ATTACHMENTS MINUTES

Strategy, Finance and Risk Committee Meeting

Monday, 16 August 2021

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TAAF Policy Review (2021)
Comments by TAAF

Objectives of TAAF

- Protect public health
- Represent community on use of toxic agrichemicals
- Provide consultation to TCC on use of toxic agrichemicals
  - Including any proposed new chemicals
- Reduce use of toxic agrichemicals in te taiao Tauranga

- Agreed with TCC that a full policy review was unnecessary as the current policy is fit for purpose

p. 27, item 8

- “to identify any areas where the policy was not achieving its objective to protect public health or impacting on council’s ability to undertake vegetation management and weed control.”

- TAAF finds the wording here to be confrontational
  - Grammar - a comma after “health” is desirable for clarity
  - There is no question that TAAF has the described impact; the statement is too general and deflects from consideration of TAAFs purpose
  - No attempt was made to explore public health issues(to TAAF’s knowledge)

P 27, point 10 (first item)

- "allowing products to be added to Schedule 1 where staff and TAAF are in agreement without seeking Council approval;"

- Current policy requires a potentially complex process for adding any new chemical to Schedule 1, including chemicals of low toxicity, or lower toxicity than are currently used
  - Simplifying that process is desirable where there is no disagreement

What if TAAF and staff disagree?

- TAAF should then provide advice in the usual way associated with any new application for adding a chemical to Schedule 1
- The final decision should then rest with councillors
  - i.e. not with an operational manager such as the CEO

p. 27, item 10 (second item)

- "providing for trials of new products"

- TAAF considers that "trials" could provide a loophole enabling use of products not on Schedule 1, potentially for extended periods
  - As has happened with the current oxadiazon trials
- Trials could provide "back-door" entry onto Schedule 1, without a full consideration of toxicity issues
  - "Other Matters", p. 32, Item 28:

  "It is recommended that the schedule be updated to confirm the use of oxadiazon at Links Avenue Reserve and to *delete reference to the financial year* (Italics added)"

TAAF action on trials

- TAAF has developed a draft methodology for initiating, approving, and running a trial (still in discussion)
- Principle: the trial should be designed and run as an experiment (hence involving proper controls)
- Requirements for monitoring, data capture, reporting, and time frame are all difficult to define
  - Predicting and measuring possible effects on human health are difficult, and potentially expensive (e.g. measuring residual toxins in soil)
- It is conceivable that a “trial” acceptable to TAAF will be too onerous for TCC (or contractors)

p. 27, item 10 (third item), Signage

- Requirements for signage have been controversial throughout TAAF's existence
- The current requirements (design of signs, and 48 hour placement), have been arrived at after considerable argument, and have been consistently resisted by operational staff (contractors)
- TAAF's view is that the current Regional Council rules are not adequate for reliably protecting public health, and the proposed change constitutes a significant downgrading of existing protection

p. 27, item 10 (fourth item), Notification

- TAAF prefers the status quo to remain in place
- Notification of spray events only through the council website is unlikely to be monitored by all potentially affected parties

p. 27, item 10 (fifth item), Use of “Toxic”

- Staff suggest that the word “toxic” is both redundant and inflammatory
- TAAF’s view is that the word is an important flag, giving a clear indication of TAAF’s role and the purpose of the policy
  - Agrichemicals vary in toxicity, and certain agrichemicals used by council are never referred to TAAF (e.g. detergents, fertilizers)
  - TAAF’s purpose is to protect public health from agrichemicals used specifically as toxins

HEALTH & SAFETY REPORT – 16 AUGUST 2021

TCC COVID19 RESPONSE

1. In light of the recent COVID19 Scare at Port of Tauranga, the following brief highlights key actions being taken to mitigate the impact of a potential COVID19 impact on our organisation and community:

COVID PLANNING TEAM

2. TCC has an established a COVID Planning Team (CPT) consisting a core team from across Council. This group convenes as the need arises. Recently, the focus of this team has been to:

   a) Monitor the current status and response requirements from Central Government in particular the Department of the Prime Minister and Cabinet 'COVID-19 Group' and Ministry of Health.

   b) Meet periodically, and as required, in response to the dynamic nature of the risk - in response to the current risk within New Zealand, with our neighbours and internationally.

   c) Develop and deliver messaging (via multiple internal channels) to ensure our people have access to the most up to date information.

REGIONAL COORDINATION

3. The TCC Emergency Management Team (EMT) have recently familiarised themselves with the learnings from the past response and had discussions on what this means given the heightened readiness of both Council and our community at large. In addition, to ensure a coordinated response that maximises efficiency of resource across the region:

   a) Emergency Management Bay of Plenty have prepared a COVID Resurgence Coordination Plan v2.0 which details that they will coordinate the multi-agency response with TCC EMT in a supporting role.

   b) Duty Emergency Management Officer and Duty Controller have had a meeting to discuss various resurgence scenarios to ensure readiness.

   c) The EMT have also been involved in a Region Border Control Workshop to discuss possible borders in a variety of COVID outbreak scenarios.

   d) TCC has representation at the Regional Welfare Coordination Group and Co-Chairs the Local Welfare committee which is attended by a collection of agencies and organisations both government and non-government.

TCC READINESS REVIEW

4. Most recently the CPD has reviewed TCCs risk and readiness and has taken action in the following areas:

   a) Review of Personal Protective Equipment stocks held in TCC vehicles, by individuals and teams.

   b) Prioritised vaccination status of our essential workers in the event of a lockdown (due to confirmed cases of COVID 19 in the community – in particular following the recent Port of Tauranga scare).

      (i) Our Emergency Operations Centre (EOC) team were prioritised as Group 2 (*High risk frontline workers*) and 36% have taken up vaccination – no further prioritisation had occurred. With the vaccine roll out now well underway and heightened risk locally, the CPD has identified a group of around 100 employees that would be asked to continue providing service in the community during a lockdown. With this potential for exposure TCC consider it a reasonably practicable health and safety

measure to prioritise this group for vaccination should they so wish to take it up and have agreed this with the DHB.

c) Providing guidance to our people leaders around overseas travel of our staff. This guidance recognises MIQ challenges as well as the fact that the world may be operating for some time with unexpected border closures, lock downs and flight cancellations and we want to be flexible and supportive, particularly when travel is for compassionate or family reasons. The need to be balanced however with managing our resources if people are unable to return to work as planned has also been considered.

Maori Electoral Option Ministry of Justice consultation
electoral@justice.govt.nz

Fri 6/08/2021 3:57 PM

Hon Kris Faafoi
Minister of Justice

Kia Ora

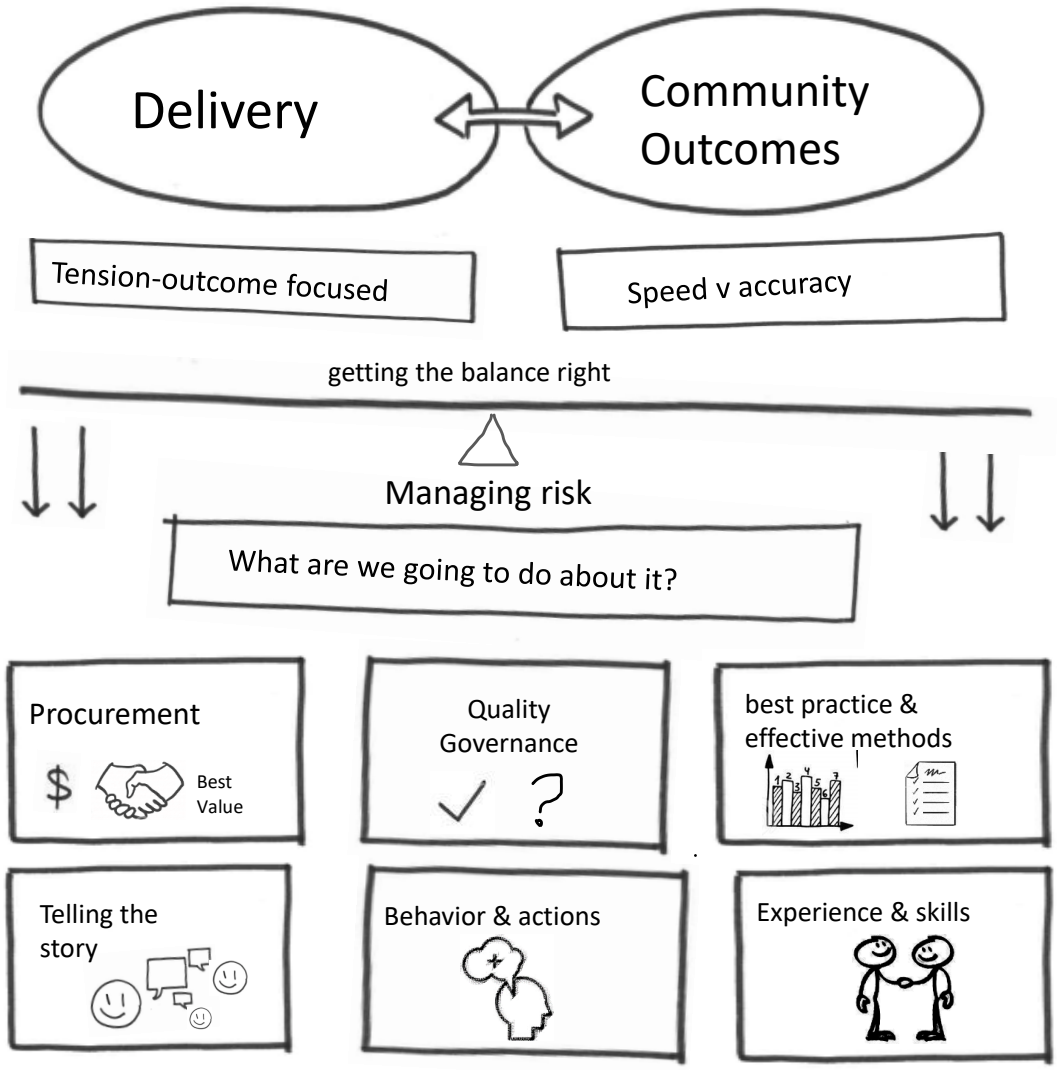
I seek the Maori Electoral Option timing be brought forward ahead of the 2022 local government elections.

I support the current five year timing and do not wish to see the frequency changed. The number of Māori and general electorates is set using results from the option and the census, which is a major exercise and has ramifications for national and local government elections.

However I would support an exception to be made for the 2022 local government elections. There are 35 councils who have established Māori wards or constituencies for the 2022 local government elections, an increase of 32 councils from the 2019 elections. Given this unique set of circumstances, I believe it would be remiss if there was a lack of opportunity for those voters of Māori descent to exercise their option to change electoral rolls ahead of the 2022 local government elections.

Ngā mihi

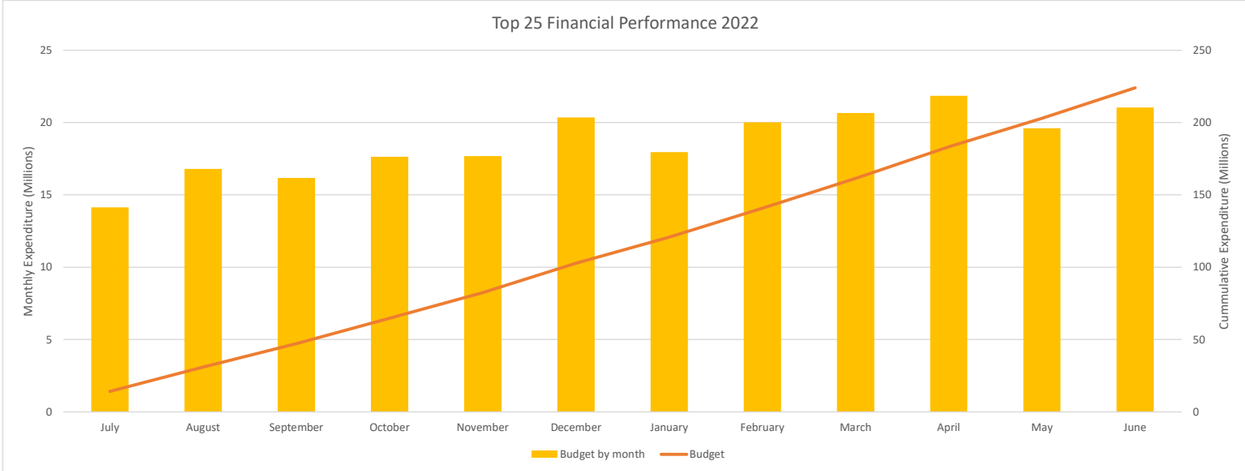
Anne Tolley | Commission Chair
Tauranga City Council | 07 577 7000 | Anne.tolley@tauranga.govt.nz | www.tauranga.govt.nz


Delivery
Community Outcomes
Tension-outcome focused
Speed v accuracy
getting the balance right
Managing risk
What are we going to do about it?
Procurement
$
Best Value
Quality Governance
best practice & effective methods
Telling the story
Behavior & actions
Experience & skills

Sensitivity: General

Top 25 Projects/Programmes - Capital Works Programme - 2022 Financial Year - July 2021

Project Count		**13**
Programme Count		**12**
Actuals to Date		**0m**
Budget to Date		**14m**
Variance		**0m**
July Forecast	+5%	14.7m
		14m
	-15%	11.7m
2022 Budget		**227m**
Variance	+5%	(3.8m)
		(4m)
	-15%	(4.6m)



Projects Top 25	Project Budget 2022	Project Forecast 2022	Variance 2022	Project Health
Waiari Water Treatment Plant	$ 45,448,344.00	$ 45,448,344.00	$ -	
Cameron Road Stage 1	$ 28,220,808.00	$ 30,374,086.00	**-$ 2,153,278.00**	
Te Maunga Wastewater Treatment Plant	$ 32,767,930.00	$ 32,767,930.00	$ -	
Papamoa East Interchange	$ 17,247,155.00	$ 17,247,155.00	$ -	
Intersection Kaweroa Dr & SH29	$ 8,931,500.00	$ 8,931,500.00	$ -	
Digital Works Programme	$ 14,407,429.00	$ 14,683,429.00	**-$ 276,000.00**	
Elizabeth St Streetscape	$ 5,405,793.00	$ 6,181,671.00	**-$ 775,878.00**	
Kennedy Road Embankment Dam	$ 3,008,033.00	$ 3,008,033.00	$ -	
Civic Redevelopment	$ 9,382,222.00	$ 9,382,222.00	$ -	
Marine Parade Boardwalk	$ 2,000,000.00	$ 2,000,000.00	$ -	
Kulim Park Development	$ 1,999,185.00	$ 1,999,185.00	$ -	
Omanawa Falls Formal Track	$ 1,000,000.00	$ 901,531.00	$ 98,469.00	
Memorial Park Aquatics Facility	$ 264,223.00	$ 264,223.00	$ -	
Eastern Corridor Trunk Wastewater	$ 2,550,000.00	$ 2,550,000.00	$ -	
Historic Village Investment Programme	$ 2,417,142.00	$ 2,573,317.00	**-$ 156,175.00**	
Infrastructure Resilience Programme	$ 1,600,000.00	$ 1,600,000.00	$ -	
Kopurererua Valley Development	$ 2,599,000.00	$ 2,599,000.00	$ -	
Marine Precinct Offloading Wharf	$ 1,998,716.00	$ 1,998,716.00	$ -	
Maunganui Rd Safety Improvements	$ 3,336,750.00	$ 3,573,330.00	-$ 236,580.00	
Redevelopment of the Te Maunga Transfer Station	$ 4,589,089.00	$ 4,589,089.00	$ -	
Totara St Cycling Improvements	$ -	$ 119,522.00	**-$ 119,522.00**	
Transport Renewals	$ 13,265,050.00	$ 13,265,050.00	$ -	
Waters CIP Stimulus Package	$ 15,570,121.00	$ 15,570,121.00	$ -	
Western Corridor Wastewater Strategy Stage A	$ 7,278,725.00	$ 7,278,725.00	$ -	
Accessible Streets	$ 2,179,827.00	$ 2,679,827.00	**-$ 500,000.00**	
TOTAL TOP 25	**$ 227,467,042.00**	**$ 231,586,006.00**	**-$ 4,118,964.00**	

PROJECT HEALTH

PROJECT RISKS

TOP 10 PROJECT RISKS TO BE REPORTED IN AUGUST 2021

PROJECT PHASE

Sensitivity: General

Top 25 Projects/Programmes - Capital Works Programme - 2022 Financial Year - July 2021

			Project Overall Financials			Project 2022 Financials			
Projects/Programmes	**Project Health**	**Lifecycle Stage**	**Project Budget Total**	**Project Forecast End Completion (FEC)**	**FEC Variance to budget**	**Project Budget 2022**	**Project Forecast 2022**	**Variance 2022**	**Commentary**
Waiari Water Treatment Plant		Construction	$185,830,128	$185,830,128	$0	$45,448,344	$45,448,344	$0	Project on track from construction point of view Commission planning underway
Cameron Road Stage 1		Construction	$66,473,804	$66,473,804	$0	$28,220,808	$30,374,086	**-$2,153,278**	The Cameron Road project is anticipated to start construction on the 1st September to meet CIP requirements for the construction phase. The first invoice to CIP for costs spent to date is expected to be issued this month as we have met all of the requirements for invoicing to get underway. Costs will be invoiced monthly from this point. The key risk relates to budget as we are currently negotiating the costs with the JV prior to award of a contract in late August.
Te Maunga Wastewater Treatment Plant		Construction	$255,493,978	$255,493,978	$0	$32,767,930	$32,767,930	$0	Land ward outfall construction progressing, Bioreactor ground improvements about to commence, Above ground awarded.
Papamoa East Interchange		Planning	$151,488,689	$151,488,689	$0	$17,247,155	$17,247,155	$0	MOU and DPS detail being finalised and aggreed upon with Waka Kotahi. Design development continuing with BBDO, at 50% design complete will be sign off point. Excesss sand from Pond G being sold and removed. Enabling works planned for April 2022 start. Awaiting additional funding approvals from HIF and HAF.
Intersection Kaweroa Dr & SH29		Planning	$45,547,692	$45,547,692	$0	$8,931,500	$8,931,500	$0	Still in heavy discussion/planning phse for land purchases (will know more after workshop 10-8-21)
Digital Works Programme		Planning	Annual Allocation			$14,407,429	$14,683,429	**-$276,000**	S1 Eco-System - SAP Customer and Data Model design has been completed and will inform all future SAP module designs. SAP are due to deliver the final document this week. CRM prototype was well received by the Exec allowing the Stakeholder group workshops to commence to build a vision for Community Stakeholder Management and a CRM system needs. The Environmental Health – Liquor Licensing module is in development with a projected delivery by the end of October. The lifecycle Programme objectives, to identify and deliver on-going Digital Systems maintenance requirements, are nearing completion. The Programme is now being transitioned over to a centrally controlled lifecycle register with timeboxed requirement feeds flowing through to the Agile Stream Team backlogs.
Elizabeth St Streetscape		Construction	$11,647,651	$11,647,651	$0	$5,405,793	$6,181,671	**-$775,878**	The streetscape physical upgrade works are progressing as planned so the streetscape will be 80% complete to align with the opening of Farmers in October 2021. The final 20% will be completed by the middle of 2022 as this part of the streetscape is housing a moveable crane to aloow for the completion of the residential apartments above the Farmers retail store.
Kennedy Road Embankment Dam		Construction	$6,684,093	$6,684,093	$0	$3,008,033	$3,008,033	$0	Project on track with pipe jacking prceeding well.
Civic Redevelopment		Planning	$88,724,757	$88,724,757	$0	$9,382,222	$9,382,222	$0	A Masterplan brief for the Civic Precinct (Willow Street/Durham Street/ WharfStreet and Hamilton is currently being finalised for sign off by the Commissioners. The development of the masterplan is scheduled for delivery by December2021. Once the Masterplan has been adopted, a design brief for the new Central Library and Community Hub will be completed. The detailed design for the Cameron Road fitout project has been completed. Lease agreement for relocating the central library and the customer services to the Goddard Centre are in progress. Demolition of the Willow Street offices will commece in the first quarter of 2022.
Marine Parade Boardwalk		Planning	$4,060,000	$4,060,000	$0	$2,000,000	$2,000,000	$0	Currently in the design and planning phase. Boffa Miskell awarded contract through a RFP process. Mana whenua hui arranged. Programme scheduled for completion mid 2023, engagement, design and consenting happening through 2022.
Kulim Park Development		Design	$2,307,778	$2,307,778	$0	$1,999,185	$1,999,185	$0	Engagement, planning & design work completed. Delivery of the physical works due to start at the end of August. The bulk of the works are planned to be completed by Christmas 2021.
Omanawa Falls Formal Track		Design	$5,594,119	$5,594,119	$0	$1,000,000	$901,531	*$98,469*	Resource consent has been lodged as a publicly notified consent. Consent hearings are anticipated with a consent decision expected summer 2021/2022. Construction is programmed to be completed late 2022. Currently tendering for the construction of the access track and cliff stablilisation work.
Memorial Park Aquatics Facility		Planning	$100,049,623	$100,049,623	$0	$264,223	$264,223	$0	Currently in early stages of planning and design. Programme Manager due to start in September 2021. The aquatic centre is programmed for construction from 2024 onwards.
Eastern Corridor Trunk Wastewater		Planning	$208,386,343	$208,386,343	$0	$2,550,000	$2,550,000	$0	Stakeholder engagement on preferred alignment being undertaken.
Historic Village Investment Programme		Construction	$13,879,393	$13,879,393	$0	$2,417,142	$2,573,317	**-$156,175**	The complex 2 upgrades and renewal project is currently in the design phase. Plans have been produced, and will be lodged for consenting. The physical works will start this year once the required consents have been obtained.
Infrastructure Resilience Programme		Planning	$314,119,556	$314,119,556		$1,600,000	$1,600,000	$0	Project planning started for 3 of the 5 resilience projects programmed for this year. Anticipated that the majority of budgets will be spent this financial year.
Kopurererua Valley Development		Design	$11,601,726	$11,601,726	$0	$2,599,000	$2,599,000	$0	The tender for the required stream realignment works was released at the end of June, and the tender evaluation is underway. Th detailed design is progressing to plan with a review undertaken with key project stakeholders. Planting and realignment works are due to start in November 2021.
Marine Precinct Offloading Wharf		Design	$2,585,332	$2,585,332	$0	$1,998,716	$1,998,716	$0	The procurement phase is underway to identify and select a contractor to undertake the wharf extension physical works. This is happening in parallel with the required design work. It is planned to have the selected contractor in place by November 2021, allowing the construction works to begin from this date onwards.
Maunganui Rd Safety Improvements		Design	$14,499,993	$14,499,993	$0	$3,336,750	$3,573,330	**-$236,580**	Design is nearing completion with expection to go to market 1 Sept, for commencement in November 2021. The funding in the current year's budget aligns with the 'Golf Road to Tui' section ROC estimate. However, G to T section has been defered due to other WK works in the proximity, in favour of the 'Hinau to Sutherland' stage of the project instead. H to T ROC estimate was over $4M, so there may be a funding shortfall. Revised, more detailed estimate is expected with the design in a couple of weeks. Project to date has been relatively well recieved with good comms and engagement being essential. Disruption will need to be carefully considered, particularly given the impacts of B2B.
Redevelopment of the Te Maunga Transfer Station		Planning	$14,984,476	$14,984,476	$0	$4,589,089	$4,589,089	$0	Programme delayed due to late commitment from MfE and project management issues within Enviro Waste. Now resolved. Final construction Go-NoGo decision in March 22. Costs to then covered by MfE.
Totara St Cycling Improvements		Design	$11,133,306	$11,133,306	$0	$0	$119,522	**-$119,522**	Contract awarded with FH. Final planning being undertaken to enure schedule is as efficent as possible. Awiting funding approval from WK. Karen Hay to bring LTP funding into this year for delivery.
Transport Renewals		Planning	Annual Allocation			$13,265,050	$13,265,050	$0	The renewal projects are generally low risk with scopes included within the new road maintenance contract, which has been released to the market. Designs are underway with some completed using existing contracts established as an interim between main roading contract commencement. To mitigate delivery risk, TCC is undertaking all designs and will pass on the the successful tenderer for commencement upon award of the main contract, expected 1st October 2021. Some sites have already been undertaken, to reduce the programme exptected of the new contractor. Project costs are low risk and can be managed at a programme level. We are under increasing pressure around reseal level of service. A proactive approach to explain reasoning and expected impacts to the communities impacted would be a positive engagement approach. Historic underinvestment means that we need to maintain the 'fit for purpose' LoS. ie. it enables us to spread our $$ across a much greater proportion of the network.
Waters CIP Stimulus Package		Construction	$17,755,836	$17,755,836	$0	$15,570,121	$15,570,121	$0	Project list being exicuted with some alternative projects being included.
Western Corridor Wastewater Strategy Stage A		Design	$15,577,679	$15,577,679	$0	$7,278,725	$7,278,725	$0	Tenders currently being evaluated. However the programme timeframe is tight to meet the business requirements. Close scutiny needed.
Accessible Streets		Planning	$179,565,489	$179,565,489	$0	$2,179,827	$2,679,827	**-$500,000**	Business Case planning underway. Awaiting Project Manager to be recruited(currently underway) to pick up this work for delivery.
Total Top 25			**$1,727,991,441**	**$1,727,991,441**	**$0**	**$227,467,042**	**$231,586,006**	**-$4,118,964**	

Project Health

Green	Project/s on track to time, budget and scope
Amber	Project/s have some issues being managed, time/budget/scope needs to be closely monitored
Red	Project/s has serious issues, time/budget/scope significantly comprimised

11.2 Corporate Risk Register - Quarterly Update

File Number: **A12633538**

Author: **Chris Quest, Team Leader: Risk**

Authoriser: **Paul Davidson, General Manager: Corporate Services**

Section under the Act	The grounds on which part of the Council or Committee may be closed to the public are listed in s48(1)(a)(i) of the *Local Government Act 2002.*
Sub-clause and Reason:	s7(2)(b)(i), s7(2)(b)(ii), s7(2)(h) and s7(2)(i) - the withholding of the information is necessary to protect information where the making available of the information would disclose a trade secret, the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information, the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities and the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).

PURPOSE OF THE REPORT

1. To inform the Committee of the current status of the Corporate Risk Register.

RECOMMENDATIONS

That the Strategy, Finance and Risk Committee:

(a) Receives the Corporate Risk Register - Quarterly Update report.

(b) Transfers this report and attachment to open at the conclusion of this meeting.

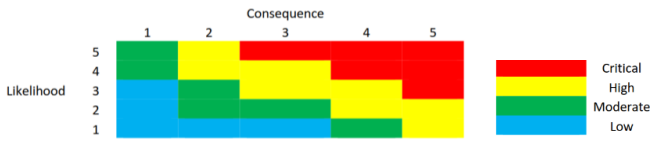
EXECUTIVE SUMMARY

2. Risk management is the process of identifying potential issues before they occur and planning, prioritising and implementing measures to reduce the potential impacts on achieving objectives.

3. The structure and reporting of the risk register clearly defines the roles and responsibilities for risk management and the obligations of Council, the Executive and the wider organisation.

4. Risk management is an ongoing process and the identification of risks, mitigation measures, and the register's content continues to be developed. A critical risk does not necessarily mean a significant threat is imminent; it does show that the potential effect of the risk could be high and enables us to prioritise and proactively establish measures to limit our exposure (as indicated by the risk evaluation matrix from Risk Management Policy, below).

Figure 1 – Risk Matrix



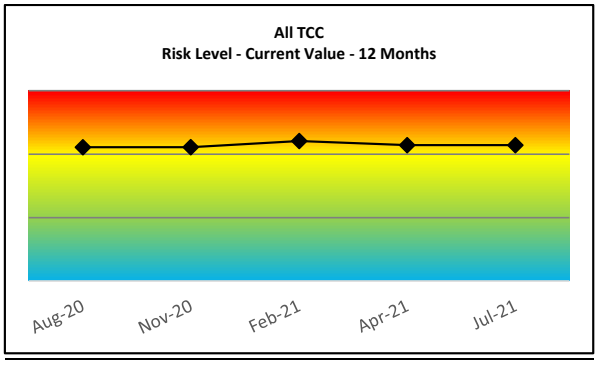
5. The required outcome from this report is for the committee to be aware of the current risk level of the organisation, and where appropriate to direct the organisation to address the risk to the acceptable level.

6. The risk register is reported as at 30 June 2021. The organisation's overall risk level remains at 'High'; there is a marginal increase in this quarter's risk level when compared to the previous 12 months.

7. As the register is reported as at 30 June 2021, this is prior to adoption of the Long Term Plan 2021/31. As such, any change in risk assessment as a result of the LTP is not reflected in this report.

8. The graph below indicates progress in managing the organisation's overall risk level for the last 12 months.

Figure 2 – Organisation risk level 12 months



BACKGROUND

9. The structure and reporting of the Corporate Risk Register was amended in January 2020 so that it is more closely aligned with the three lines of defence model.

10. The intention of the revised structure of the register is to have three distinct tiers – governance, executive and management:

    (a) **Level one**: Risk information presented to Council summarises the detailed risk information below. It is intended to allow the meeting to understand the organisation's strategic risks and provide assurance that risk is managed effectively. Council is provided information on the first and second tier of the register and will systematically undertake an in-depth assessment of the strategic risks if required.

    (b) **Level two**: Risk information presented to the Executive is similarly strategic; however, the register also provides each General Manager with detailed risk information to allow them to be accountable for risks owned by their Group;

    (c) **Level three**: Ownership of detailed and operational risks on the Corporate Risk Register is delegated to divisional manager and team leaders.

11. The internal audit function provides a safeguard that gives all risk management levels the ability to assess whether the controls in place to manage risk are working. The internal audit function works alongside level one, Council, and level two, the Executive, so both are assured of how risk management operates at tier three.

CURRENT STATUS / KEY CHANGES

12. The attached report provides Council with an overview of each level 1 risk, including a summation of the more detailed levels below which highlights those level 3 risks currently assessed as critical. This report is as at 30 June 2021.

13. High level summary of management action to address each level 1 risk is included within the commentary sections of the attached report. In addition, the report includes a heat map demonstrating the relative evaluation of all risks within each level 1 risk category.

14. The Long Term Plan 21/31 should provide the opportunity to control multiple risk areas, and it is anticipated the risk focus will change from lack of investment and financing, to reducing the risk of delivery of the capital program.

15. It is important to note that the risk register as reported here as at 30 June 2021 is prior to adoption of the Long Term Plan. Work will commence with risk owners in this current quarter and onwards to understand how our risk may have changed and reduced since adoption of the Long Term Plan, and this will be reflected in future reports.

16. Capital program delivery risk is not currently emphasised within the quarterly risk report. Work has commenced with the Manager: CPAD to start developing outline risk information for inclusion in a future report to this committee, noting that this aspect will take some time to reach maturity as CPAD develops.

EMERGING RISKS

17. The recently announced reforms to Three Waters is recognised as an area of emerging risk. The current focus is to better understand the potential financial, service delivery, and people related risks arising from the reforms. More information will be provided to this committee via this report as these risks are understood.

STRATEGIC / STATUTORY CONTEXT

18. Following discussions with the Executive, the risk report in the attachment was amended; From January 2021, where any risk in the areas of Health, Safety and Wellbeing, Financial, and Governance and Reputation is recorded as Critical, the corresponding risk category is now automatically reported as Critical. This ensures that the risks that the Executive consider most fundamental to council are brought to the attention of this meeting.

19. The risks identified in the register have impacts on, at different levels, each of the community outcomes and, as such, on TCC organisational activity. Regular review and assessment of our risk framework helps us better understand and manage key organisational and city risks.

20. Effective risk management contributes to improved management systems, and informed decision-making.

OPTIONS ANALYSIS

21. There are no specific options for this meeting to consider in respect of this report, as its purpose is to present the updated register to the committee for information.

SIGNIFICANCE

22. Under the Significance and Engagement Policy 2014, this matter is of low significance; however, it does identify and consider key risks to the organisation, many of which may have significant consequences for the community.

NEXT STEPS

23. The Executive and their respective management teams will continue to manage risk, with progress reported to this committee on a quarterly basis via this report.

ATTACHMENTS

1. 20210728 - SFARC 16 August 2021 - ATT - A12728008

Objective ID: A12728008 Appendix A - Quarterly Risk Report As at 30 June 2021

Overall Risk Level

Risk management is a structured approach to managing uncertainty. It allows us to provide assurance to the community that we will continue to deliver assets and services, protect the natural assets of the city, and that we will deliver the outcomes. We manage risk in accordance with the Risk Management Policy dated 2014.

Level 3 risks
Detailed operational and strategic risks are owned and managed by each division or team across the organisation. These risks are reported to the relevant general manager to give appropriate oversight and accountability for risk management within their group.

Level 2 risks
These detailed risks are grouped to report at an executive level, which allows for monitoring strategic risk to the organisation. Each general manager retains accountability for their contribution to the overall management of risk.

Level 1 risks
These are the high-level strategic issues facing Council. The level one reporting is a summation of the two levels of risk below. This allows Council to oversee the strategic organisational risks while undertaking a deep dive at relevant intervention points.

The overall risk level of the organisation is currently assessed as 'High'. The risk level is unchanged from the previous quarter, and marginally higher than 12 months ago. The trend is driven by the inclusion of new risks, and the changing evaluation of existing risks.

The heat graph to the right of this page gives an overview of the current level of each strategic risk at Level 1. Further detail on these risks is provided in the following pages. It should be noted that in the heat graphs that follow, where only the current quarter value is shown (indicated by a circle) this indicates there has been no change to the risk value.

It should be noted that the content of the Corporate Risk Register continues to be developed, and it is expected that the content of this report will gain maturity over time.

Note: in the report that follows, only the level 3 risks rated as Critical are listed.

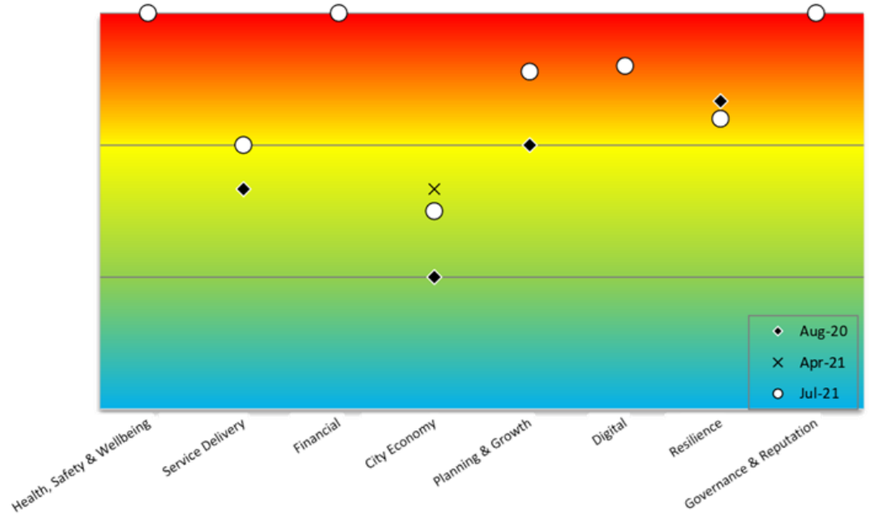
Overall Risk Assessment

Raw assessment	
Current assessment	
Trend (this quarter)	
Trend (12 months)	
Target	[TBA]

Trend key:

- Risk level improved
- No change
- Risk level increased

Current Risk Values - Level 1 Risks



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Objective ID: A12728008 | Appendix A - Quarterly Risk Report | As at 30 June 2021

Risk 1: Health, Safety & Wellbeing

Summary of Level 1 risk:

The Health, Safety and Wellbeing risk recognises the intention to keep staff, contractors and members of the community safe. It reflects the specific risks and related controls identified in relation to the Health & Safety of staff and contractors, and to members of the public as held in the enterprise health & safety risk management system (Vault) . In addition, an assessment of the risks related to the wellbeing of our staff is also included.
Since November 2020, this risk is reported as Critical whenever any lower level risk in this category is at Critical. The 12 month trend indication has been adjusted to reflect this.

Raw assessment	
Current assessment	
Trend (this quarter)	
Trend (12 months)	
Target	[TBA]

Summary of Level 2 risks

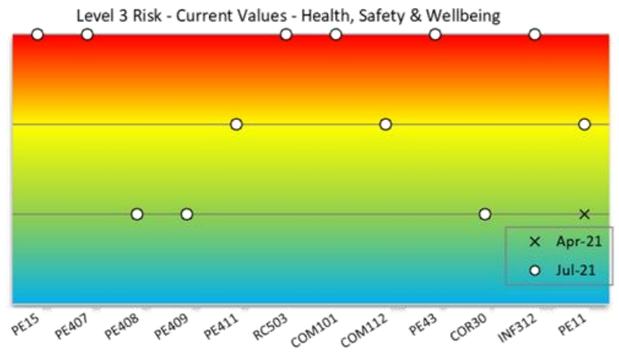
			Raw Risk	Current Risk	Trend (this qtr)	Target
HSW1	**H&S event involving staff / contractors**					[TBA]
	This will include an evaluation of data in Vault and the effectiveness of current controls					
	PE15	Staff or contractors suffer injury, ill-health, or death (organisation-wide)				
	PE407	Continued deterioration to physical and mental wellbeing of staff and contractors				
	RC503	Regulatory & Compliance staff or contractors suffer injury or ill-health				
HSW2	**H&S event involving the public**					[TBA]
	This will include an evaluation of data in Vault and the effectiveness of current controls					
	COM101	Member of the community is seriously injured whilst using TCC assets / facilities or events				
	PE43	Members of the public suffer injury, ill-health, or death as a result of TCC activities				
HSW3	**TCC unable to attract / retain suitable staff**					[TBA]
	Incorporating all risks related to general staff wellbeing, engagement and retention					
	INF312	Transport division unable to attract or retain suitably qualified / experienced staff				

Commentary / Key Actions

The key actions to address this risk are (i) increase resources to the health & safety function, and (ii) deliver the action plan to address the recent internal audit findings. Both of these actions are progressing to plan, with all positions in the Health & Safety team now filled.

Results from the Local Government New Zealand (LGNZ) Health, Safety and Wellbeing survey have been made available to share business-wide. These included measurement of our learnings from COVID-19, psychological wellbeing and our health and safety culture. Team leaders are being encouraged to discuss outcomes at a team level - thinking about what improvement actions they may take.

Collaboration between the Health & Safety and Spaces & Places teams has established a methodology to prioritise track maintenance at Mauao that will ensure upgrades are targeted to areas presenting the greatest risk to those enjoying the area.



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Objective ID: A12728008 Appendix A - Quarterly Risk Report As at 30 June 2021

Risk 2. Service Delivery

Summary of Level 1 risk:

Council is responsible for delivering key services to the community. This item incorporates the risks faced by Council related to the delivery of those services (note: see also Risk 7 Resilience (below) for Business Continuity and related risk).

The risks relating to City Waters and Transportation are specifically monitored at Executive level, alongside the combined risks as identified relating to Spaces & Places, Sustainability & Waste, Libraries, Customer Services, and Elder Housing.

Raw assessment	
Current assessment	
Trend (this quarter)	
Trend (12 months)	
Target	[TBA]

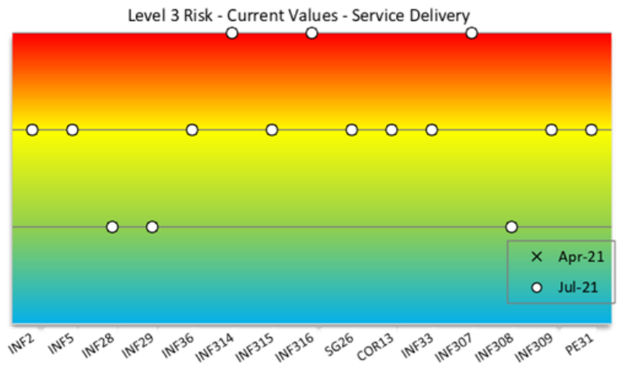
Summary of Level 2 risks		Raw Risk	Current Risk	Trend (this qtr)	Target
SD1	**Regular or prolonged failure of all or part of city waters**				[TBA]
	Incorporating all operational risks held on the register in relation to the City Waters division				
	No critical risks at this level				
SD2	**Regular or prolonged failure of all or part of city transportation network**				[TBA]
	Incorporating all operational risks held on the register in relation to the Transportation division				
	INF314 Transport programme as defined in Transport System Plan is unaffordable				
	INF316 Insufficient capacity and capability of external professional services and				
SD3	**Regular or prolonged failure of other council services**				[TBA]
	All operational risks on the register relating to Spaces & Places, Sustainability & Waste, Libraries, Customer Services, and Elder Housing				
	INF307 Waste minimisation targets not met				

Commentary / Key Actions

Implementation of the kerbside waste collection service is proceeding as planned for 1 July commencement, with delivery of bins to households across the city complete. Internal audit has reviewed the implementation of the scheme, and has found no issues and identified only one opportunity for improvement.

Waiāri Water Supply Scheme is progressing well, with construction on schedule for completion by 6 May 2022 and the scheme will be online by 14 October 2022 and remains on budget at $185,830,128.00

A review of our approach to the delivery of the LTP work programme is underway. Engagement with the market to provide visibility to our suppliers on the expected pipeline of work and our delivery approach has commenced. A Strategic Procurement workshop is scheduled for 1 July, in order to gain insights from potential suppliers into market feasibility of a variety of procurement and delivery options. Work to establish the project delivery framework is continuing, with a view to a roadmap of improvements being created within the next 6 months.



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Objective ID: A12728008 | Appendix A - Quarterly Risk Report | As at 30 June 2021

Risk 3. Financial

Summary of Level 1 risk:

This item covers the broad area of financial related risks. This includes our ability to raise finance to fund our activities (either on an operational basis, or related to our capital programme), the changing financial landscape and its impact on our ability to raise finance, obtain insurance or otherwise fund unforeseen or unexpected events, and the risk of fraud.

Since November 2020, this risk is reported as Critical whenever any lower level risk in this category is at Critical. The 12 month trend indication has been adjusted to reflect this.

Raw assessment	
Current assessment	
Trend (this quarter)	
Trend (12 months)	
Target	[TBA]

Summary of Level 2 risks			Raw Risk	Current Risk	Trend (this qtr)	Target
FIN1	**Inability to finance the required outputs (capex or opex)**					[TBA]
	Encompassing all risks identified in relation to the budgeting process					
	COR20	Risk reserve funding is not adequate for the liabilities faced				
	COR207	Inability to set Annual Plan or Long Term Plan that meets the needs of the city in a post-COVID economy				
	COR209	Significant or material reduction of revenue flow				
FIN2	**Changing financial landscape**					[TBA]
	Lending, insurance and related markets					
	COR23	Changing financial environment				
	COR205	Significant and material post-COVID downturn and structural change in the economy of Tauranga				
	COR206	Material deviation of assumed growth / economic projections				
FIN3	**Fraud or corruption by staff or contractors**					[TBA]
	Our exposure to potential acts of dishonesty by staff and contractors					
		No critical risks at this level				

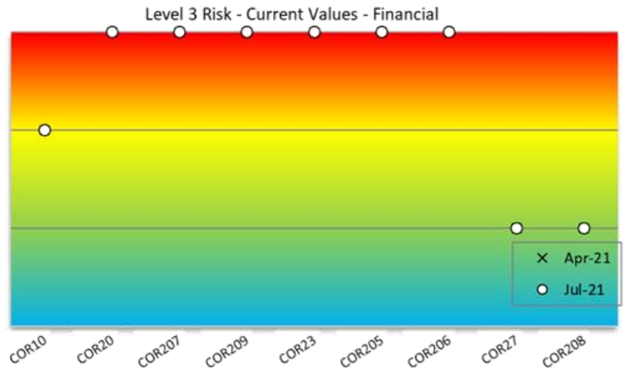
Commentary / Key Actions

Development of financial strategy (including funding and financing options and balance sheet options) continues as part of the 2021/31 Long Term Plan

It should be noted that while the draft LTP provides funding and financing capacity for investment outcomes, it currently relies on high levels of debt retirement via rates. Future work continues to look for more equitable ways to fund and finance investment.

TCC also continues to actively participate in the creation of regional waters bodies (although the exact effect on debt is yet to be determined).

Preliminary work for the June 2021 Annual report has commenced, along with the interim audit by Audit New Zealand, which covers internal controls, system reviews, data and processes.



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Objective ID: A12728008 Appendix A - Quarterly Risk Report As at 30 June 2021

Risk 4. City Economy

Summary of Level 1 risk:

TCC is involved in many activities (either directly or indirectly) related to invigorating the economy of the city, and making Tauranga an attractive place to live, visit, and do business.

This item incorporates the risks identified to the initiatives and amenities funded (wholly or partly) by TCC, and the activities where TCC has a key enabling role.

Raw assessment	
Current assessment	
Trend (this quarter)	↘
Trend (12 months)	⚑
Target	[TBA]

Summary of Level 2 risks		Raw Risk	Current Risk	Trend (this qtr)	Target
CEC1	**TCC funded initiatives and amenities do not return expected benefits** Including City Events, Baycourt, Beachside, Airport, Marine Precinct, and to include TBOP, BVL No critical risks at this level			↘	[TBA]
CEC2	**TCC enabled initiatives do not return expected benefits** Risks relating to TCC enabled activities e.g. Cruise ships No critical risks at this level	[TBA]	[TBA]	[TBA]	[TBA]

Commentary / Key Actions

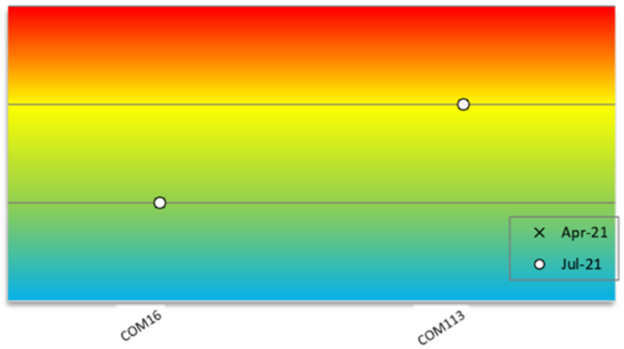
The appointment process for a new Bay Venues Limited board is complete, with appointments effective 1 July 2021.

BayTrust, TECT, Acorn Foundation, BOPDHB, Kāinga Ora, MSD and MHUD have all indicated a desire to contribute to a partnership approach to fund the Kāinga Tupu work programme for the next financial year.

A cross-council team led by the Inclusive Cities Advisor has been formed to review how our strategies, design guides and bylaws work together to support disabled people to access mobility car parking spaces.

A variety of workshops and meetings are being held with community organisations to increase awareness and knowledge of the match fund medium grants round, the proposed new Community Grant Fund and the draft Community Funding Policy in the Long-term Plan 2021-31.

Level 3 Risk - Current Values - City Economy



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Objective ID: A12728008 Appendix A - Quarterly Risk Report As at 30 June 2021

Risk 5. Planning & Growth

Summary of Level 1 risk:

Tauranga continues to grow at a rapid pace, and the ability to keep pace with this growth and manage assets and services appropriately is recognised as a key risk area.

Risks include Council's capability to plan for growth, management of the existing assets, and an assessment of the risk exposure as a result of undertaking the capital programme.

Raw assessment	
Current assessment	
Trend (this quarter)	
Trend (12 months)	
Target	[TBA]

Summary of Level 2 risks

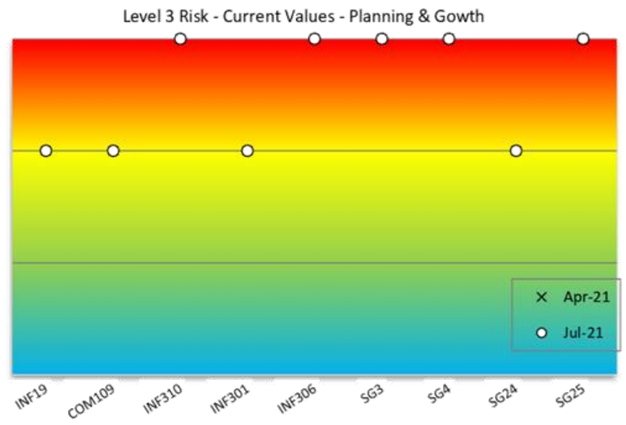
		Raw Risk	Current Risk	Trend (this qtr)	Target
PG1	**Capital program does not deliver required outcomes** The risk of failure to achieve expected benefits e.g. levels of service, community outcomes No critical risks at this level				[TBA]
PG2	**TCC exposure due to current project portfolio** This is an assessment of the current risk profile of our capital programme INF310 Contractual claims for delay / additional payment arising from COVID-19				[TBA]
PG3	**Land supply and services do not keep up with growth** Asset strategy and asset planning INF306 Unexpected failure of a critical infrastructure asset SG3 Council is unable to access NZTA funding to provide transport capacity for growth areas SG4 Insufficient land supply for housing SG25 Strategic roading network, particularly links to the Port, cannot cope with increasing demand				[TBA]

Commentary / Key Actions

Council and Waka Kotahi NZ Transport Agency (NZTA) have progressively met and engaged with directly-affected landowners, and engaged with the wider community through open days on the Tauriko for Tomorrow project

Work has been undertaken to assess the opportunity to fast-track the Papamoa East Interchange project completion, to accelerate the development of approximately 750 homes. That work was reported to Council as part of the LTP deliberations process.

The CPAD division was established late last year, with the appointment of a manager in April this year. Following meetings with staff and key stakeholders, a delivery model is being established, and a multi-year roadmap of improvements is being established.



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Objective ID: A12728008 Appendix A - Quarterly Risk Report As at 30 June 2021

Risk 6. Digital

Summary of Level 1 risk:

The Digital risk item encapsulates all elements of digital services, which are fundamental to all areas of business service delivery.

At Executive level, this risk is monitored on the basis of risks to our hardware / digital infrastructure, key applications, the security of our systems and stored data.

Raw assessment	
Current assessment	
Trend (this quarter)	
Trend (12 months)	
Target	[TBA]

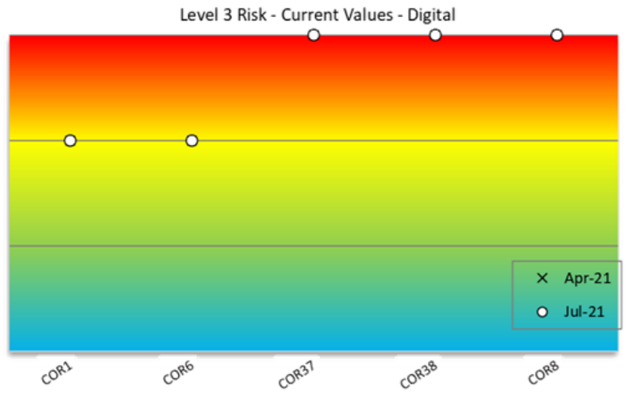
Summary of Level 2 risks

		Raw Risk	Current Risk	Trend (this qtr)	Target
DIG1	**Significant failure of hardware / infrastructure**				[TBA]
	All elements of physical infrastructure and equipment				
	No critical risks at this level				
DIG2	**Significant application failure**				[TBA]
	All software and applications				
	COR37 Failure of platforms to meet the needs of the organisation (current and future)				
	COR38 ICT systems / usage restrict the knowledge or insights available to the organisation				
DIG3	**Breach of IT security**				[TBA]
	The risks of unauthorised access to systems, data loss etc.				
	COR8 Significant loss or breach of security of Council data				

Commentary / Key Actions

The ongoing program of work to increase security maturity continues; this currently is focussed on user awareness training, implementing additional network access controls, and further protections on our email system This took another positive step this quarter, seeing with the combine our Cybersecurity, training and change support into a single new function.

Telephony, meeting and collaboration solutions are being consolidated into the Microsoft Teams environment. Phase 1 of this project involves replacing our end of life telephony platforms, reducing organsiational risk and improving the way that our teams can communicate. Phase two will involve rolling out the collaboration tools, and phase three will see us transition our records management into MS Teams.



Objective ID: A12728008 | Appendix A - Quarterly Risk Report | As at 30 June 2021

Risk 7. Resilience

Summary of Level 1 risk:

This item reflects risks to the resilience of Council and the city, and the collective ability to recover from an unexpected event; this includes business interruptions necessitating a business continuity response and possible Civil Defence / Emergency Management incidents.

This item also reflects the preparedness of the city for the challenges experienced as a result of any change in climate or similar.

Raw assessment	
Current assessment	
Trend (this quarter)	
Trend (12 months)	↘
Target	[TBA]

Summary of Level 2 risks

		Raw Risk	Current Risk	Trend (this qtr)	Target
RES1	**CDEM incident which city is not prepared for** Risks related to the city's emergency preparedness COM22 Tauranga fails to respond to a Civil Defence event (or fails to respond effectively)				[TBA]
RES2	**Council is unable to recover critical functions / services** Risks related to our business continuity preparedness No critical risks at this level				[TBA]
RES3	**City unprepared for climate change** Failure of climate-change mitigation and adaptation SG40 City and Council is not yet resilient to natural hazards				[TBA]

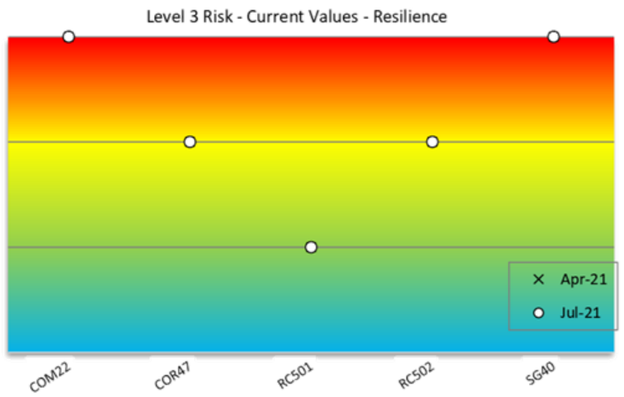
Commentary / Key Actions

TCC will have its own response to civil defence events as of 1 July, as we separate from the joint arragnemetns with WBOPDC. Arangements for the Emergency Operations are in place, with a full roster of trained staff available.

A public education campaign commenced in April, with digital billboard messages displayed at two key locations across the city, and on the back of a public transport bus. The campaign highlights the importance of being prepared in an emergency, and where to find your single source of truth during an emergency event.

Recruitment for the currently vacant role of Manager: Emergency Management is underway.

Phase 1 of the BCP refresh is materially complete. Attention is now focussed on education, and preparing for testing of plan scenarios. The planned internal audit of our BCPs has been deferred to allow other internal audit activity to be prioritised.



Objective ID: A12728008 Appendix A - Quarterly Risk Report As at 30 June 2021

Risk 8. Governance & Reputation

Summary of Level 1 risk:

This item includes the risks to the key facets of Council's ability to carry out its statutory duties under relevant legislation, including transparent planning and reporting, and maintaining an effective regulatory function. This risk item also recognises the importance of maintaining and improving our relationship and reputation with the community.

Since November 2020, this risk is reported as Critical whenever any lower level risk in this category is at Critical. The 12 month trend indication has been adjusted to reflect this.

Raw assessment	
Current assessment	
Trend (this quarter)	
Trend (12 months)	
Target	[TBA]

Summary of Level 2 risks

			Raw Risk	Current Risk	Trend (this qtr)	Target
GOV1	**Long Term Plan / Annual Plan / Annual Report not approved within statutory timescale**					[TBA]
	SG42	Failure to gain approval for Long Term Plan / Annual Plan / Annual Report within statutory timescale				
GOV2	**Failure of Council Regulatory Function**				↘	[TBA]
		No critical risks at this level				
GOV3	**Failure of Community Relationships**					[TBA]
	PE46	Failure of community / stakeholder relationships				
	PE404	Formal challenge of one or more Council decisions				

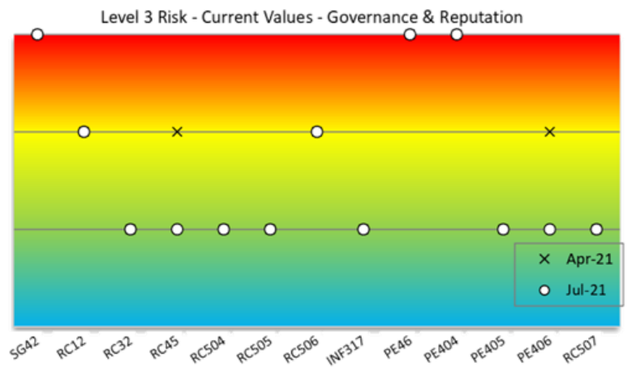
Commentary / Key Actions

Our new Building Consent application checking process, which sees incomplete applications rejected at the outset, has been embedded and the number of applications now being rejected has decreased significantly.

The pilot programme of remote inspections using the Zyte tool is proving successful, with nearly 40 inspections per month completed remotely in March and April. We are currently auditing the results of these and we are likely to offer this service to other building firms. At present, we have capacity for remote inspections on Tuesday and Thursday every week, effectively meaning a one-day turnaround for these inspection types.

The restructure of our Communications and Engagement functions to align with the new Community Relations Strategy, is continuing.

Work continues to deliver the 37 report recommendations from the recent Ombudsman Audit into our LGOIMA practices.



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11.3 Internal Audit Report - Quarterly Update

File Number: **A12731194**

Author: **Jon Hobbs, Internal Auditor**

Authoriser: **Paul Davidson, General Manager: Corporate Services**

Section under the Act	The grounds on which part of the Council or Committee may be closed to the public are listed in s48(1)(a) of the *Local Government Official Information and Meetings Act 1987.*
Sub-clause and Reason:	s6(b), s7(2)(a), s7(2)(d), s7(2)(g) and s7(2)(j) - the making available of the information would be likely to endanger the safety of any person, the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons, the withholding of the information is necessary to avoid prejudice to measures protecting the health or safety of members of the public, the withholding of the information is necessary to maintain legal professional privilege and the withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage.

PURPOSE OF THE REPORT

1. This report is in two parts:
   (a) To provide the Strategy, Finance and Risk Committee with assurance of risk controls in place for specific items as detailed and also to update the Internal Audit Programme for 2020/21 to 2021/22.
   (b) To summarise other current notable assurance activities.

RECOMMENDATIONS

That the Strategy, Finance and Risk Committee:

a) Receives the Internal Audit quarterly update report.

b) Transfers this report to open at the conclusion of this meeting.

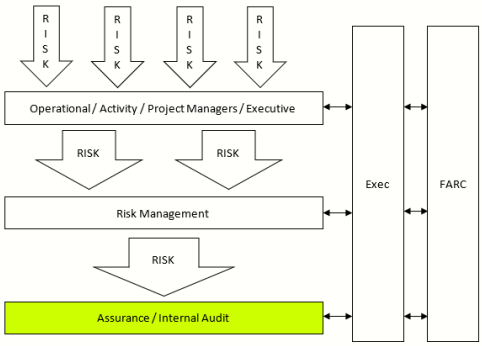
EXECUTIVE SUMMARY

2. In terms of the Internal Audit Programme:
   (a) This is the fourth submission of reports undertaken as part of the 2020/21 Internal Audit plan, agreed by the Executive and approved by the Finance, Audit and Risk Committee 11 August 2020.
   (b) Internal Audit has tested the effectiveness of the Implementation of Kerbside Waste and recycling collection as specified in the corporate risk register, the results are summarised below.
   (c) The Internal Audit function is specifically reported separately from the Risk function to maintain its clear independence and uphold its integrity and objectivity.
3. In terms of other assurance activities:
   (a) There were no other assurance activities undertaken in the quarter.

BACKGROUND

4. The Internal Audit function is a key element of the three lines of defence model for risk management as explained in a separate report to this meeting – 'Corporate Risk Register-Quarterly Update'. In this model, Internal Audit provides the final line of defence by testing the effectiveness of existing controls; this provides Council with a level of assurance of the current risk level and of the effectiveness of the management of the risk.

Figure 1 – three lines of defence model



5. The intention of the internal audit programme is to undertake an independent test of the adequacy of the current risk controls and provide Council with the assurance that risks are effectively being managed.

INTERNAL AUDIT

6. The internal audit report in relation to risk "INF309 Kerbside Collection / Council led kerbside collection does not deliver expected benefits" has been completed. The report is summarised below and is available in full on Stellar.

7. Synopsis of scope and findings:

   (a) The scope of the audit included testing the adequacy of current controls related to the reporting and investigation of the "Implementation of Kerbside Waste and recycling collection" as specified in the corporate risk register.

   (b) The overall conclusion is "No significant issues that requires prompt action to improve controls". There is one minor opportunity for improvement highlighted in the findings.

   (c) Stakeholders' response and actions (including responsibility for those actions and target dates) have been agreed with relevant staff. There are no actions to follow up and report on.

   (d) The "Implementation of Kerbside Waste and recycling collection" is a one-time event and has therefore not been audited or reported on previously.

8. The status of actions from previous Internal Audit Reports is:

Internal Audit Report	Reported To FARC	No. of Actions	Actions Closed	Actions Open	Actions Overdue
Health & Safety	11 Aug 2020	37	23	14	0
Development Contributions & NZTA audit	11 Aug 2020	2	0	2	0
Fraud Part 1	9 Oct 2020	2	0	2	0

Fraud Controls Part 2	10 May 2021	2	0	2	0
Kerbside Rollout	20 July 2021	0	0	0	0

Note 1: For all audits - The number of actions include both priority 1 and priority 2 management actions, but do not include any opportunities for improvement.

Note 2: Health & Safety audit - The Health and Safety Change Manager is now in place, several audit actions have been closed and new deadlines for the others implemented as part of the strategic review. The number of actions have increased so as to breakdown recommendations into more defined actions to be addressed.

9. Planned Internal Audit activity for the coming quarter is as follows:

Audit	Pending Audits	Planned Start Date	Planned Finish date
1	Procurement Health Check	01/07/2021	31/08/2021
2	Business Continuity	01/09/2021	21/10/2021
3	Overload of wastewater system	01/10/2021	30/11/2021
4	Health & Safety (follow up)	01/12/2021	16/01/2022
5	Asbestos Register (follow up)	10/01/2022	28/02/2022
6	Pool Fence Compliance (follow up)	10/02/2022	31/03/2022
7	LGOIMA Report (follow up)	10/03/2022	30/04/2022

Audit 1. The Procurement health check is ongoing. The establishment of the CPAD and Procurement teams are underway addressing the recommendations from the OAG and McHale reports and the progress will be reported back the SFaR Committee in September.

OTHER ASSURANCE ACTIVITY

10. There are no other Council-initiated assurance activities undertaken in this quarter to note.

11. The above reports and any responses received, will be utilised in the further assessment of our controls for related activity. Recommendations or opportunities for improvement identified through these requests will be discussed with control owners as appropriate.

STRATEGIC / STATUTORY CONTEXT

12. Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve the operations of Tauranga City Council. It helps Tauranga City Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The audit process will provide assurance that risks are being effectively managed.

13. Regular internal audits provide oversight of Council processes and contribute to an informed understanding of the risks to achieving our strategic objectives.

SIGNIFICANCE

14. Under the Significance and Engagement Policy 2014, this matter is of low significance as it is internal and procedural in nature. The findings of specific audits may be of higher significance, and community engagement will be considered on an as-required basis, there is no requirement with this report.

NEXT STEPS

15. The Internal Audit plan will continue to be progressed, along with follow-up reviews of previous recommendations. Updates will be provided to Council on a quarterly basis, or more often where appropriate.

ATTACHMENTS

Nil