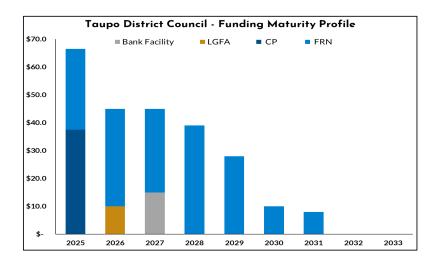


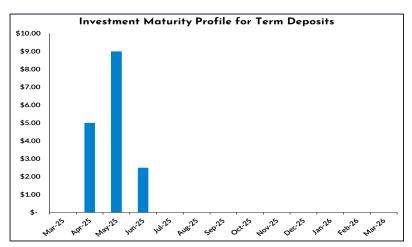


Item 5.19- Attachment 1



Liquidity and Funding





Debt

\$216.5m

External Council Drawn Debt

Headroom

\$25.0m

Undrawn Funding Facilities (LGFA and Bank)

Total Liquidity

\$135.0m

LGFA

\$179.0m

Funds Drawn from LGFA

Cash, TD'S and Managed Fund

\$110.0m

Liquidity Ratio

162.4%

(Cash, TD's, Managed Fund + Lines of Credit + Drawn Debt)/Drawn Debt

Funding & Liquidity Maturity

I ullul	ng & Eiquiun	ly iviatality		
Maturity (Years)	Minimum	Maximum	Actual	Compliant
0 - 3	15%	60%	50.4%	Yes
3 - 7	25%	85%	62.8%	Yes
7+	0%	60%	35.2%	Yes

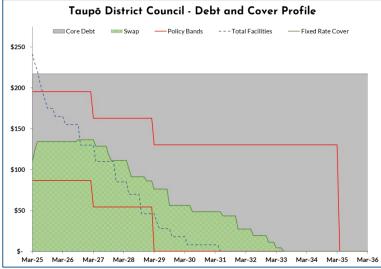
Policy Compliance	Compliant		
Have all transactions been transacted in compliance with policy?	Yes		
Is fixed interest rate cover within policy control limits?	Yes		
Is the funding maturity profile within policy control limits?	Yes		
Is liquidity within policy control limits?	Yes		
Is the investment maturity profile within policy control limits?	Yes		

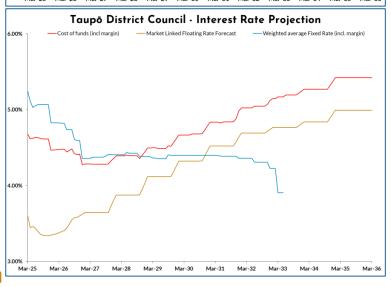




BANCORP

Interest Rate Risk Management





Key Metrics				
Current % of Debt Fixed	50.4%			
Current % of Debt Floating	49.6%			
Value of Fixed Rate (m)	\$109.4			
Weighted Average Cost of Fixed Rate Instruments	4.77%			
Value of Forward Starting Cover	\$71.4			
Weighted Average Cost of Forward Starting Cover	3.79%			
Value of Floating Rate (m)	\$107.6			
Current Floating Rate	3.59%			
All Up Weighted Average Cost of Funds Including Margin	4.68%			
Total Facilities In Place	\$241.5			

Policy Bands								
Maturity (Years)	Minimum	Maximum	Actual	Compliant				
0 – 2	40%	90%	51.3%	Yes				
2 - 4	25%	75%	49.3%	Yes				
4 - 10	0%	60%	37.7%	Yes				

GREAT LAKE TAUPŌ
Taupō District Council

Interest Rate Swaps and Funding

As at 31 March 2025, TDC had \$216.5m of drawn debt facilities and 21 interest rate swaps, 12 of which were current and 9 forward starting, as detailed below:

		Swaps								
Start Date	Maturity Date	Rate	Amount	МТМ						
30-Dec-15	30-Dec-25	6.05%	\$16,000,000	-\$305,286.35						
30-Dec-15	30-Jun-26	6.02%	\$4,400,000	-\$141,850.73						
30-Dec-15	30-Sep-26	6.08%	\$8,100,000	-\$320,410.55						
30-Dec-15	30-Dec-26	6.00%	\$16,000,000	-\$710,619.24						
28-Jun-19	30-Sep-27	3.70%	\$10,000,000	-\$73,555.53						
30-Mar-25	30-Jun-28	4.05%	\$10,000,000	-\$179,518.87						
31-Mar-25	29-Dec-28	4.05%	\$5,000,000	-\$93,588.67						
28-Jun-24	28-Mar-29	4.05%	\$10,000,000	-\$189,820.61						
31-Mar-25	28-Sep-29	3.58%	\$10,000,000	\$5,193.97						
28-Jun-24	28-Jun-30	3.95%	\$7,900,000	-\$107,983.88						
28-Jun-24	30-Jun-31	3.97%	\$5,000,000	-\$55,582.57						
31-Mar-25	31-Mar-33	4.00%	\$7,000,000	-\$30,473.52						
Total Curr	ent Swaps		\$109,400,000	-\$2,203,496.55						

Forward Starting Swaps					
15-Apr-25	15-Apr-27	3.46%	\$7,500,000	-\$14,940.11	
15-Apr-25	15-Oct-27	3.50%	\$7,500,000	-\$18,917.07	
15-May-25	15-May-28	3.56%	\$10,000,000	-\$31,341.69	
30-Sep-26	30-Sep-29	3.95%	\$10,000,000	-\$64,439.20	
30-Dec-26	30-Dec-31	3.96%	\$8,000,000	\$15,405.67	
30-Dec-25	31-Dec-31	4.04%	\$8,000,000	-\$67,274.63	
30-Dec-25	30-Jun-32	4.06%	\$8,000,000	-\$59,920.78	
30-Dec-26	30-Dec-32	3.99%	\$8,000,000	\$44,853.10	
30-Jun-26	30-Jun-33	3.48%	\$4,400,000	\$155,280.37	
	ard Starting aps		\$71,400,000.00	-\$41,294.34	

Debt Facilities					
Instrument	Maturity Date	Rate	Margin	Amount	
СР	10-Apr-25	4.12%	0.11%	\$1,484,346	
СР	10-Apr-25	4.12%	0.19%	\$3,165,980	
СР	10-Apr-25	4.12%	0.09%	\$1,286,497	
СР	10-Apr-25	4.12%	0.17%	\$2,968,253	
СР	10-Apr-25	4.12%	0.13%	\$2,968,546	
СР	30-Jul-25	3.74%	0.18%	\$11,772,706	
СР	3-Jun-25	3.72%	0.12%	\$6,934,427	
СР	3-Jun-25	3.72%	0.12%	\$5,943,795	
СР	3-Jun-25	3.72%	0.12%	\$990,632	
LGFA FRN	15-May-25	4.32%	0.52%	\$9,000,000	
LGFA FRN	24-Aug-25	4.18%	0.44%	\$10,000,000	
LGFA FRN	15-Dec-25	4.11%	0.45%	\$10,000,000	
LGFA FRN	15-Apr-26	4.70%	0.59%	\$10,000,000	
LGFA FRN	15-Oct-26	4.69%	0.57%	\$15,000,000	
LGFA FRN	15-Oct-26	4.60%	0.49%	\$10,000,000	
LGFA FRN	15-Apr-27	4.60%	0.49%	\$15,000,000	
LGFA FRN	15-Apr-27	4.69%	0.57%	\$5,000,000	
LGFA FRN	15-Dec-27	4.22%	0.56%	\$10,000,000	
LGFA FRN	15-May-28	4.31%	0.50%	\$15,000,000	
LGFA FRN	15-Oct-28	4.88%	0.77%	\$14,000,000	
LGFA FRN	15-Oct-28	4.91%	0.80%	\$10,000,000	
LGFA FRN	20-Apr-29	4.49%	0.43%	\$10,000,000	
LGFA FRN	15-May-29	4.46%	0.65%	\$8,000,000	
LGFA FRN	15-Oct-29	4.72%	0.60%	\$10,000,000	
LGFA FRN	15-Apr-30	4.55%	0.44%	\$10,000,000	
LGFA FRN	15-May-31	4.51%	0.70%	\$8,000,000	
Total \$216,515,181					





Term Deposits

6

As at 31 March 2025, Taupo DC had \$29.0 million of Term Deposits in the General Fund, with a weighted average rate of 4.72%, Details of the Term Deposits are as follows:

Term Deposits				
Maturity Date	Rate	Amount		
9-Apr-25	4.35%	5,000,000		
21-Apr-25	4.15%	5,000,000		
22-Apr-25	3.75%	5,000,000		
7-May-25	4.15%	2,500,000		
15-May-25	6.10%	9,000,000		
30-Jun-25	4.10%	2,500,000		
Weighted Average Rate 4.72%		4.72%		
Total Current TDs		29,000,000		





LGFA Borrowing Rates

7

Listed below are the credit spreads and applicable interest rates as at the end of the March quarter for Commercial Paper ("CP"), Floating Rate Notes ("FRN") and Fixed Rate Bonds ("FRB"), at which the council could source debt from the Local Government Funding Agency ("LGFA").

Maturity	Margin	FRN (or CP Rate)	FRB
3 month CP	0.15%	3.76%	N/A
6 month CP	0.15%	3.64%	N/A
April 2025	0.28%	3.89%	4.05%
April 2026	0.41%	4.02%	3.81%
April 2027	0.52%	4.13%	3.94%
May 2028	0.68%	4.29%	4.20%
April 2029	0.74%	4.35%	4.38%
May 2030	0.84%	4.45%	4.55%
May 2031	0.90%	4.51%	4.76%
May 2032	0.96%	4.57%	4.89%
April 2033	1.03%	4.64%	5.05%
May 2035	1.09%	4.70%	5.25%
April 2037	1.17%	4.78%	5.45%





Disclaimer

IMPORTANT NOTICE

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www.bancorp.co.nz

Strategic Asset Allocation

Taupo District Council - 6000004

As at 31 March 2025

	Actual Allocation (NZ\$)	Actual Weight	Target Allocation (NZ\$)	Target Weight
Cash	7,305,312	9.7%	6,002,611	8.0%
Fixed Interest	23,679,749	31.6%	24,010,444	32.0%
Income Assets	30,985,061	41.3%	30,013,055	40.0%
Minimum Income Asset Exposure	•			30.0%
Property	3,465,598	4.6%	3,751,632	5.0%
Equity NZ	7,369,258	9.8%	7,503,264	10.0%
Equity AU	7,586,817	10.1%	7,503,264	10.0%
Equity International	25,625,903	34.2%	26,261,423	35.0%
Growth Assets	44,047,577	58.7%	45,019,583	60.0%
Maximum Growth Asset Exposur	e			70.0%
Total	75,032,638	100.0%	75,032,638	100.0%

Performance Summary

Taupo District Council - 6000004

1 April 2024 to 31 March 2025

Opening Market Value	54,728,023
Transfers In	15,676,302
Transfers Out	-
Realised Gain/Loss	243,469
Realised FX Gain	84,391
Realised Price Gain	159,078
Unrealised Gain/Loss	2,004,797
Unrealised FX Gain	397,040
Unrealised Price Gain	1,607,758
Net Income	2,369,203
Change in Accrued Income	174,122
Portfolio Fees	- 163,279
Closing Market Value	75,032,638
Return Before Tax, After Fees	6.86%

Source: SecuritEase

Note: This performance summary is calculated as the portfolio's internal rate of return (IRR) and is shown on a before tax but after fees basis. Asset allocation weightings are shown as at the period ended. Fixed Interest asset class performance may include NZ Fixed Interest and Global Fixed Interest securities.

Disclaimer: This report summarises and groups the main portfolio cash flows for the period specified. Whilst the return provided is a reflection of all cash flows, the report itself should not be treated as a cash flow statement, as not all cash flows may be separately listed.

This report is interim only and some of the figures included may be subject to change due to some data being unprocessed at the time this report is created. The information shown in this report is obtained from various sources believed to be reliable and while every effort has been made to ensure accuracy, no liability is accepted for any errors or omissions.





R & A Committee Work Stream	1 17 March 2025	2 5 June 2025	3 16 September 2025
Risk Management			
Risk Management Update / Quarterly Risk Report (Review top risks and effectiveness of controls)	•	•	•
Strategic Risk Register Update	•	•	•
Deep Dive into Top Risks	ТВС	ТВС	TBC
Significant Projects Risk Register Note: Monthly Performance Report to be emailed separately to independent Risk and Assurance members.	•	•	•
Council Land Development Risks Update		•	
Digital Improvement Programme		•	
Legislative Compliance Attestations (Subject to implementation of 'Comply With' software)			•
Health and Safety at Work	•	•	•
Internal Audit Programme			
Deloitte Payroll Audit		•	
Confirmation of 2025 Internal audit programme and update.		•	•
Sensitive Expenditure Review	•	•	•
Non-Financial Performance Measures Report	•	•	•
Risk Related Policy/Reviews			
Business Continuity Policy & Framework		•	•
Insurance			
2023 – 24 Insurance Update (AON insurance summary)	• —	•	•
2024 – 2025 Insurance Placements			•
External Audit and Accountability			
Audit Arrangements Letter		• Annual Report	

(Proposed Risk and Assurance Committee Workplan - Updated June 2025)

Page **1** of **2**

R & A Committee Work Stream	1 17 March 2025	2 5 June 2025	3 16 September 2025
Annual Audit Report – Review and recommend adoption by Council			•
Outstanding Audit Recommendations	•	•	•
Taupō District Council Food Safety Verifier QMS audit		• —	•
IANZ Building Consent Accreditation audit.		•	
PoolSafe audit of Taupō and Tūrangi pool complexes	•		
Litigation Matters (Public Excluded)			
Litigation Matters Update	•	•	•
Other			
Review Risk and Assurance Committee Workplan	•	•	•
Review of Performance and Effectiveness of Risk and Assurance Committee			•
Sensitive Expenditure and Gift Policy	•		•
Annual Plan 2025/26		•	
Treasury Update	•	•	•

(Proposed Risk and Assurance Committee Workplan - Updated June 2025)

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