



**I give notice that  
a Risk and Assurance Committee Meeting will be held on:**

<b>Date:</b>	<b>Tuesday, 16 September 2025</b>
<b>Time:</b>	<b>10.30am</b>
<b>Location:</b>	<b>Council Chamber Level 1, 67 Horomātangi Street Taupō</b>

# **AGENDA**

## **MEMBERSHIP**

<b>Chairperson</b>	Mr Bruce Robertson
<b>Deputy Chairperson</b>	Cr Danny Loughlin

<b>Members</b>	Mr Anthony Byett Cr Rachel Shepherd Cr Kevin Taylor Mayor David Trewavas Cr John Williamson
----------------	---------------------------------------------------------------------------------------------------------

<b>Quorum</b>	4
---------------	---

**Julie Gardyne  
Chief Executive**

## Order Of Business

<b>1</b>	<b>Karakia</b>	
<b>2</b>	<b>Whakapāha   Apologies</b>	
<b>3</b>	<b>Ngā Whakapānga Tukituki   Conflicts of Interest</b>	
<b>4</b>	<b>Whakamanatanga O Ngā Meneti   Confirmation of Minutes</b>	
4.1	Risk and Assurance Committee Meeting - 5 June 2025.....	3
<b>5</b>	<b>Ngā Ripoata   Reports</b>	
5.1	Annual Report 2025 Update .....	4
5.2	JASANZ Recognised Food Verification Agency Quality Management System (QMS) Surveillance Audit 2025 .....	6
5.3	Health, Safety and Wellbeing Update .....	8
5.4	Risk Management Update .....	12
5.5	Internal Audit Programme - Update .....	19
5.6	Outstanding Audit and Improvement Items .....	21
5.7	Sensitive Expenditure Review - 1 April 2025 - 30 June 2025.....	26
5.8	Insurance Update.....	28
5.9	Financial Strategy Update and Significant Projects Risk Report.....	31
5.10	Treasury Update June 2025 .....	32
5.11	2025 Annual Review of Risk and Assurance Committee Performance.....	34
<b>6</b>	<b>Ngā Kōrero Tūmataiti   Confidential Business</b>	
6.1	Confirmation of Confidential Portion of Risk and Assurance Committee Minutes - 5 June 2025 .....	37
6.2	Legal and Litigation Update .....	37

**4.1 RISK AND ASSURANCE COMMITTEE MEETING - 5 JUNE 2025**

**Author:** Shainey James, Governance Quality Manager

**Authorised by:** Nigel McAdie, Legal and Governance Manager

**NGĀ TŪTOHUNGA | RECOMMENDATION(S)**

That the minutes of the Risk and Assurance Committee meeting held on Thursday 5 June 2025 be approved and adopted as a true and correct record.

**NGĀ TĀPIRIHANGA | ATTACHMENTS**

1. Risk and Assurance Committee Meeting Minutes - 5 June 2025

**5.1 ANNUAL REPORT 2025 UPDATE**

**Author:** Jeanette Paenga, Finance Manager

**Authorised by:** Sarah Matthews, General Manager Organisation Performance

**TE PŪTAKE | PURPOSE**

To provide the Risk and Assurance Committee with an update on the development and progress of the 2025 Annual Report, including key milestones achieved, upcoming deliverables, and any identified risks or issues that may impact the timely completion of the report.

**NGĀ KŌRERORERO | DISCUSSION**

The Annual Report is a statutory document that outlines the organisation's performance, financial results, and strategic achievements over the past year. It provides compliance, transparency, and assurance for the community and other stakeholders.

*Progress Update*

- Much of the non-financial aspects of the report are in first draft and with Executive for review.
- Financials are progressing but not where expected, due to some additional delays.
- Asset revaluations were received on time, have been actioned and audit of these are in progress.

*Key Milestones*

- Council staff had planned to present the draft Annual Report to September Risk and Assurance Meeting but this has been delayed.
- Audit New Zealand is due to commence final audit 28 October 2025, which is on track.
- Audit clearance and Council adoption scheduled for early December 2025.

*Risks and Issues*

The following issues have occurred, which have led to a delay of the draft Annual Report:

- This is the first Annual Report since the implementation of the Property & Rates system in September 2024. This has resulted in some reconciliation issues that staff are still working through – particularly with associated GL accounts e.g. debtors.
- In July, Council worked with Technology One to resolve issues prior to the rates setting. This took priority and involved several members of the finance team.
- The land & buildings revaluation has been completed for the first time since CiAnywhere assets was implemented in 2024 and took longer than anticipated to process.

The following risks exist:

- There is still a high level of capital work in progress (WIP) which requires estimation of depreciation for Council's accrual and analysis by audit that there are no material variances. Audit also needs to be comfortable with the detailed report with the reasons for the large WIP balances, along with the calculation of the depreciation. This could add further delays to the finalisation of the Annual Report.
- Due to a system issue with the calculation of the year end annual leave accrual, further time resource is required in People & Capability to ensure this is calculated correctly. Substantial manual calculations are likely to be required due to challenges getting this automated report being accurate and time remaining to complete the Annual Report.
- Due to a system integration error in our contractor interface, accurate response time data for three waters response times is not readily available this means that the existing qualification will continue for the 2025 report.

*Next Steps*

- Executive to review the non-financial parts of the report and provide feedback.

- The draft Annual Report will be completed and forwarded to audit by 17 October 2025. The incoming Council will have time to provide feedback on the draft Annual Report before audit is completed.
- The Risk and Assurance Committee Chairperson will be delegated responsibility to recommend the adoption of the Annual Report to the incoming Council, as the Committee will not meet until early 2026.

**WHAKAKAPINGA | CONCLUSION**

While the 2025 Annual Report is progressing, several system-related issues and resource constraints have caused delays and additional timeframe risks. These include challenges with new systems, prioritisation of other finance tasks, and data limitations in key reporting areas. Despite these setbacks, the team is actively working toward completing the final draft by mid-October, with audit and Council adoption planned for December.

**NGĀ TŪTOHUNGA | RECOMMENDATION(S)**

That the Risk and Assurance Committee notes the progress on the 2025 Annual Report and delegates authority to the Risk and Assurance Committee Chairperson to review and recommend the adoption of the Annual Report 2025 to the incoming Council following the local government elections.

**NGĀ TĀPIRIHANGA | ATTACHMENTS**

Nil

**5.2 JASANZ RECOGNISED FOOD VERIFICATION AGENCY QUALITY MANAGEMENT SYSTEM (QMS) SURVEILLANCE AUDIT 2025**

**Author:** Bryan Brett, Environmental Health Team Leader

**Authorised by:** Jessica Sparks, Environmental Services Manager

**TE PŪTAKE | PURPOSE**

To update the Risk and Assurance Committee on the outcome of the Recognised Food Verification Agency audit undertaken by JASANZ (Joint Accreditation System of Australia and New Zealand) on 14 May 2025. This audit was a reapproval audit to determine ongoing compliance with Taupō District Council's Quality Management System (QMS) and to reapprove Taupō District Councils Quality Management System for a further three years.

**NGĀ KŌRERORERO | DISCUSSION**

Taupō District Council was originally recognised in 2019 under the Food Act 2014 to undertake verifications of food businesses in our district and beyond. This recognition requires a Quality Management System (QMS) to be implemented to provide the consistency expected of a recognised verification agency.

This audit was a full reapproval audit undertaken by an external accreditation agency, in this case JASANZ. These reassessments typically occur every three years and encompass the full scope of the Quality Management System over the prior 18 months. Due to our excellent compliance history our frequency of intervening surveillance audits has been extended to 18 months.

**General Findings**

The audit report is attached. Note that registration number and organisation details from the random selection of files have been redacted pursuant to s7(2)(c)(i) of the Local Government Official Information and Meetings Act 1987. The reason for this is that there are confidentiality requirements that apply to verification information (including reports) under the Food Regulations 2015 and Councils Quality Management System for food. The verification reports contain confidential information that business owners provided to Council as part of the registration process. Making the information publicly available would be likely to prejudice the supply of similar information in the future. A full copy of the information has been provided to members.

Note also that the audit report refers to "CARs" which are corrective action requests; and observations [also known as Areas for Improvement (AFIs)] and recommendations. In this particular report 'Recommendations' refer to the fact that that JAS ANZ recommend our accreditation continue, rather than a recommended action.

The audit found all areas of the QMS were being well implemented. This audit considered factors such as changes to the QMS, staffing levels, resourcing, reporting, record keeping, management of non-compliances and corrective actions, complaints, internal management, performance management and contracts. Various reports were also reviewed as part of the assessment. This reapproval audit also focused on our relatively recent directed verification of importers process which is a separate approval for which were also reapproved.

As with our previous assessments, no non-conformances were identified during this audit and only a small number of observations were made. These included:

- Observation 1- Collaborating with Whanganui District Council on a mock importer verification scenario (due to their recognition as an approved agency for directed importer verifications also)
- Observation 2 - Ensuring that research undertaken as part of our verification work is documented as continued professional development (CPD) points.
- Observation 3 - That we ensure we complete competency peer review reports for contract verifiers when utilised.

We agree with all these observations and can easily adopt these into our current practices without difficulty.

**Report Recommendations**

1. That the Agency continues to meet the requirements to be a Recognised Agency to conduct verification services under the Food Act 2014;
2. That Directed Verification of Food Importers remains on the scope of recognition; and

3. That all observations noted throughout this report be reviewed by the Agency and actioned where appropriate.

### **WHAKAKAPINGA | CONCLUSION**

This reapproval audit confirmed that Taupō District Council continues to work at a high standard in relation to the QMS. It was also encouraging to confirm that our systems continue to improve and that our position and processes rate very favourably among Councils. MPI have since reapproved our recognised agency status for a further three years. A surveillance audit is expected in around 18 months' time and should be completed approximately October 2026.

### **NGĀ TŪTOHUNGA | RECOMMENDATION(S)**

That the Risk and Assurance Committee receives the outcome of the JASANZ Recognised Agency Reassessment Report 2025.

### **ATTACHMENTS**

1. Recognised Agency Reassessment Report (2025)

### 5.3 HEALTH, SAFETY AND WELLBEING UPDATE

**Author:** Gidion Munyaradzi, Health and Safety Manager

**Authorised by:** Louise Chick, Business Excellence Manager

#### TE PŪTAKE | PURPOSE

To update the Risk and Assurance Committee on the progress made in enhancing Taupō District Council's Health, Safety and Wellbeing system, and to report on significant health and safety (H&S) matters occurring between 6 May and 20 August 2025.

To seek Risk and Assurance Committee support for the Health and Safety Improvement Plan that outlines how Council's Health and Safety system and practices will continue to be developed throughout the 2025/26 financial year. Progress against this plan will be reported to future Risk and Assurance Committee meetings.

#### WHAKARĀPOPOTOTANGA MATUA | EXECUTIVE SUMMARY

- The new H&S Manager commenced duties on 15 July 2025 and at the time of writing is currently familiarising himself with Council's H&S systems and planning for the 2025/26 year. A refreshed Workplan for 2025/26 has been developed, prioritising critical risk management and the creation of comprehensive risk registers (refer *Business Improvement Plan – Health and Safety – Attachment 1*).
- Council continues to see relatively high levels of aggressive and threatening behaviour (19 incidents over the reporting period). Face to face de-escalation training has been offered, and 31 staff have undertaken this training to date. Further training on how to manage *Aggressive and Threatening Behaviour* is offered via an internal e-learning module, which is now also part of the induction for new customer relations staff.
- The key priority remains upon managing Council's critical risks:
  - Good progress has been made with regards to managing the *Aggressive and Threatening Behaviour* critical risk through the training outlined above, and through the establishment of minimum mandatory controls which have been developed in consultation with customer relations staff and are now being implemented across the organisation. For example, these controls include: advanced identification of 'safe rooms' that customer facing staff can retreat to if behaviour escalates; prominent display of signage communicating Council's zero tolerance for aggressive and threatening behaviour, etc.
  - Work to review the controls of the *Driving* critical risk is also underway, with compulsory pre-drive checks introduced for Fleet vehicles.

Alongside these risk specific improvements, staff continue to develop its *Critical Risk Management Framework*.

- A total of 44 events were reported during the period 6 May – 20 August 2025, excluding pool contamination and vehicle overspeed events. Summary details of high-risk events are discussed below.

#### NGĀ TŪTOHUNGA | RECOMMENDATION(S)

That the Risk and Assurance Committee receives the Health, Safety and Wellbeing update for the period 6 May – 20 August 2025.

That the Risk and Assurance Committee receives the 2025/26 Health and Safety Improvement Plan.



## NGĀ KŌRERORERO | DISCUSSION

### Health and Safety Resource:

A new H&S Manager commenced in July 2025 and is familiarising himself with Council's H&S systems and developing a H&S Workplan for the 2025/26 year. An external consultant continues to provide additional support to strengthen system development and implementation.

### Update on Strategy Implementation and KPMG H&S Review Report Recommendations

Implementation of the Council's Health, Safety & Wellbeing Strategy is progressing, with a focus on:

- Critical risk management
- Training and capability development
- Contractor management
- Assurance processes

Improvements in response to KPMG's H&S Review Report Recommendations continue to be implemented. In the short time that H&S Manager has been in place the focus has been on planning and critical risk management.

A detailed update of progress in delivering Council's Health, Safety and Wellbeing Strategy and KPMG's recommendations will be provided at the next meeting once the new H&S Manager has had the opportunity to assess and verify current progress status. The verification will be done concurrently with the implementation of the H&S Improvement Plan.

A new H&S work programme for 2025/26 year which prioritises responding to KPMG's recommendations has been prepared (**Attachment 1**) and is discussed below.

### H&S Improvement Plan

Council continues to refine its health and safety system and practices. Its previous H&S Improvement Plan, presented to Risk and Assurance in September 2023, was informed by an internal audit undertaken by KPMG on Council's behalf. This review made 42 recommendations, 18 of which have been addressed. Progress on the remaining 24 recommendations has been impeded by nearly a year's worth of recruitment periods throughout 2024 and early 2025, while filling two vacancies in the H&S Manager position. This has necessitated a reset of the H&S Improvement Plan. The workplan is presented in **Attachment 1**.

The improvement plan prioritises enhancing Council's critical risk management and development of supporting risk registers. The approach proposes to engage all relevant parts of Council in undertaking risk assessments and identification of additional controls on a critical risk by critical risk basis, which has the following benefits:

- All parts of Council potentially affected by a critical risk have the opportunity to identify risk causes and consequences, and input into the development of additional controls.
- Actively engaging staff in H&S management. Worker engagement is key to successful implementation of H&S Management Systems.

Council has identified 10 critical risks<sup>1</sup>:

- Aggressive & Threatening behaviour;
- Asbestos;
- Driving;
- Hazardous substances;
- Psychosocial;
- Plant and equipment;
- Underground services;

---

<sup>1</sup> Critical risks are defined as: Risk arising from activities regularly undertaken by a PCBU that if not adequately controlled could result in loss of life, life-altering injury/illness or significant impact on mental wellness.

- Working at heights;
- Working near roads;
- Working with Animals.

For each of these critical risks the approach outlined in Council's Critical Risk Control Framework will be applied, and the key output of this will be development of *Critical Risk Control Procedures* for each critical risk. This will identify minimum mandatory controls that the business will ensure are in place and provide a basis for undertaking internal assurance checks.

The disadvantage with this approach is that it takes time to engage with the wider organisation and 'bring them on the journey'. Consequently the plan intends to address four of the 10 critical risks this financial year, but to do so in a manner than sets up a robust H&S Management System and grows a deep understanding of risk management requirements. Although it would be desirable to take a deep dive into the management of all critical risks this financial year, the delay is not of undue concern as Council already has risk controls and practices in place, and in some areas these are already very robust, e.g. how the Pound manages Working with Animals.

### **Critical Risk Management:**

The definition of *critical risk* has been broadened to include Wellbeing:

*Risk arising from activities regularly undertaken by a PCBU that if not adequately controlled could result in loss of life, life-altering injury/illness or significant impact on mental wellness.*

The *Critical Risk Management Framework* has been updated and will be submitted to the Executive for their review. Current efforts are focused on piloting a risk assessment for *Aggressive and Threatening Behaviour*, which includes:

- Staff and team leader training on risk controls
- Implementation of minimum mandatory controls
- Evaluation of control adequacy and effectiveness

### **Training:**

During the reporting period, the following training activities were delivered:

- **Conflict De-escalation Introduction** – 31 attendees (19 June, 4 & 5 August).
- **Fire and Emergency Warden Training and Fire Extinguisher Training** – 21 attendees (28 May and 4 June).
- **First Aid Course** – 39 attendees (7 May, 25 June and 6 August)
- **Health and Safety Representative Stage 1 - Introduction to the Health and Safety Representative** – 7 attendees (17 June).
- **Health and Safety Representative Training Stage 3: Accident & Event Investigation Training** – 8 attendees (18 June).

### **Contractor Management:**

Draft documents forming the foundation of the Council's Contractor Health and Safety Management Framework have been developed. These are currently under review by TDC teams involved in contractor oversight. The documents include guidance on integrating H&S considerations into the procurement process.

### **Assurance process:**

Development of a formal H&S Assurance structure is underway. This outlines the general approach for managing H&S related assurance. Detailed assurance activities for specific critical risks will be developed on a critical risk by critical risk basis.

## Update on high-risk incidents/events

### Aggression incidents:

A total of 19 incidents related to aggressive or threatening behaviour were recorded during the period under review (6 May 2025 to 20 August 2025). The total incidents recorded in 2025/26 fiscal year to date is 5. Police were involved in 4 of these incidents and the Guardian Angel alarm was activated in one case. Activation of the Guardian Angel alarm initiates a workflow to a third party who contacts Police on Council's behalf. In all incidents, there was no physical harm to staff and debriefing was done with teams involved to discuss shared learnings and improvement actions.

As discussed above, the critical risk topic of *Aggressive and Threatening Behaviour* is being prioritised ahead of other critical risks.

### AC Baths odour discharge incident

On 29 July 2025, during sodium hypochlorite cleaning of one of the private pools, lifeguards detected an unusual odour, prompting evacuation and temporary closure of the sauna. One staff member experienced brief period of vomiting and was treated on site by St John, with no hospitalisation required. Fire and Emergency NZ and the Rotorua Hazardous Materials (HAZMAT) team attended, confirming no chlorine or hazardous gas was detected. WorkSafe was notified as a precaution, and later confirmed the incident was not notifiable.

## WHAKAKAPINGA | CONCLUSION

Council's new H&S Manager commenced mid-July 2025 and is currently familiarising himself with Council's H&S systems and has developed Council's H&S Workplan for the 2025/26 year. His ongoing review of key actions will enable him to verify progress to date.

Council is actively refining its health and safety systems following a 2023 internal audit by KPMG, which produced 42 recommendations. While 18 have been addressed, progress on the remaining 24 was delayed due to several vacancies in the H&S Manager role throughout 2024 and early 2025. With a new H&S Manager appointed in July 2025, a refreshed Workplan for 2025/26 has been developed, prioritising critical risk management and the creation of comprehensive risk registers.

The plan emphasises engaging all relevant departments in assessing and controlling ten identified critical risks, including asbestos, driving, and working with animals. This collaborative approach aims to foster staff involvement and ensure robust, mandatory controls are in place for each risk. Although only four risks will be deeply addressed this financial year due to the time required for thorough engagement, existing controls are already strong in several areas. Once fully implemented, the Plan will resolve all outstanding recommendations from the KPMG review and establish a resilient H&S Management System.

Council has made meaningful progress in engaging with Council staff who are at risk from *Aggressive & Threatening Behaviour* (one of Council's critical risks). Through this engagement, new risk controls and reporting processes have been put in place, and the H&S team is working to monitor progress of implementation of these.

Council has appointed a full-time Business Excellence Coordinator to provide additional resource to help drive progress on critical H&S actions. This resource will help to address delays to the H&S Workplan resulting from extended vacancies in the H&S Manager role.

## NGĀ TĀPIRIHANGA | ATTACHMENTS

1. 2026/26 Health and Safety Improvement Plan

## 5.4 RISK MANAGEMENT UPDATE

**Author:** Mark Hill, Risk Advisor

**Authorised by:** Louise Chick, Business Excellence Manager

### TE PŪTAKE | PURPOSE

To seek the Risk and Assurance Committee's approval to adopt the attached updated Risk Appetite Statement and Risk Management Framework (Framework) and associated documents.

To update the Risk and Assurance Committee on the status of its Strategic Risks.

### TE WHAKAMAHUKI | BACKGROUND

A well-defined Risk Appetite helps to ensure elected members and staff are 'on the same page' as to the level of acceptable risk and can be used to guide day to day decision making. In December 2023 members of Council, the Risk and Assurance Committee and the Executive Team met to workshop the level of risk Taupō District Council (Council) was prepared to take in delivering its operations and pursuing its strategic objectives.

Workshop participants reviewed and agreed on the risk categories applicable to Council operations and activities, these were:

- Performance & Service Delivery
- Financial
- Health & Safety
- Regulatory & Legal Compliance
- People
- Reputation
- Information Management
- Environment & Climate

Workshop participants also agreed on their level of comfort at different levels of risk for each of these categories. The outputs from the workshop were used to develop a Risk Appetite Statement (**Attachment 1**).

Once adopted in March 2024 the Risk Appetite Statement formed an integral part of Council's Risk Management System (**Figure 1**), where it has helped guide staff as to whether risks faced by the organisation are 'acceptable' or whether they sit outside of Council's Risk Appetite.



**Figure 1 – Key elements of TDC's risk management system.**

Since the Risk Appetite Statement and Framework were adopted, officers have used them as a guide for the management of risks, primarily for strategic and significant project risks which are regularly reported to the Risk and Assurance Committee. This reporting has identified eight out of the nine strategic risks Council has profiled are consistently tracking above the stated risk appetite.

Prudent risk management dictates that Council should regularly review our risk appetite to assess:

- Have we got it right?
- Has the environment changed beyond our initial consequence assessments?
- Does Council need to allocate more resource to bring the risks down to within appetite?

A workshop was held with Elected Members on 5 June 2025 to review our risk appetite, consequence table (**Attachment 2**) and heat map (**Attachment 3**). Workshop participants agreed that they were prepared to accept more consequences in some areas and that the current heat map is skewed towards extreme risks.

Following this workshop officers were tasked taking feedback from the June workshop and refining its key elements of its Risk Management System.

**NGĀ KŌRERORERO | DISCUSSION****Risk Appetite Statement and Risk Management Framework**

Council has utilised feedback from June workshop and other sources to refine Council's:

- Proposed Risk Appetite Statement (**Attachment 4**).
- Proposed Risk Consequence Table – used by officers to analyse the significance of the risks Council faces (**Attachment 5**).
- 'Heat map' – which defines whether risks are considered Extreme, High, Medium, Low and Very Low, also embedded in Council's Risk Management Framework (**Attachment 6**).
- Risk Management Framework (**Attachment 7**) which ties all the above elements together.

These elements of the risk management framework are crucial for determining which risks are escalated to governors for their oversight and management. Therefore, setting these appropriately is fundamental to ensuring the information presented to Risk and Assurance is at the 'right level'.

Officers have recently received feedback that the Risk and Assurance Committee agenda would benefit from a more strategic focus, leaving more 'operational' matters to the Executive to attend to. This feedback has been received via the annual review of the Risk and Assurance Committee's performance which was assessed via an anonymous survey that Risk and Assurance Committee members, Council members, and the Executive Team were invited to participate in.

Whilst reviewing the above documents officers have considered the survey feedback, feedback received from June's risk appetite workshop and how the Risk and Assurance Committee has operated with regards to management of Strategic risks. The proposed update to the risk management documents described above seek to strike the right balance between strategic functioning of Risk and Assurance Committee and providing the necessary transparency regarding Council's risks and our management of these.

As a business Council manages around \$155M of operational expenditure and a further \$67M of capital expenditure. The thresholds that determine the enterprise-wide "big-ticket" risks those that deserve governor's attention needs to be commensurate with our operating environment.

**Proposed Risk Appetite Statement and Risk Consequence Table**

The changes proposed to the Risk Appetite Statement and Risk Consequence Table aim to 'lift up' the level of risk information that is reported to governors and to provide more detailed risk consequence descriptions to make risk analysis easier for officers.

In undertaking this review nearly all of the risk consequence descriptors have been refined with the most significant changes occurring in the financial category (**Attachment 5**).

**Risk Consequence Table**

The new Risk Consequence Table now breaks the financial thresholds into two levels:

- **Council-wide level:** Used to assess the significance of enterprise risks and to determine what should be brought to Risk and Assurance's attention.
- **Business-unit/Project level:** Used day-to-day by officers to analyse the significance of risk at the operational level.

This has enabled the scaling of our financial risk management so that the system we apply is meaningful at both the governance (strategic, enterprise-wide) and at the day-to-day operational level.

It also provides different financial thresholds for assessing operational and capital cost impacts, reflecting that operational costs must be borne within the financial year that the risk impacts, and that the impact of capital costs is borne over the life of the asset.

**Table 1** – Council's current financial thresholds used for analysing risk at Council.

	<b>Insignificant</b>	<b>Minor</b>	<b>Moderate</b>	<b>Major</b>	<b>Severe</b>
	\$50,000	<10% of budget \$200,000	10%-30% of budget \$750,000	30%-40% of budget \$1.5M	>40% of budget >\$1.5M

**Table 2** – Proposed financial thresholds to be used for analysing enterprise risk at Council.

		<b>Insignificant</b>	<b>Minor</b>	<b>Moderate</b>	<b>Major</b>	<b>Severe</b>
<b>Council-wide</b>	<b>% of Council's Capex budget</b>	<b>&lt;2.5%</b> (\$1.7M)	<b>5%</b> (\$3.4M)	<b>7.5%</b> (\$5.0M)	<b>10%</b> (\$6.7M)	<b>10%</b> (>\$6.7M)
	<b>% of Council's OpEx budget</b>	<b>0.13%</b> (\$0.2M)	<b>0.4%</b> (\$0.6M)	<b>0.65%</b> (\$1.0M)	<b>0.9%</b> (\$1.4M)	<b>0.9%</b> (>\$1.4M)

\* Percentages referenced in the proposed financial risk thresholds are the percentage of Council's entire Operational budget and entire Capital budget.

# Figures in brackets reflect how these percentages relate to this year's budgets. These figures will be updated following any material adjustment to the Council-wide operational budget or capital budget.

**Table 3** – Proposed financial thresholds to be used for analysing day-to-day operational risk at Council.

		<b>Insignificant</b>	<b>Minor</b>	<b>Moderate</b>	<b>Major</b>	<b>Severe</b>
<b>Business Unit/Project level</b>	<b>% of Council's Capex budget</b>	<b>0.25%</b> (\$200K)	<b>0.5%</b> (\$300K)	<b>0.75%</b> (\$500K)	<b>1%</b> (\$700K)	<b>1%</b> (>\$700K)
	<b>% of Council's OpEx budget</b>	<b>0.05%</b> (\$20k)	<b>0.10%</b> (\$40K)	<b>0.15%</b> (\$60K)	<b>0.20%</b> (\$80K)	<b>0.20%</b> (>\$80K)

\* Percentages referenced in the proposed financial risk thresholds are the percentage of Council's entire Operational budget and entire Capital budget.

# Figures in brackets reflect how these percentages relate to this year's budgets. These figures will be updated following any material adjustment to the Council-wide operational budget or capital budget.

What do these changes mean in practice?

- At the business unit/project level day-to-day operational level risks will be more tightly managed as the 'business unit/project level' financial risk thresholds are set lower than Council's previous thresholds, considerably lower for operational expenditure.
- Significant business unit/project risks will be brought to management attention earlier.

- Risks brought to governors will be assessed against the 'Council-wide' thresholds, which in terms of absolute dollar figures, are set higher than they were previously. This will provide Risk and Assurance Committee the space to focus on the 'critical few'.

### **The Risk Appetite Statement**

The Risk Appetite Statement is used to make clear at the level of risk TDC is prepared to accept and what risks must be further controlled because they cross the threshold of acceptable risk. Such statements are needed to ensure that all parts of Council are 'on the same page' in terms of how much risk Council is willing to take on.

Should the above changes to the financial thresholds be accepted then this will raise Council's risk appetite from \$750,000, to \$1M for operational expenditure and \$5M for capital expenditure.

### **Strategic Risk Update**

Council and the Executive Team have identified the following strategic risks and the status of these is summarised in **Attachment 8**):

1. Attracting and retaining a competent workforce
2. Ineffective Relationships
3. Financial Strategy
4. Non-delivery of projects
5. Compliance and Legal Liabilities
6. Maintaining ICT systems and secure records
7. Effects of Climate Change
8. Zero Harm
9. Critical Infrastructure Failure
10. Underperforming Council

The Risk and Assurance Committee has previously received risk profiles for the first 8 risks, and this paper provides the risk profile for:

**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 (Attachment 9).*

The final strategic risk, **Underperforming Council**, will be workshopped with the new Risk and Assurance Committee early in 2026<sup>2</sup>.

Strategic risks are reviewed on a quarterly to six monthly and since the last Risk and Assurance Committee meeting officers have met to review the following risks,

- Attracting and retaining a competent workforce
- Financial Strategy
- Non-delivery of projects
- Effects of climate change
- Maintaining ICT systems and secure records

and their risk profiles have remained static, with the exception of:

- i) **Non-delivery of Projects** which has reduced to 'High' as Council delivered above its capital delivery targets last financial year, and

---

<sup>2</sup> **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 in its ability to achieve its strategic objectives.

- ii) **Effects of Climate Change** which was rated for the first time as High. This assessment has been supported by detailed consideration of the impacts and risks posted by climate change on Council's core operations and services (**Attachment 10**).

Risk profiles for Council's strategic risks will be presented to the new Risk and Assurance Committee once officers have had the opportunity to analyse these against the new risk appetite (**Attachment 4**) and risk consequence table (**Attachment 5**) that have been proposed.

### Critical Infrastructure Failure

As the strategic risk *Critical Infrastructure Failure* has recently been assessed and not previously presented to the Risk and Assurance Committee it is included within this agenda, but please note the risk has been analysed against the risk consequence table and heat map, not against the proposed versions.

#### Risk Assessment

The rating for this risk following the risk workshop is **High**, based on both the 'plausible' and 'worst case' scenarios (**Table 4**).

#### Risk control options

*Critical Infrastructure Failure* is a broad risk that touches on various Council teams predominantly within the Community Infrastructure and Services group. Current control measures include:

- Understanding hazard risk and asset vulnerability – e.g. modelling hazard risk, earthquake risk modelling (via BOPLASS); overland flow path modelling and mapping asset information and condition assessments.
- Building resilience over the long-term through the development of Council's Infrastructure Strategy.
- Utilising technological / best practice advances through taking innovation and incorporating as part of normal practice.
- Strengthening immediate response actions by reviewing business continuity planning and crisis management arrangements and having response tools available - e.g. portable flood response equipment / generators.
- Identification of budget for resilience in the Long-term Plan (LTP).

**Table 4** – Possible key impacts to Council should the *Critical Infrastructure Failure* risk materialise.

Plausible scenario	Worst case scenario
<ul style="list-style-type: none"> <li>• Public water supply is compromised resulting in boil water notices being issued to impacted communities – possible public health risk.</li> <li>• Stormwater capacity is exceeded during severe rainfall events causing roading impacts and localised flooding to home and businesses.</li> <li>• Capacity at landfill site may be exceeded following significant emergency (debris management).</li> <li>• Bridge failure results in significant re-routing for community traffic or goods with heavy loads.</li> <li>• Disruption to infrastructure SCADA (Supervisory Control and Data Acquisition) system leaves council unable to remotely operate, gather data, or receive alerts from Water supply / wastewater / stormwater systems.</li> <li>• Failure of infrastructure resulting in discharge of untreated or partially treated waste into waterways.</li> </ul>	<ul style="list-style-type: none"> <li>• Widespread impacts across multiple critical infrastructure systems and assets causing significant disruption to the community.</li> <li>• Older critical infrastructure assets are unrepairable and require unbudgeted replacement.</li> <li>• Ongoing compromised service levels.</li> <li>• Land instability renders parts of the roading network too high risk for normal use requiring alternate routes with travel delays.</li> <li>• Widespread heightened public health risk / increased wellbeing impacts on the community.</li> <li>• Long term delays to service restoration as a result of insufficient contractor workforce available to repair or reinstate damaged assets.</li> <li>• Breach of regulations / legislation resulting in an increased risk of fines.</li> <li>• Loss of public confidence.</li> </ul>

#### Future actions to mitigate the risk more effectively

- Continuing work to identify, assess and review assets and condition to build a comprehensive overview of critical asset condition and investment needs.



- Clarifying expectations around levels of service (within budget) for BAU delivery and defining emergency levels of service. Identifying critical customers and service needs. Planning for critical customer service levels.
- Community engagement – to support a better understanding of service level and associated cost. Supporting the community to be more resilient to impacts on service levels from disruption.
- Undertaking more scenario-based discussion / exercising to refine immediate response actions and associated response planning.
- Investment in developing a comprehensive overview of critical infrastructure vulnerabilities and strengths (engineering assessments / condition assessments / seismic resilience).
- Investment in more resilient assets (SCADA; ensuring planning infrastructure projects are delivered).

## WHAKAKAPINGA | CONCLUSION

Officers have updated the risk appetite statement, risk consequence table and risk management framework to reflect the outputs from the June 2025 Risk Appetite workshop with Elected Members.

The proposed changes are intended to enable the Risk and Assurance Committee to operate at a more strategic level whilst enabling scaling of our financial risk management so that the system we apply is meaningful at both the governance (strategic, enterprise-wide) and at the day-to-day operational level.

Strategic risks are reviewed on a quarterly to six monthly and since the last Risk and Assurance Committee meeting officers have met to review the following risks,

- Attracting and retaining a competent workforce
- Financial Strategy
- Non-delivery of projects
- Effects of climate change
- Maintaining ICT systems and secure records

and their risk profiles have remained static, with the exception of:

- Non-delivery of Projects** which has reduced to 'High' as Council delivered above its capital delivery targets last financial year, and
- Effects of Climate Change** which was rated for the first time as High. This assessment has been supported by detailed consideration of the impacts and risks posted by climate change on Council's core operations and services.

Risk profiles for Council's strategic risks will presented to the new Risk and Assurance Committee once officers have had the opportunity to analyse these against the new risk appetite (**Attachment 4**) and risk consequence table (**Attachment 5**) that have been proposed.

## NGĀ TŪTOHUNGA | RECOMMENDATIONS

That the Risk and Assurance Committee adopts the updated Taupō District Council Risk Appetite Statement (Attachment 4).

That the Risk and Assurance Committee adopts the updated Taupō District Council Risk Consequence Table (Attachment 5).

That the Risk and Assurance Committee adopts the updated Taupō District Council Risk Heat Map (Attachment 6).

That the Risk and Assurance Committee adopts the updated Taupō District Council Risk Management Framework (Attachment 7).

**NGĀ TĀPIRIHANGA | ATTACHMENTS**

1. Current Risk Appetite
2. Current Consequence Table
3. Current Heat Map
4. Proposed Risk Appetite Statement
5. Proposed Consequence Table
6. Proposed Heat Map
7. Proposed Risk Management Framework
8. Strategic Risk Overview
9. Strategic Risk Profile - Critical Infrastructure Failure
10. Review of Climate Change Risks

## 5.5 INTERNAL AUDIT PROGRAMME - UPDATE

**Author:** Mark Hill, Risk Advisor

**Authorised by:** Louise Chick, Business Excellence Manager

### TE PŪTAKE | PURPOSE

To update the Risk and Assurance Committee on progress in developing an internal audit programme.

### TE WHAKAMAHUKI | BACKGROUND

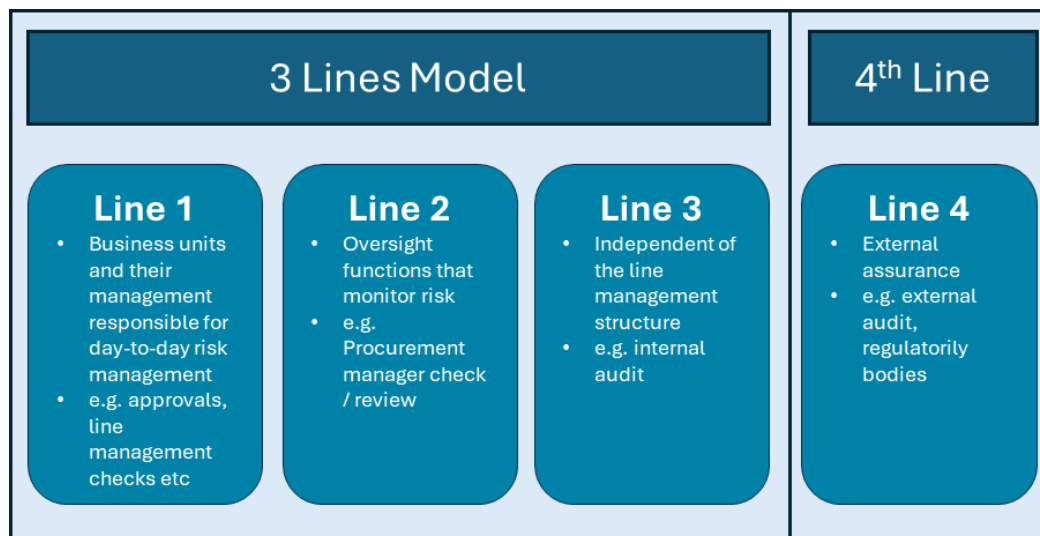
As reported to the Risk and Assurance Committee in June officers were running a procurement process to engage an internal audit partner on a 3-year contract, with the option of extending for a further two, one-year periods (3+1+1).

### NGĀ KŌRERORERO | DISCUSSION

KPMG were the successful tenderer and have now been engaged.

The internal assurance work will progress in two phases – Phase 1 is a one-off assurance mapping exercise that aims to identify the holistic risk coverage across the organisation across the four lines of defence (refer to **Figure 1**). The mapping will have KPMG work with business groups across Council to evaluate the current risk controls, identify gaps in assurance coverage, and inform the development of a three-year internal audit programme.

Assurance Mapping is expected to commence in October and be complete before the end of the calendar year. The output of this mapping exercise will be a proposed 3-year internal audit programme, which will be presented to Risk and Assurance Committee at its first meeting in 2026 (expected March 2026). Once the internal audit programme is approved the supplier will be required to deliver the programme over the next three years. The Programme will be reviewed annually to ensure it remains aligned with the emerging risks.



**Figure 1** – Summary of the ‘four lines of defence’ assurance model.

### WHAKAKAPINGA | CONCLUSION

KPMG have been engaged as Council’s internal audit partner for the coming three years. The first part of their engagement will be to undertake an Assurance Mapping exercise which will be completed by the end of the calendar year. This will inform the development of a 3-year internal audit programme which will be submitted to the next Risk and Assurance Committee meeting for approval.

### NGĀ TŪTOHUNGA | RECOMMENDATION(S)

That the Risk and Assurance Committee receives the internal audit programme update.

**NGĀ TĀPIRIHANGA | ATTACHMENTS**

Nil

**5.6 OUTSTANDING AUDIT AND IMPROVEMENT ITEMS**

**Author:** Louise Chick, Business Excellence Manager

**Authorised by:** Sarah Matthews, General Manager Organisation Performance

**TE PŪTAKE | PURPOSE**

For the Risk and Assurance Committee to receive its quarterly report on the status of actions arising from previous external audits, internal audits, and other relevant sources.

This report addresses recommendations arising from all audit sources, as outlined in Table 1 below.

**NGĀ TŪTOHUNGA | RECOMMENDATION(S)**

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

**NGĀ KŌRERORERO | DISCUSSION****New Audits**

Since the last report to the Risk and Assurance Committee, Council has had a JASANZ food safety audit completed with only three observations and one recommendation being made. The recommendation relates to something the team already does and is therefore considered to be an audit oversight.

Two of the observations have already been actioned and believed closed subject to audit approval. The third recommendation relates to processes around verification of direct importers and the team plan to address this in March 2026 when its mock importer audit is scheduled.

**Table 1** – Audit/review sources considered in the development of this report.

Review/Audit	Review Date	Status
Annual Report	Various	Outstanding matters.
Building Accreditation - IANZ	March 2025	All matters closed. Next audit (a Routine Assessment) will be in March 2027.
Council Mark review	April 2022	Outstanding matters.
Drinking Water Standards Audits (WaiComply)	Various	Outstanding matters.
Environmental Health Recognised Agency Reassessment (food health) JASANZ/Food	May 2025 (1 item open from Feb 24)	Minor outstanding matters – Next surveillance audit likely November 2026.
Health and Safety Review (KPMG)	August 2023	Outstanding matters.
LTP Audit (Audit NZ)	July 2024	Outstanding matters.
NZTA Procedural Audit	March 2022	Matters considered closed pending audit approval.
Abridged Property Process and Function Review Summary (The Property Group)	June 2024	Outstanding matters – see attachment.
PoolSafe	February 2025	No outstanding matters.

**Audit status**

For those audits/reviews where there are still open recommendations the number of items and their priority are summarised in **Table 2**.

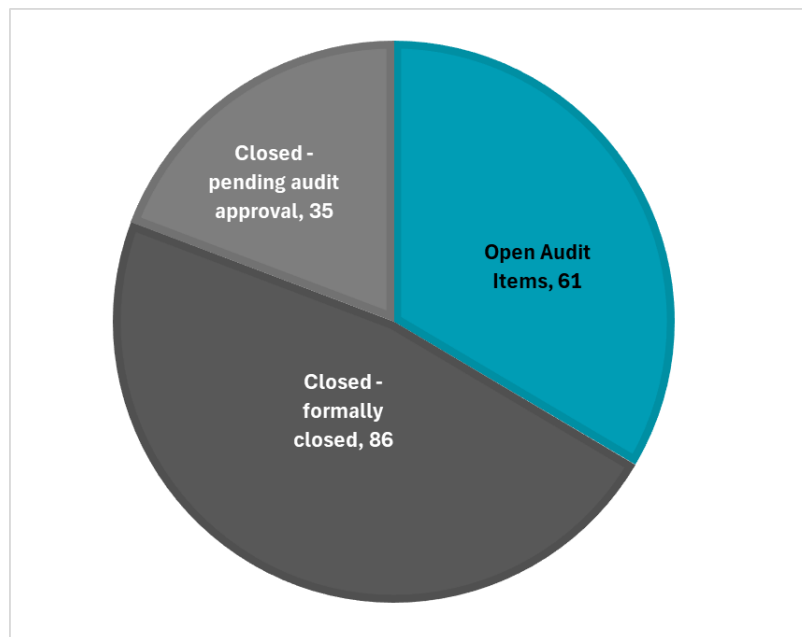
**Table 2** - Current status of outstanding audit and review recommendations.

Audit Type	Audit Source	Urgent/High/ Significant Improvement Needed	Necessary/ Med/ Some Improvement Needed/ General Non-Compliance	Beneficial/ Low/ Recommended	No Priority Assigned /Observation/ Advisory Note	Total
External	Annual Report-Audit NZ	2	13	1	-	16
	Drinking Water Audits (Waicomply)	-	-	-	5	5
	JASANZ/Food	-	-	-	2	2
	LTP Audit- Audit NZ	-	-	-	2	2
Internal	KPMG H&S Review	5	13	6	-	24
	Council MARK	-	-	-	3	3
		NOTE: Council does not plans to continue with CouncilMARK audits - items will close on staff recommendation.				
	The Property Group	-	-	-	9	9
		NOTE: The Property Group review was a one-off ad hoc review - items will close on staff recommendation.				
Total OPEN Items by Status		7	26	7	21	61

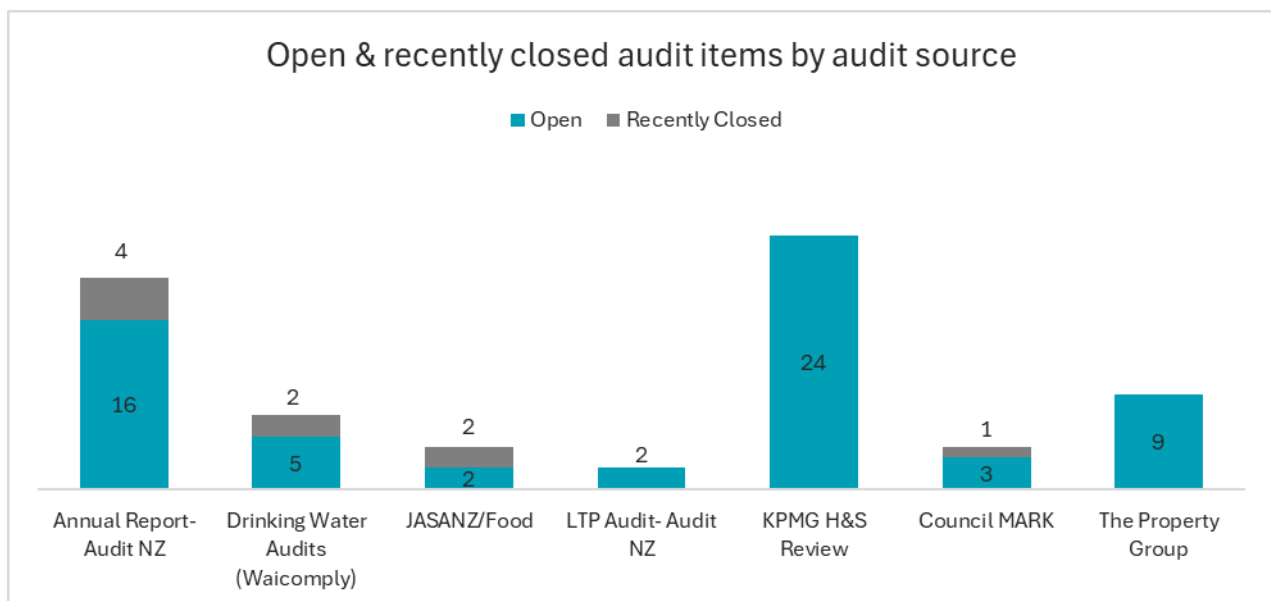
Council has been steadily progressing implementation of audit and review recommendations. Since the last report 4 new audit observations and recommendations were identified (JASANZ food safety audit) and 10 items have been closed (pending formal audit approval). The closed audit recommendations are from four audit areas (Annual Report; Water quality audits (WaiComply), CouncilMARK, and the recent JASANZ food safety audit and are presented in **Attachment 1**.

There are 61 open items, 35 items that staff consider closed and require no further action (subject to audit approval). The remainder are fully closed (**Figure 1**).

Full details of items that have been recently closed are provided in **Attachment 1**.

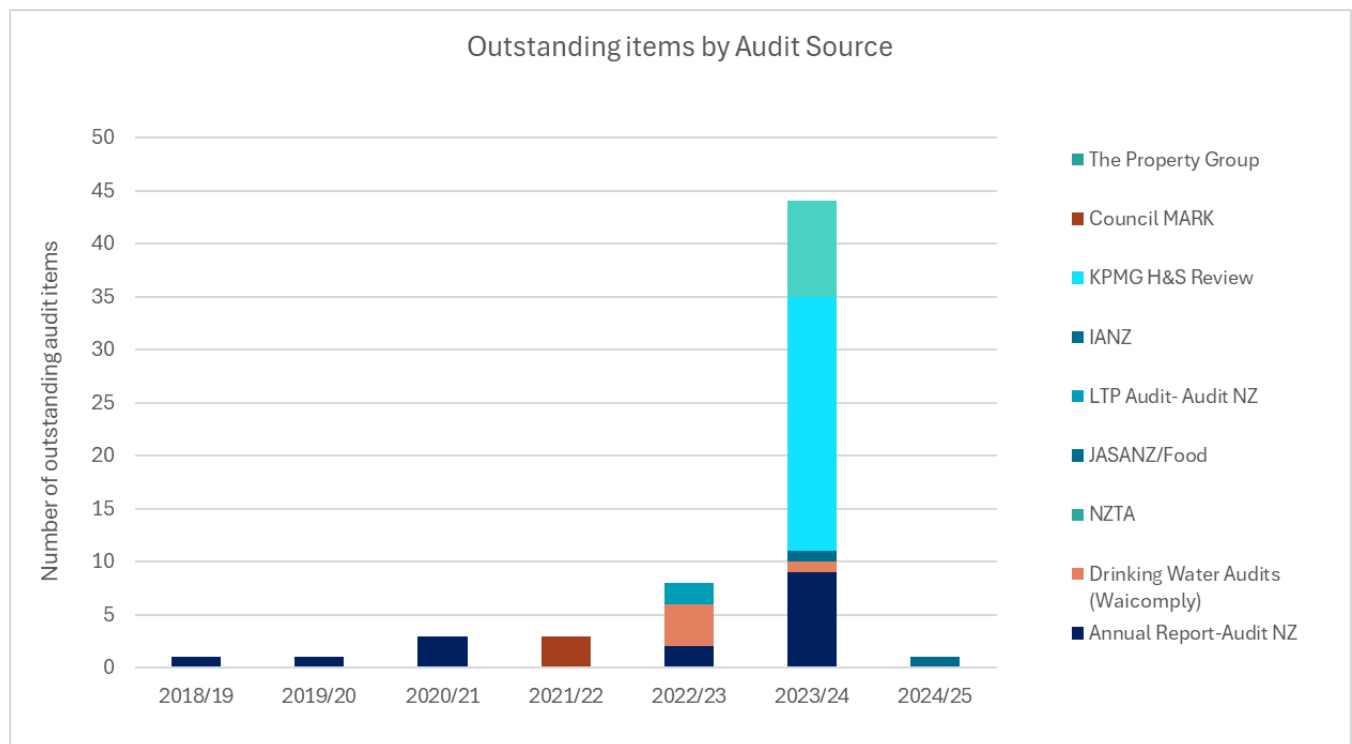


**Figure 1** – Total number of open audit items and items Taupō District Council staff believe to be closed.



**Figure 2** – Total number of open items by audit source (blue).  
The graph also shows items closed since the last Risk and Assurance meeting.

## Outstanding Audit Recommendations



**Figure 2 – Total number of remaining items by audit source**

### Annual Plan – Audit NZ

The matter that has been outstanding from 2018/19 relates to business continuity planning. The Risk Advisor role was previously vacant for more than a year over the 2024 period. Business Continuity Planning was an initial priority for the new Risk Advisor upon his commencement in January 2025, however the roll-out of Council's risk management framework has now been prioritised over business continuity planning for the reasons outlined elsewhere on this report.

The outstanding item from 2019/20 relate to improvements to the data to be used for roading valuations.

Road assets are revalued on a three yearly basis and are due to be revalued to support this year's financial year end reporting. In preparation the roading team have reconfigured its roading data to align with the new national Asset Management Data Standard (AMDS) being rolled out by Waka Kotahi. The next step is to determine how to manage asset valuations in line with this new standard and a consultant is being engaged to support this work.

The matters outstanding from the 2020/21 are financial matters relating to:

- i) Capitalisation of staff time;
- ii) High annual leave balances;
- iii) Alignment of depreciation rates with council policy.

Audit recommended that Council generate a formal capitalisation policy and this is currently with the Executive for review.

The P&C team continue to work with the organisation to drive down high annual leave balances.

Finance are reviewing depreciation rates as part of this current Annual Report.



The remainder of the outstanding Annual Report recommendations are largely finance related matters. Finance are currently managing a number of significant issues, including those relating to ongoing implementation of improvements to Council's Enterprise Management System (CiA) and financial separation of waters.

### Council MARK

The three outstanding Council MARK recommendations relate to:

- i) Enhanced focus of strategic and operational risk, and the need to develop an Enterprise risk register.
- ii) Establishment of a Regulatory Strategy to prioritise compliance work in light of public safety and cost-effectiveness.
- iii) Deeper analysis of Council's community facility patronage and costs of operations.

Significant progress has been made on the development of Council's strategic risk management, with 9 of Council's 10 strategic risks now having detailed strategic risk profiles. As described above, the development of an enterprise risk register is the Risk Advisor's number one priority.

A draft Regulatory Strategy has been developed and is currently undergoing review.

Deeper analysis of Council's community facility patronage and costs of operations will be progressed as part of the development of Council's next Annual Plan.

### KPMG Health and Safety Review

KPMG's review of Council's Health and Safety systems and processes and the final report made 42 recommendations for improvement, 43% of these of been closed. Addressing the remaining recommendations is an organisational priority as reflected through its inclusion staff's KPIs at all levels of the organisation. Progress throughout 2024 and early 2025 has been challenging due to two vacancies in the H&S Manager position. The new H&S Manager commenced in July 2025 and his initial focus has been to familiarise himself with Council's H&S systems, verify progress to date, and update Council's H&S Workplan for the 2025/26 year which is presented in the Health and Safety Update report elsewhere on this agenda.

To help provide increased resilience in this function Council has employed a full time Business Excellence Coordinator who is focused on H&S matters. This role, together with a H&S contractor, will continue to work alongside the H&S Manager to progress outstanding recommendations.

### **Organisation Improvement Group**

At the previous Risk and Assurance Committee meeting, the Committee acknowledged that the conflicting workloads related to Council's Water Services Delivery Plan, digital improvement, and asset capitalisation may delay progression of outstanding audit matters, other than those relating to health and safety and regulatory compliance which would be progressed as a matter of priority.

This meant that the teams at Taupō District Council stepped back on items deemed to be non-crucial. Therefore, the Organisational Improvement Group has not met since 27 May 2025.

Progress will continue to be monitored and reported at the next Risk and Assurance Committee meeting when the next triennium begins.

### **WHAKAKAPINGA | CONCLUSION**

Council continues to make progress on audit items. We are anticipating greater progress in the health and safety space with the hiring of the new Health and Safety Manager in July.

### **NGĀ TĀPIRIHANGA | ATTACHMENTS**

1. Recently Closed Audit Items - Sept 2025

**5.7 SENSITIVE EXPENDITURE REVIEW - 1 APRIL 2025 - 30 JUNE 2025**

**Author:** Molly Cammell, Legal and Governance Coordinator

**Authorised by:** Louise Chick, Business Excellence Manager

**TE PŪTAKE | PURPOSE**

To update the Committee on the findings of the assurance review against Council's Sensitive Expenditure and Gift Policy 2024 (the Policy) and highlight any areas for improvement.

**NGĀ KŌRERORERO | DISCUSSION**

Sensitive expenditure is regularly reviewed to ensure compliance with the Policy. Sensitive expenditure is also an area that is regularly tested by Council's external auditor (Audit NZ), to test compliance against the [Office of the Auditor General's Good Practice Guide](#).

The information for this review is sourced from the Council's finance system, Council's gift register, long service award register and reimbursements processed through payroll. The transactions have been assessed against the Policy.

This report covers a 3-month period and the transactions that constitute sensitive expenditure have been reviewed.

**Compliance with Section 13 of the Policy – Council credit cards and purchasing cards**

A selection of credit card transactions was assessed during this review and overall compliance to the Policy has been largely confirmed. There has been a marked improvement in turnaround times for approvals with all expenditures sent through appropriate approval when checks were done at the end of July.

**Section 14 of the Policy – Expenses when travelling**

A selection of travel transactions were assessed during this review and compliance to the Policy has been largely confirmed. There was one area of improvement noted:

1. There were two instances over the last two months where a staff member applied for travelling expenses not aligned with the Policy and were only reimbursed for expenses in accordance with the Policy.

**Section 15 of the Policy- Entertainment and hospitality**

There were zero instances of entertainment expenditure identified during the reporting period.

**Section 16 of the Policy – Goods and services expenditure**

Council's gifts register and associated transactions were reviewed against section 16 of the Policy. No incidents of non-compliance were identified.

**Section 17 of the Policy – Staff support and welfare expenditure**

Staff support and wellbeing expenses were reviewed against section 17 of the Policy. No incidents of non-compliance were identified.

**Section 18 of the Policy – Donations, Koha and Gifts**

Council's gifts register and associated transactions were reviewed against section 18 of the Policy, which requires that staff record gifts given over \$100 in the Council Gift Register to ensure full transparency. Improvement could be made in purchases over \$100 being put in the gift register in a timely manner.

In mid-July, an update to the Gift Cards and Prezzy Cards policy was shared with the organisation due to a change with the IRD.

The IRD now considers open loop gift cards to be income for the employee. Therefore, an update will be made to the Sensitive Expenditure Policy to reflect that only **closed loop** cards, usable at specific retailers, are permitted for gifting purposes.

**Future Sensitive Expenditure Reporting**

Management recommends quarterly Sensitive Expenditure Reporting be directed to the Council's Executive Team instead of the Risk and Assurance Committee. This aligns with the Committee's focus on high-risk matters and reflects Audit NZ's recognition of improved sensitive expenditure management. The Committee will continue to receive assurance via Audit NZ's audits and on an exception basis, as needed.

**WHAKAKAPINGA | CONCLUSION**

Overall, there has been evident improvement in adherence to Policy with only minor misunderstandings of expenses while travelling and timeliness of tracking gifts over \$100.

A major win for the organisation has been the timeliness of approval of expenditures by managers and leadership.

There will likely be an update to the Sensitive Expenditure Policy in 2026 to include the change to gift card/prezzy card purchases and clarification of the Policy around expenses while travelling.

**NGĀ TŪTOHUNGA | RECOMMENDATION(S)**

That the Risk and Assurance Committee receives the Sensitive Expenditure Review for the period 1 April 2025 to 30 June 2025.

**NGĀ TĀPIRIHANGA | ATTACHMENTS**

Nil

## 5.8 INSURANCE UPDATE

**Author:** Mark Hill, Risk Advisor

**Authorised by:** Louise Chick, Business Excellence Manager

### TE PŪTAKE | PURPOSE

To update the Risk and Assurance Committee on Council's insurance programme.

### TE WHAKAMAHUKI | BACKGROUND

Insurance is one of the most important and commonly implemented methods of risk transfer. The purpose of Taupō District Council's insurance programme is to ensure cost-effective, prudent transfer of financial risk, providing the necessary funds to help Council recover from catastrophic events and unforeseen losses.

When placing insurance we seek to obtain the right balance between the cost of insurance and having sufficient cover to manage the potential consequences following a loss event.

### Our policies

Council is exposed to a wide range of potential losses and consequently has varying insurance policies to transfer the risk of financial loss to our insurance providers. These policies cost nearly \$2 million per annum with 85% of premiums arising from three policies: Material Damage and Business Interruption (54%), Professional Indemnity (18%), Infrastructure Insurance (13%).

### Insurance Renewal

As part of our renewal programme Council is required to submit a schedule of assets for each of the relevant policies (Material Damage and Business Interruption, Infrastructure, Fine Art and Motor Vehicles). The premium for each of these policies is calculated on the value assets detailed in the supporting schedules. It is critical to ensure the schedules of assets are accurate, complete and reflect the true value of our assets. Officers have extracted current data from our asset management systems and have validated the data against other sources (rating data, asset managers, the previous year's schedule, revaluations of buildings etc). The result of this significant piece of work is a higher level of confidence in our data driving the costs of the two most costly policies protecting our most valuable assets.

**Table 1:** Summary of change in total sum insured for Council's *Material Damage and Business Interruption* and *Infrastructure Insurance* policies between last insurance renewal and the upcoming Nov 2025 renewal.

Schedule	2024/25 Total Sum Insured	2025/26 Total Sum Insured	Increase (decrease)
Material Damage and Business Interruption	\$561M	\$594M	\$33M (6%)
Infrastructure Insurance	\$522M	\$567M	\$45M (9%)

The increase in value of the Material Damage and Business Interruption sum insured by \$33M has been driven in part by the three yearly re-valuation of our buildings, but also with the capitalisation of two new Land Wastewater Disposal Systems (\$33M). The 9% increase in value of the infrastructure asset schedule has been driven by the detailed review of our asset data.

### Insurance Market

Following an extended period of unfavourable insurance market conditions the market is now softening and Council's broker, Aon, is anticipating possible reductions in insurance costs (**Table 2**). These are forecast to offset any cost increases arising from increased value of assets insured (**Table 1**).

**Table 2:** Pacific Market insurance market insights from Aon's [Q2-2025 Global Insurance Market Insights report](#).

Soft	-11-20%	Abundant	Flexible	Increased	Flat	Stable
Overall Conditions	Pricing	Capacity	Underwriting	Limits	Deductibles	Coverages

### Proposed Changes to Building Defect Liability Apportionment

Over recent years, NZ's local government sector has found it increasingly difficult to secure favourable liability insurance as the international insurance market sees Councils as carrying a disproportionate amount of building defect risk. However, central government has recently announced its intention to amend the Building Act 2004 to fundamentally change how liability for building defects is apportioned. The existing joint and several liability regime is likely to be scrapped in favour of a proportional liability regime, potentially limiting the amount payable by a Council (or any other defendant) to its relative share of fault in the event of building defects occurring after building consents have been granted and code compliance certificates issued. Should this proposed legislation change progress, it may have a favourable impact on Council's ability to secure cost effective liability insurance.

### Probabilistic loss modelling

*Progress:* Aon commenced the probabilistic loss modelling work on behalf of the BOPLASS member councils in May with the final report due on 3<sup>rd</sup> September. The modelling work will inform potential losses to Council's three waters assets as arising from an earthquake. The results of this work will inform discussions and decisions around upcoming insurance placement.

Unfortunately, losses to transport infrastructure has not been included in the scope of this work. Aon have indicated a separate engagement will be required to assess potential losses to transport infrastructure, and this may be something Council chooses to pursue in the future.

### Insurance Workshop

Officers intend to run a workshop for elected members in 2026 aimed at:

- Updating elected members on:
  - the current cost of insurance
  - claims history
  - risk exposure of assets and uninsured assets
- Asset Selection:
  - Aon recommended that Council develop a suite of criteria for determining which of assets should be selected for inclusion in our insurance programme. Asset selection criteria have been developed and captured in a draft Insurance Renewal Policy. It is proposed that key elements of this Policy be discussed in the workshop, with the Policy to be subsequently adopted. The draft policy proposes the level of overall uninsured risk exposure it is prepared to accept (subject to review of Council's Risk Appetite), and expectations of Council's valuation process, and how renewal of its insurance programme will be approved.

### WHAKAKAPINGA | CONCLUSION

As part of our renewal programme Council is required to submit a schedule of assets for each of the relevant policies. The policy premium for each of these is calculated on the value assets detailed in the supporting schedules. Significant effort has been put toward ensuring the accuracy of our asset schedules. The value of our Total Sum Insured has increased for both *Material Damage and Business Interruption* (6%) and *Infrastructure Insurance* (9%) policies largely as a result of: i) 3-yearly building revaluations, ii) capitalisation

of two new land wastewater disposal systems, and iii) detailed review of asset data to be included in the insurance schedules. The increased Total Sum Insured is expected to be off-set as a result of the softening insurance market where price reductions of up to 20% are expected.

Central government has announced its intention to change to how building defect liabilities are proportioned which if enacted may result in a favourable outcomes for Council's risk exposure and ability to sure liability insurances.

**NGĀ TŪTOHUNGA | RECOMMENDATION(S)**

That the Risk and Assurance Committee receives the insurance update report.

**NGĀ TĀPIRIHANGA | ATTACHMENTS**

1. Updated Insurance Roadmap - September 2025

**5.9 FINANCIAL STRATEGY UPDATE AND SIGNIFICANT PROJECTS RISK REPORT**

**Author:** Jeanette Paenga, Finance Manager

**Authorised by:** Sarah Matthews, General Manager Organisation Performance

**TE PŪTAKE | PURPOSE**

To update the Committee on Council's performance against its Financial Strategy and communicate progress in managing key risks to Council's significant projects.

**NGĀ KŌRERORERO | DISCUSSION****Financial strategy update**

**Attached** is the Financial Strategy Performance extracted from the Council Monthly Performance Report for June 2025.

Any forecast changes and associated impacts will be reflected in these key metrics and discussed as part of this report which includes debt affordability, funds and investment breakdown, and outstanding rates receivables.

The **attached** report provides year-to-date numbers and commentary, as at 30 June 2025. There have been no variances to the 2024-34 Long-term Plan and achievement of the financial strategy outcomes is on track.

**Significant projects risk register**

This report shows the top risks for Council's portfolio of significant projects. These are mapped against the organisational risk matrix. All Council projects have detailed project risk registers, however a comprehensive risk report is provided for significant projects through to this Risk and Assurance Committee.

**WHAKAKAPINGA | CONCLUSION**

It is recommended that the Committee receives the reports.

**NGĀ TŪTOHUNGA | RECOMMENDATION(S)**

That the Risk and Assurance Committee receives the Financial Strategy Update (A3814074) and the Significant Projects Risks Report (A3814076).

**NGĀ TĀPIRIHANGA | ATTACHMENTS**

1. Finance Strategy Update June 2025
2. Significant Projects Risk Report dated 21 August 2025

**5.10 TREASURY UPDATE JUNE 2025****Author:** Jeanette Paenga, Finance Manager**Authorised by:** Sarah Matthews, General Manager Organisation Performance**TE PŪTAKE | PURPOSE**

The purpose of this report is to update the Committee on Council's treasury activities, including debt, general funds, and the TEL Fund.

**NGĀ KŌRERORERO | DISCUSSION**

We have had economic and performance updates from Bancorp Treasury Services Limited, our Treasury Advisors and Forsyth Barr, our TEL investment fund managers. The full reports are attached for your information.

**Bancorp update summary**

The quarter was marked by intense geopolitical developments, including:

- US and Israeli strikes on Iranian nuclear sites.
- Escalating missile exchanges between Israel and Iran.
- Continued Russia-Ukraine conflict.
- US trade tensions with tariffs reaching up to 60%.
- NATO tensions easing as European members commit to increased defence spending.

Economic concerns included:

- A projected \$3.0–\$4.5 trillion increase in the US budget deficit over 2025–2034, raises questions about fiscal sustainability.
- President Trump's attempts to influence the Federal Reserve, raising fears about its independence.

Financial markets saw extreme volatility:

- US 10-year Treasury yield fluctuated between 3.86% and 4.61%, ending at 4.23%.
- Oil prices surged 40% before dropping 15% in the final week of the quarter.

US economic indicators:

- Quarter one 2025 Gross Domestic Product (GDP) contracted by 0.5% (down from 2.4% in quarter four 2024).
- May Consumer Price Index (CPI) rose 2.4% for the 12-month period, driven by housing costs but offset by falling energy prices.
- Personal consumption expenditure inflation hit 3.6% in quarter one, up from 2.4% in quarter four.
- Inflation expectations surged to 5.0% in June (from 3.3% in January).

New Zealand Overview

- Quarter one 2025 GDP grew 0.8%, up from 0.5% in quarter four 2024, but annual growth was -1.1%.
- Growth was broad-based, led by manufacturing (+2.4%) and professional services.
- Inflation rose to 2.5% in quarter one, exceeding expectations.
- The Reserve Bank of New Zealand (RBNZ) cut the Official Cash Rate (OCR) by 25 basis points in both April and May to 3.25%.
- A cautious stance to further OCR easing, was signalled in May's Monetary Policy Statement.
- Markets expect a final cut to 3.00% by November 2025.



**Forsyth Barr update summary**

The Taupō District Council's investment portfolio increased from \$75.03 million to \$76.69 million during the June quarter, delivering a net capital gain of \$1.32 million and net income of \$503,000. Despite minor currency headwinds, overall performance was supported by solid returns in most asset classes, especially property and Australian equities.

There was volatility with the April tariff announcements out of the USA although the impact of these was largely reversed by the end of the quarter.

- Diversification Benefits: The portfolio's diversified structure helped smooth out volatility, with returns from property and equities offsetting modest performance in cash and offshore holdings.
- Currency Effects: The NZ dollar strengthened during the quarter, creating a -2.89% foreign exchange drag on international equities despite positive price performance.

**WHAKAKAPINGA | CONCLUSION**

It is recommended that the Committee receives the reports from Bancorp Treasury Services Limited and Forsyth Barr.

**NGĀ TŪTOHUNGA | RECOMMENDATION(S)**

That the Risk and Assurance Committee receives the Taupō District Council Dashboard June 2025 (A3813468), the Taupō District Council – Asset Allocation & Performance Report June 2025 (A3813502) and the Taupō District Council - ESG Attestation for TDC 30 June 2025 (A3813503).

**NGĀ TĀPIRIHANGA | ATTACHMENTS**

1. Taupō DC Dashboard June 2025 (A3813468)
2. Taupō District Council - Asset Allocation & Performance Report June 2025 (A3813502)
3. Taupō District Council - ESG Attestation 30 June 2025 (A3813503)

5.11	2025 ANNUAL REVIEW OF RISK AND ASSURANCE COMMITTEE PERFORMANCE
------	----------------------------------------------------------------

**Author:** Louise Chick, Business Excellence Manager

**Authorised by:** Sarah Matthews, General Manager Organisation Performance

### TE PŪTAKE | PURPOSE

An anonymous survey on the effectiveness of Council's Risk and Assurance Committee was sent to Council's Elected Members, independent members of the Risk and Assurance Committee and Executive Team. This report summarises the findings from this survey.

### NGĀ KŌRERORERO | DISCUSSION

The findings of the annual survey are presented below and compared to last year's results. There were 10 respondents (55%), an improvement on the seven responses received in the previous year.

The survey was revised for 2025 and comprised of 27 questions focussed around the following key areas:

1. Clarity of purpose;
2. Committee independence from management;
3. Competence;
4. Respect & trust with senior management;
5. Induction & support;
6. Meetings & administration;
7. Effectiveness & impact.

As the survey had a different focus for 2025, it is not possible to compare the results the previous year.

The full survey results are presented in **Attachment 1**. The themes arising from the results are discussed below.

#### Overall Commentary

Overall, responses were positive.

**Support and Leadership Recognised, but Induction and Ongoing Information Need Attention:** Positive feedback was given for the support from the secretariat and the leadership of the Chair. However, some respondents noted that induction processes and ongoing updates about council activities and risks could be improved to ensure all members are well-informed and engaged.

Of the seven areas outlined above the most positive feedback was received with regards to the *Respect and trust with senior management* (survey area 4).

The lowest results were received in relation to *Induction & Support* (survey area 5) where it was considered there was insufficient induction and an overdependence on prior experience which will likely be insufficient for new Committee members. The lowest median score was 6.0 which was received in response to *Question 16 – My induction sufficiently prepared me for the role. Question 21 – Committee meetings are of sufficient length, and frequent enough*, also scored comparatively low with a mean score of 6.5.

Feedback relating to *Clarity of Purpose* (survey area 1) was positive, but with room for improvement with regards to the Committee's business being driven by the organisations most critical risks (Question 4).

*Committee Independence from management* (survey area 2) was rated 7 overall.

*Competence* (survey area 3) rated well overall however there is room for improvement with regards to supporting Committee members in developing their capability to manage risk in their role.

There were variable responses with regards to *Meetings & Administration* (survey area 6) with positive feedback regarding timely receipt of papers (Question 20), but a comparatively low rating (median of 6.5) regarding meeting length and frequency (Question 21).

The Effectiveness & Impact (survey area 7) rated 7 but received a number of suggestions that the Committee may wish to focus more on strategic issues rather than operational matters, and there is a desire to see communication between the Committee and Council be improved.

These insights suggest that while the Committee is generally performing well, targeted improvements in transparency, communication, and member induction could further strengthen its effectiveness.

### Emerging Themes

- **Strategic focus:** Feedback indicates a desire for the agenda to focus on more strategic matters, leaving more operational matters to the Executive to oversee. There were calls to review the risk register and reconsider the volume and relevance of regular reports, ensuring the Committee has time to focus on high-priority strategic risks.
- **Induction & upskilling:** Committee members are seeking more induction and ongoing support to enable them to most effectively fulfil their duties as a Risk and Assurance Committee member.
- **Communication between Council and the Risk and Assurance Committee:** Almost all respondents would like to see improved communication between Risk and Assurance Committee and the wider Council.

### Next steps

The survey results are invaluable inputs to design how the Risk and Assurance Committee will operate in the new triennium. The feedback will be taken on board by officers, and the new Chair once selected, to review the Risk and Assurance Committee's:

- i) Terms of reference;
- ii) Induction processes and continued professional development; e.g. through induction workshops on various risk topics, e.g. insurance, Risk Management Framework, Treasury Management Policy etc.
- iii) Standing agenda items, as identified in the workplan, with an increased on strategic matters, and a reduction on matters like detailed assurance of sensitive expenditure; and
- iv) Reporting up to Council. E.g. Risk and Assurance Chair reporting into Council on a regular basis.

### WHAKAKAPINGA | CONCLUSION

10 of a potential 18 respondents engaged in the annual survey into the performance of the Risk and Assurance Committee.

The survey was revised for 2025 and comprised of 27 questions focussed around the following key areas:

1. Clarity of purpose;
2. Committee independence from management;
3. Competence;
4. Respect & trust with senior management;
5. Induction & support;
6. Meetings & administration;
7. Effectiveness & impact.

Overall, responses were positive.

Of the seven areas outlined above the most positive feedback was received with regards to the *Respect and trust with senior management* (survey area 4).

The lowest results were received in relation to *Induction & Support* (survey area 5) where it was considered there was insufficient induction and an overdependence on prior experience which is considered insufficient for new Committee members. The lowest median score was 6.0 which was received in response to *Question 16 – My induction sufficiently prepared me for the role. Question 21 – Committee meetings are of sufficient length, and frequent enough*, also scored comparatively low with a mean score of 6.5.

Emerging themes arising from the feedback included:

**Strategic focus:** a desire for the agenda to focus on more strategic matters

**Induction & upskilling:** need for stronger induction and ongoing support of Committee members.

**Communication between Council and the Risk and Assurance Committee:** improved communication between Risk and Assurance Committee and the wider Council.

The survey feedback is invaluable and will be used by officers, and the Mayor and Committee Chair once elected/selected, to review how the Risk and Assurance Committee will operate in the new triennium

It is recommended that these opportunities for improvement be discussed further at the Risk and Assurance Committee.

#### **NGĀ TŪTOHUNGA | RECOMMENDATION(S)**

That the Risk and Assurance Committee receives the annual review of Risk and Assurance Committee performance.

#### **NGĀ TĀPIRIHANGA | ATTACHMENTS**

1. Report - Risk and Assurance - How we did in 2025

## 6 NGĀ KŌRERO TŪMATAITI | CONFIDENTIAL BUSINESS

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for the passing of this resolution	Plain English reason for passing this resolution in relation to each matter
<b>Agenda Item No: 6.1</b> Confirmation of Confidential Portion of Risk and Assurance Committee Minutes - 5 June 2025	Section 6(a) - the making available of the information would be likely to prejudice the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial Section 7(2)(e) - the withholding of the information is necessary to avoid prejudice to measures that prevent or mitigate material loss to members of the public 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 6 and 7	It is necessary to exclude the public for consideration of the minutes of the last meeting, as they contain details of the Legal and Litigation Update, including information subject to legal professional privilege; and the Deloitte Payroll Audits Update (ways users could potentially bypass controls and cause financial loss to the Council; and information subject to legal professional privilege).
<b>Agenda Item No: 6.2</b> Legal and Litigation Update	Section 7(2)(g) - the withholding of the information is necessary to maintain legal professional privilege	Section 48(1)(a)(i)- the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 7	To enable the Committee to receive advice from its lawyers that is subject to legal professional privilege