



**ROTORUA
LAKES COUNCIL**
Te Kaunihera o ngā Roto o Rotorua

Kaupapataka Agenda

NOTICE OF AN ORDINARY MEETING OF THE AUDIT AND RISK COMMITTEE

Date: Wednesday 19 July 2023

Time: 2pm

Venue: Council Chamber

MEMBERSHIP

Chair	Mr Mike Garrett
Deputy Chair	
Members	Mayor Tapsell Deputy Mayor Cr Kai Fong Cr Barker Cr Brown Cr Wang Cr Waru
Quorum	4

This agenda supersedes the version previously published on the 12 July 2023. This updated version contains items previously publicly excluded.

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**KOMITI AROTAKE ME TE HAUMARU
AUDIT AND RISK COMMITTEE**

Type of Committee	Standing Committee
Subordinate to	Council
Subordinate Committees	N/A
Legislative Basis	Schedule 7 s30 (1) (A), Local Government Act 2002 Committee delegated powers by the Council as per Schedule 7, s32, Local Government Act 2002
Purpose	<p>The purpose of the Audit and Risk Committee is to:</p> <ul style="list-style-type: none"> • monitor and report to the Council on: <ul style="list-style-type: none"> ○ The Council's external and internal audit process ○ The performance of Council's legal responsibilities (within the ambit of the Committee's delegated authority) ○ The independence and effectiveness of Council's internal audit processes ○ Existing corporate policies (including recommending new corporate policies to prohibit unethical, questionable or illegal activities) • provide a communication link between management, internal auditors/external auditors and Council • support measures to improve management performance and internal controls • support the professional independence, effectiveness and accountability of the Risk Management Framework.
Membership	<p>Chair – (Independent) Deputy Chair – (Independent) Mayor Deputy Mayor Deputy co-chair (2) – Community and District Development Deputy co-chair (2) - Infrastructure and Environment</p> <p>External members will be appointed for an initial term of no more than three years that aligns with the triennial elections, after which they may be eligible for extension or reappointment.</p> <p>External membership contracts are to be reviewed and assessed no later than two months after each triennial election to allow for transition and continuity.</p>
Quorum	4
Meeting frequency	Four times a year
Delegations	The Audit and Risk Committee will have responsibility and authority to:

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	<p>External Audit</p> <ul style="list-style-type: none"> • Engage with Council’s external auditors regarding the external audit work programme and • Review engagement letters and management reports • Recommend to Council the terms and arrangements for the external audit programme • Monitor management response to audit reports and the extent to which external audit recommendations concerning internal accounting controls and other matters are implemented. <p>Internal Audit</p> <ul style="list-style-type: none"> • In conjunction with the CE, agree the scope of the annual internal audit work programme • Approve Council’s internal audit charter • Monitor the delivery of the internal audit work programme • Assess whether all significant recommendations of the Internal Audit have been properly implemented by management. Any reservations the Internal Auditor may have about control risk, accounting and disclosure practices should be discussed by the committee • Review the Annual Internal Audit Plans and assess whether resources available to Internal Audit are adequate to implement the Plans. <p>Risk Management</p> <ul style="list-style-type: none"> • Review the effectiveness of the control environment established by management including computerised information systems controls and security. This also includes a reviewing/monitoring role of the documentation of all policies and procedures. • Review the effectiveness of the risk assessment/management policies and processes. • Engage with internal and external auditors on any specific one-off audit assignments. • Consider matters referred to the committee by the CE, Council or other Council committees. • Review the appropriateness of accounting policies adopted by Council • Civil Defence hazard and preparedness policies and procedures.
Relevant Statutes	All the duties and responsibilities listed above must be carried out in accordance with the relevant legislation.
Limits to Delegations	Powers that cannot be delegated to committees a per the Local Government Act 2002 Schedule 7 s32

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1. Karakia whakapuaki - Opening Karakia

TŪTAWA MAI

Tūtawa mai i runga
Tūtawa mai i raro
Tūtawa mai i roto
Tūtawa mai i waho
Kia tau ai te mauri tū
Te mauri ora, ki te katoa
Hāumi e. Hui e. Tāiki e!

TŪTAWA MAI

I summon from above
I summon from below
I summon from within
I summon the surrounding
environment
The universal vitality and energy to
infuse and enrich all present
Enriched, unified and blessed

2. Ngā whakapāha - Apologies

The Chair invites notice from members of:

1. Leave of absence for future meetings of the Audit & Risk Committee; or
2. Apologies, including apologies for lateness and early departure from the meeting, where leave of absence has not previously been granted.

3. Whakapuakitanga whaipānga- Declarations of interest

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as a member and any private or other external interest they might have.

AUDIT AND RISK COMMITTEE MEMBERS' INTEREST REGISTER

Name	Organisation	Position
Mr Mike Garrett	G&G Properties Ltd Pen525 Ltd Denaire Family Trust	
Mayor Tapsell	Air Quality Working Party (BOPRC) BOPRC Public Transport Committee BOPRC Regional Transport Committee BOP Civil Defence Emergency Management Group Kauae Cemetery Trust Board Ngāti Rangiwewehi Protocol Committee Ngāti Rangiteaorere Protocol Committee Ngāti Waoku Protocol Committee Ngāti Whakaue Gifted Reserves Protocol Committee Pukaki ki Rotorua Charitable Trust Raukawa Trust/ RLC Governance Rotorua Te Arawa Lakes Strategy Group Tapuika Protocol Committee Te Arawa River Iwi Trust Joint Management Committee Te Tatau o Te Arawa Tūhourangi Protocol Committee	Council Representative
Deputy Mayor Cr Kai Fong		
Cr Barker	RL&KJ Barker Family Trust Empowered Learning Trust Geyser Community Foundation and others Creative Communities Association Committee Friends of the Museum	
Cr Brown		
Cr Wang	Rotorua Trust Rotorua Community Youth Centre Charitable Trust Rotorua Sustainable Charter	Trustee Trustee Committee Member
Cr Waru		

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4. Ngā take whawhati tata kāore i te rārangi take - Urgent items not on the agenda

The Chair will give notice of items not on the agenda as follows:

Matters Requiring Urgent Attention as Determined by Resolution of Rotorua Lakes Council

The Chair shall state to the meeting.

1. The reason why the item is not on the agenda; and
2. The reason why discussion of the item cannot be delayed until a subsequent meeting.

The item may be allowed onto the agenda by resolution of the Rotorua Lakes Council.

Minor Matters relating to the General Business of the Rotorua Lakes Council.

The Chairperson shall state to the meeting that the item will be discussed, but no resolution, decision, or recommendation may be made in respect of the item except to refer it to a subsequent meeting of the Rotorua Lakes Council for further discussion.

5. Te whakaū i ngā meneti - Confirmation of Minutes

5.1 Audit and Risk Committee Meeting Minutes (draft) 27 July 2022

01-15-016
RDC-1325176

Minutes (draft)
Audit & Risk Committee Meeting
held 27 July 2022 at 10am
Committee Room 1, Rotorua Lakes Council

MEMBERS PRESENT:	Mr Bain (Chair), Mayor Chadwick, Cr Donaldson, Cr Raukawa-Tait, Mr Rolleston (Te Tatau o Te Arawa)
MEMBERS PRESENT BY AUDIO - VISUAL	Cr Tapsell
APOLOGIES:	Mr Rolleston (lateness)
STAFF PRESENT:	G Williams, Chief Executive, O Hopkins, Deputy Chief Executive District Leadership & Democracy; E McCarthy, Portfolio Manager; I Brell, Governance Support Advisor
STAFF PRESENT BY AUDIO VISUAL:	T Collé, Deputy Chief Executive, Organisational Enablement;

The meeting opened at 10.33am.

1 KARAKIA WHAKPUAKI OPENING KARAKIA

Cr Donaldson opened the meeting with a Karakia.

2 NGĀ WHAKAPAAHA APOLOGIES

Resolved

That the apologies from Geoff Rolleston for lateness be accepted.

Moved: Cr Raukawa-Tait

Seconded: Cr Donaldson

CARRIED

3 WHAKAPUAKITANGA WHAIPĀNGA DECLARATIONS OF INTEREST

Nil

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**4 NGĀ TAKE WHAWHATI TATA KĀORE I TE RĀRANGI TAKE
URGENT ITEMS NOT ON THE AGENDA**

Nil

**5 TE WHAKAŪ I NGĀ MENETI
CONFIRMATION OF AUDIT & RISK COMMITTEE MINUTES**

5.1 AUDIT & RISK COMMITTEE MEETING 15 NOVEMBER 2021

Resolved

That the minutes of the Audit & Risk Committee meeting held 15 November 2021 be confirmed as true and correct.

Moved: Mayor Chadwick

Seconded: Cr Donaldson

CARRIED

**6 KA MATATAPU TE WHAKATAUNGA I TE TŪMATANUI
RESOLUTION TO EXCLUDE THE PUBLIC**

Resolved

That the Committee move into Public Excluded session.

Moved: Cr Raukawa-Tait

Seconded: Cr Donaldson

CARRIED

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for passing of this resolution
Confidential minutes from previous meeting 15 November 2021	Protect information where making available would be likely otherwise to damage the public interest	Section 48(1)(a) Section 7(2)(c)(ii)
Presentation – Museum deep dive	Protect the disclosure or use of official information for improper gain or improper advantage.	Section 48(1)(a) Section 7(2)(j)
Risk Review	Protect the disclosure or use of official information for improper gain or improper advantage.	Section 48(1)(a) Section 7(2)(j)
Governance Work Programme – Observations from the Code of Conduct Review	Protect the privacy of natural persons, including that of deceased natural persons.	Section 48(1)(a) Section 7(2)(a)
	Maintain effective conduct of public affairs through protection of such members, officers, employees and persons from improper pressure or harassment.	Section 48(1)(a) Section 7(2)(f)(ii)

This resolution is made in reliance on Section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Sections 6 or 7 of the Act or Sections 6, 7 or 9 of the Official Information Act 1982, as the case may require, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as shown above (in brackets) with respect to each item.

The meeting closed at pm

To be confirmed at the next scheduled Audit & Risk committee meeting.

.....

6. Pūrongo Kaimahi - Staff Reports

6.1 Audit and Risk Committee Draft Work Programme

19895574

DRAFT Work stream	Committee Meeting			
	July 2023	Sep 2023	Nov 2023	Mar 2024
Risk Management Activity reports	✓	✓	✓	✓
Business continuity plans - overview				✓
Risk deep dives				
- OneCouncil Post implementation review	✓		✓	
- SHMC Post implementation review		✓		
- Cyber Risk				✓
Asset management maturity – annual update		✓		
Policy and framework reviews				
- Delegations policy				✓
- Risk Management framework			✓	
- Protected disclosures				✓
- Health and safety policy charter				✓
- Procurement		✓		
- Contract management				
- Sensitive expenditure		✓		
- Treasury Risk Management (PwC presentation)			✓	
- Legislative compliance				✓
- Fraud policy				
Insurance programme overview				
- Insurance updates		✓	✓	
- Potential liability claims notified		✓	✓	✓
Conflicts of Interest and Gifts declaration (staff and elected members)		✓		✓
Completed reviews in line with audit plan				
Key project updates				
- Long Term Plan process		✓		
Fraud risk management framework		✓	✓	✓
External audit				
- Audit arrangements letter				✓
- Interim audit management letter		✓		
- Final audit management letter			✓	
Key accounting estimates and judgements		✓		
Tax compliance	tbc			
- Tax review outcomes	tbc			
- Annual tax compliance statement	tbc			
Annual leave, wellbeing and health and safety indicators	tbc			
Internal Audit programme	tbc			
Approve 3 year audit plan	tbc			

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6.2 Committee Discussion on Deputy Chair Recruitment

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ROTORUA LAKES COUNCIL

Chair
Mayor and Members
AUDIT AND RISK COMMITTEE

6.3 Update on Phase Two of the OneCouncil Project

Report prepared by: Suzanne Craig, Chief Information Officer

Report reviewed by: Thomas Collé, Deputy Chief Executive, Organisational Enablement

Report approved by: Geoff Williams, Chief Executive

1. TE PŪTAKE PURPOSE

The purpose of the report is to provide an update on Phase Two of the OneCouncil project and the roadmap going forward.

2 NGĀ TŪTOHUNGA RECOMMENDATIONS

1. That the report "Update on Phase Two of the OneCouncil Project" be received.
2. Committee notes Phase Two OneCouncil update and roadmap.
3. That this report and minutes not be made publicly available.

3. TE TĀHUHU BACKGROUND

The OneCouncil implementation programme is a multi-phased initiative that commenced in 2017 to provide Rotorua Lakes Council with an enterprise-wide system, OneCouncil using TechnologyOne's latest platform CiA (Connected intelligence Anywhere). OneCouncil will enable our business to work smarter using a common technology platform, integrating activities, data and information, providing robust end-to-end business processes across Rotorua Lakes Council's finance, corporate and operational areas. The platform will also enable our customers to access their information, engage in business with us and monitor progress in a secure digital environment, anytime and anywhere.

Phase One, completed in 2018, implemented the OneCouncil Finance and Supply Management modules replacing those elements within Ozone, our current platform.

Prior to embarking on Phase Two, the team implemented two additional modules with the approval of Council, Enterprise Budgeting (April 2019); and Asset Capitalisation (July 2019). Phase Two commenced in July 2019 and was implemented on 31 May this year, after three extensive rounds of user acceptance testing and business sign off. It is the most complex phase of the OneCouncil implementation programme. The OneCouncil platform now supports the majority of Council's work. It

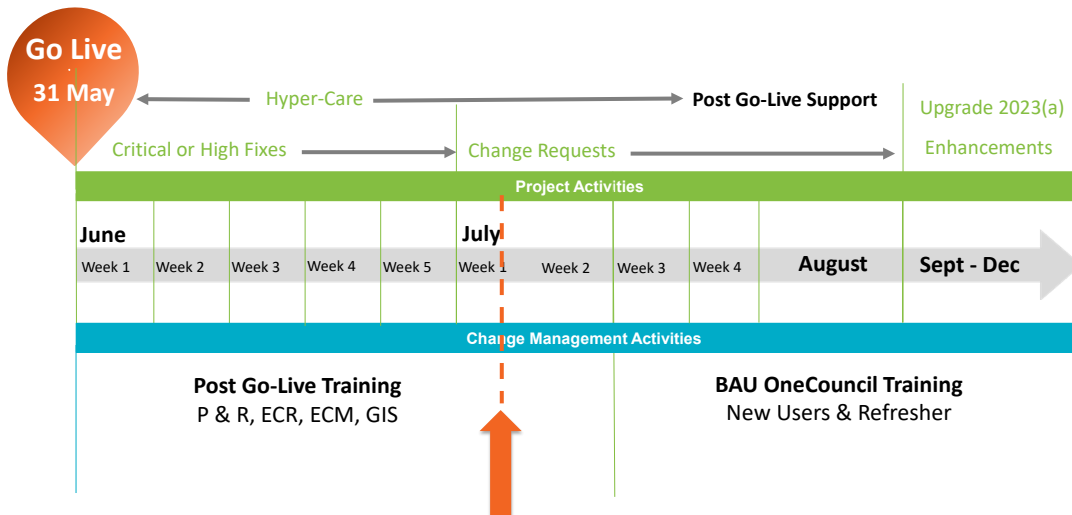
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includes Property and Rating, Enterprise Content Management, Enterprise Cash Receipting, Enterprise Maps and portal capability, which, going forward will enable our community to do business with us anytime, anywhere there is a cellular network, with ready access to their information 24/7.

4. TE MATAPAKI DISCUSSION

4.1 Go-Live and Post Go-Live Experience

FIGURE ONE: CURRENT TIMELINE TO DECEMBER 2021



The OneCouncil Phase Two went live Wednesday 31 May 2023 and was a relatively smooth transition, given the extent of the change throughout the business. The usual teething issues, for example access and permissions, were less than expected and readily managed. There were some data issues within the system with appropriate fixes deployed without unduly delaying Council work. Two internet links had issues which again were identified quickly and fixed immediately.

Business uptake was remarkably good as the workload was heavy immediately post go-live. Staff were simultaneously inputting work that had occurred over cutover, updating information on migrated in-flight applications, getting used to working in the new system, dealing with any glitches while maintaining 'business as usual', many directly with our customers. Staff persisted when they encountered difficulties and sought help as and when required.

The project team during June, particularly the trainers and the business analysts, have had a heavy presence on the floor with the business proactively providing ready support, encouragement and additional training as well as trouble-shooting easily resolved issues. The business is now gaining a level of competence where 'on-the-floor' support can be progressively reduced while complemented with a 'contact us' model, allowing the business analysts more concentrated time to address unresolved issues.

We are expecting to be able to safely transition to a 'business-as usual' model by September at which time the business will have completed most of the less frequent functions, for example, month end, year-end, rates run, water billing, and dog registrations.

4.2 Post Go Live Review

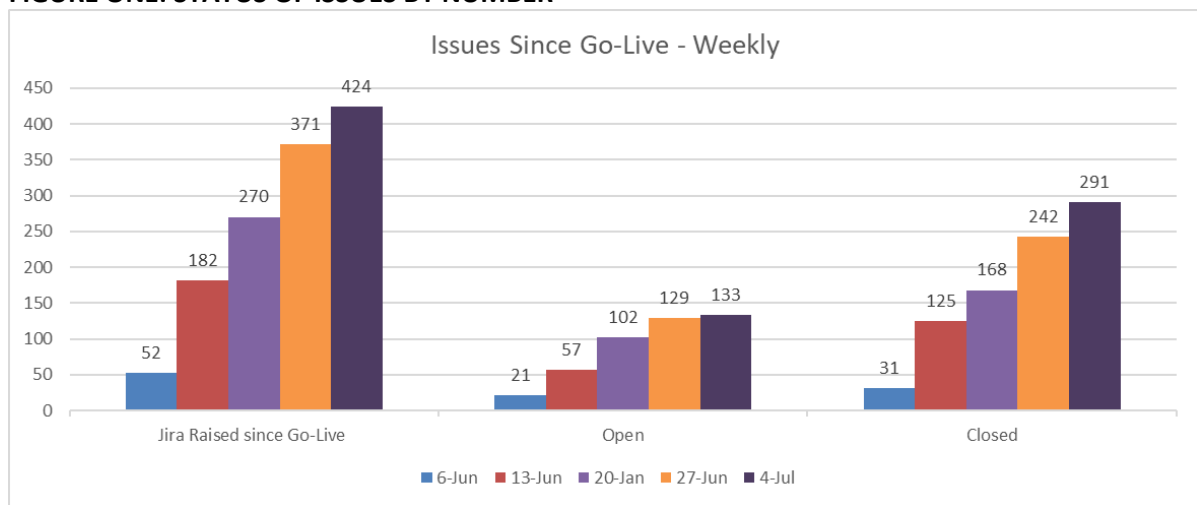
Once we have transitioned to ‘business as usual’ we will complete a post go-live review of all aspects of the OneCouncil Phase 2 project and implementation. The review will gather feedback and information from the business, impacted 3rd parties, management and the project team, with the information gleaned to inform our work as we continue to deploy further OneCouncil functionality.

4.3 Issues, Risks and Mitigations

4.3.1 Issues

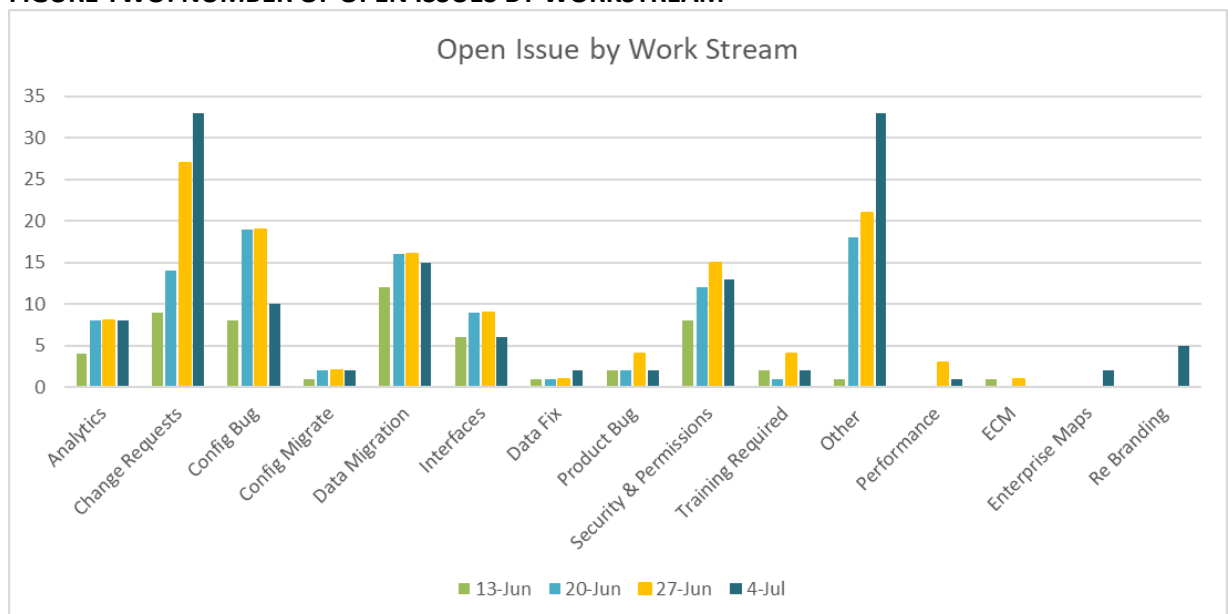
Figure one shows the total number of issues raised since Go-Live by week, the number remaining open, and the number of issues resolved. As expected, the biggest increase in issues identified occurred in the first 3 weeks post Go-Live.

FIGURE ONE: STATUS OF ISSUES BY NUMBER



Using a new system live commonly surfaces changes that are required by the business not evident from testing despite the extensive scope of the tests undertaken.

FIGURE TWO: NUMBER OF OPEN ISSUES BY WORKSTREAM



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As seen in Figure Two above, change requests represent over a third of issues yet to be resolved and, like configuration bugs, take a longer process than other issues to resolve as they often require design, configure and test processes before being implemented. Some data migration issues still prevail but are being resolved daily. Security/permission issues are the next common group of issues. These will continue to decline in number and frequency until residual numbers will be related to changes in roles, new appointees and resignations – ongoing maintenance BAU work. Training, both informal and scheduled, has ensured few open issues are related to skill and knowledge deficiencies.

4.3.2 Table One: Risks and mitigations

Current risks	Mitigations
Staff do not fully utilise OneCouncil leading to benefits not being fully realised	Continued support and training until OneCouncil embedded Ensure business owners know the benefits expected from their teams and own the achievement of these. Provide regular reports on how their teams are tracking against the plan
Staff becoming overwhelmed through not managing to keep up with workflows and new ways of working	Managers to be additionally vigilant to monitor staff wellbeing and signs of undue stress Monitor level of competence of teams and level of comfort with on floor project support being slowly reduced in the 6 weeks prior to handover to BAU Ensure managers and team leads know how to track workflows and monitor task allocations
First NZ Q1 rates strike being done from CiA may trigger unforeseen issues	TechnologyOne Support on-site Trial rates strikes will be undertaken prior to actual rates strike
The greater investment of time and work experienced in this CiA release as an early adopter, continues to be required for planned future releases	Derive lessons learned from Release 1 (via Post Implementation Review) and apply to planning and investment for future releases
Delay in availability of enhancements due to access in SaaS environment only	Re-examine priorities and sequencing of Roadmap in context of timing and advantages of enhancements

4.4 Benefits

4.4.1 Benefits realised since Go-Live

Phase Two has significantly extended the mobile capability across our business enabling our people to access OneCouncil anytime, anywhere there is a cellular network to interact with the system be it approving work done by others, accessing information to undertake work, or to enter work data and information. For example, where before results of an inspection would be manually recorded on paper then re-entered within our old system on return to the Council, our staff can do it once on-site at the time through their rugged device or tablet.

We no longer need to rely on our unsupported legacy systems and a myriad of databases and spreadsheets across the business with all the information now migrated into OneCouncil. This enables us to have greater surety of our data and information, providing consistency and uniformity of data and information collected. Once the reports currently being designed are completed this benefit will be further enhanced.

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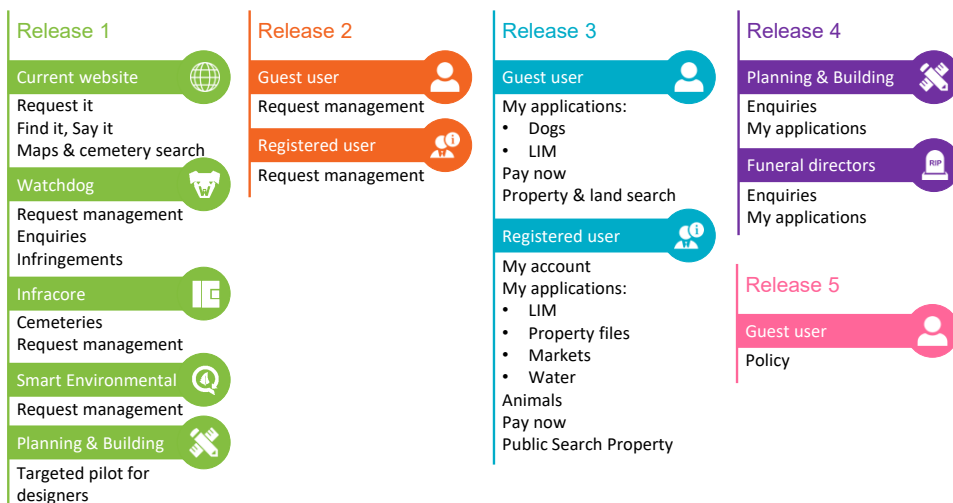
In addition, we have real time access to data and information, as appropriate, across the business which the legacy systems and tools, with different ways of working and collecting data, prohibited. This real time access cross the business decreases the number of touchpoints with Council our public require to get the information they need. This includes information about the work InfraCore, Watchdog and Smart Environment are doing on our behalf, as they now use a secure portal to enter their information into OneCouncil.

A further benefit, progressively being realised since Go-Live, is our people in different teams can work more collaboratively with ready access to the same information to provide services to our customers as well as in parallel rather than being dependent on paper work manually entered and completed working sequentially. This with increasing proficiency will expedite delivery to our customers.

4.4.2 Future benefits of OneCouncil

Once Phase 2 Release 1 has been bedded down with outstanding issues resolved, approved change requested and the full suite of agreed reports delivered, the team will direct efforts to implementing more modules and functionality over the next three financial years. This work will provide greater efficiencies and capability to the business as well as widen portal access to more of our community and those that regularly do business that requires interaction with Council. The planned releases for portal access are shown in Figure Four below.

FIGURE FOUR: PLANNED RELEASES



These releases will enable Council to be leading-edge in service provision and customer centricity as our public will have direct access to the information they need, whenever and wherever they need it, making business with Council both easy and transparent.

The implementation of five further modules is planned over 2023/24, 2024/25 and 2025/26 which collectively will further refine our business processes providing further automation, efficiencies and effectiveness in service delivery and decision making. These include:

- Contract Management, which is currently a very manual and timely process to an in-system solution, providing ready oversight of contract data and information, both individually and collectively.
- Capital Planning and Delivery, source data from within the system, along with additional inputted data, to automate and provide financial analysis on the implications and management of upgrading, creating, renewing or purchasing new assets. This will strengthen decision making about investments planned as well as our current assets.

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- Performance Planning Local Government, similar to Capital Planning and Delivery will automate analysis and provide real time business intelligence and insights of actual and likely future performance against key performance indicators given current investments, strategies and assumptions.
- Enterprise Asset Management not only provides a platform for enterprise-wide oversight and management of assets but augments and further automates the information used in the Capital Planning and Delivery module. It enables evidenced based understanding of the value of assets and supports strategic decision making in meeting longer-term infrastructure objectives.
- Human Resources and Payroll will streamline and automate workflows and controls through the employee lifecycle from hire to retire. Providing self-service tools as well as seamless and real time information to payroll, finance and budgeting and planning modules, this module will minimise the need for manual input of data into OneCouncil and provide effective workforce planning capability.

OneCouncil provides the opportunity for Council to move from 'on premise' to take advantage of the Software as a Service (SaaS) releasing investment in technology infrastructure to be used elsewhere.

4.5 Roadmap

The following roadmap is subject to change depending on available budget and changing business priorities and sequencing preferences.

Table Two: Future OneCouncil Releases

Module	Schedule
Community Portals	2023/24
Contract Management	2023/24
Capital Planning & Delivery	2023/24
Performance Planning Local Government	2023/24
Human Resources & Payroll	2024/25
Move to cloud – OneCouncil SaaS solution	2025/26
Enterprise Asset Management	2025/26

5. TE TINO AROMATAWAI ASSESSMENT OF SIGNIFICANCE

The decisions or matters of this report are not considered significant in accordance with the Council's Significance and Engagement Policy.

6. NGĀ KŌRERO O TE HAPORI ME TE WHAKATAIRANGA COMMUNITY INPUT/ENGAGEMENT AND PUBLICITY

Consultation on this matter is not being undertaken as this is a Contractual matter and is not appropriate to consult on.

7. HE WHAIWHAKAARO CONSIDERATIONS

7.1 Mahere Pūtea Financial/budget considerations

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Earlier this year, Council noted the extraordinary challenges the OneCouncil project has faced and approved an increase in investment of \$3,125,000 with a 10% contingency of the 2022/23 forecast to cover resolution of any further issues prior to 30 June 2023. Table Three below shows the financial results for year end 2022/23 inclusive of the 10% contingency (\$312,500). Please note these figures are yet to be confirmed subject to the completion of year end processes.

TABLE THREE: FINANCIAL CLOSE FOR 2022/23

Budget Year	Forecast / Projected	Actual	Accrued
2022/23	\$4,922,500	\$4,632,486	\$290,000

This brings the total expenditure for the OneCouncil Implementation Programme to \$18,413,700, in line with the current LTP investment of \$14,976,200 plus the approved funding request of \$3,125,000 and approved contingency funding of \$312,500.

7.1.1 Financial Forecast Out Years

For this year (2023/24) there is \$1,000,000 as part of the Annual Plan for enhancements and project funding plus a further \$300,000 identified and approved in the current Long Term Plan.

In this year's Long Term Planning round for out years, we will be seeking the funding to complete the work outlined in the Roadmap (Table Two, Section 5.5) plus further enhancements forecasted over the next 10 years based on business priorities and needs.

7.2 Kaupapa Here me ngā Hiraunga Whakariterite Policy and planning implications

This report and recommendations are consistent with Council's Procurement and Delegated Financial Authority policies.

7.3 Tūraru Risks

There are no further significant risks identified with the matters associated with this report. All work managed under this contract contain a degree of risk similar to most large software implementation programmes but Council processes and contract management procedures are in place to effectively manage these risks. The risks are reviewed on a regular basis using best practice programme delivery techniques and updated on a monthly basis with the Programme Steering Group.

7.4 Te Whaimana Authority

The approval of the Council is required as the value of the contract amendment is over \$1,000,000.

ROTORUA LAKES COUNCIL

Chair
Mayor and Members
AUDIT AND RISK COMMITTEE

6.4 Risk Review

Report prepared by: Elrond McCarthy, PMO & Risk Manager

Report reviewed by: Thomas Collé, Deputy Chief Executive, Organisational Enablement

Report approved by: Geoff Williams, Chief Executive

1. TE PŪTAKE PURPOSE

The Audit & Risk Committee delegations include “Understand the most significant risks facing Rotorua Lakes Council and the plans for mitigation”. This report provides the latest information on the most significant corporate risks and notes changes since the previous report. The purpose is to create visibility of risk and provide confidence in the risk management processes being undertaken.

2. NGĀ TŪTOHUNGA RECOMMENDATIONS

1. That the report “Risk Review” be received.
2. That the Committee notes the content of the report and acknowledges it has confidence in the risk management process.
3. That this report not be made publicly available
4. That the minutes relating to this item not be made publicly available.

3. TE TĀHUHU BACKGROUND

Rotorua Lakes Council (RLC) has in place a Risk Management Policy and Framework. This separates risk management at RLC into three distinct areas:

- Enterprise Risk Management (ERM)
- Operational Risk including; Business as usual (BAU) activities, Project Risk and Health and Safety Risk at an operational level.
- Corporate Health & Safety at Work Risk

This report considers the Enterprise Risk profile.

The Council is committed to managing risks effectively in order to achieve its strategic objectives and protect the interests of its stakeholders. The Enterprise Risk Management Policy outlines the framework for enterprise risk management within the council, including the roles and responsibilities of staff, the processes and systems used to identify and manage risks, and the reporting and

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monitoring requirements. Enterprise risk looks at risks to the organisation as a whole, while operational risk focuses on specific operational processes and activities.

Keeping risk registers current and monitoring change in risks and progress against actions is achieved through an ongoing review process starting at business unit level. An updated consolidated register is then generated for analysis and reporting purposes.

This report contains information generated on 30th June 2023.

4. TE MATAPAKI ME NGĀ KŌWHIRINGA DISCUSSION AND OPTIONS

Update to Enterprise Risk Management Policy

The Councils Risk Management Policy is regularly reviewed to ensure that it remains current and fit for purpose. The policy has been updated and the policy formally adopted in June 2023 to reflect changes to the Councils ERM systems and processes, notably a movement away from manual data collection on a quarterly basis to a platform that enables 'real time' reporting. The dashboards are refreshed on a daily basis as outlined below.

Process Improvements

Historically, the Councils ERM process required managers to update their enterprise risk registers on a quarterly basis. This involved the distribution of twenty risk registers, face to face meetings and a labour intensive consolidation process requiring spreadsheets, word documents and presentations to be manually updated.

The process has been improved with managers now having access to a web application that automatically updates a series of interactive ERM dashboards. This enables managers to update registers in real time and enables 'real time' reporting at every level of the organisation.

Enterprise Risk Register Summary

As of 30th June 2023 the Enterprise Risk Register contains **180 risks across 18 business units**.

Changes this period

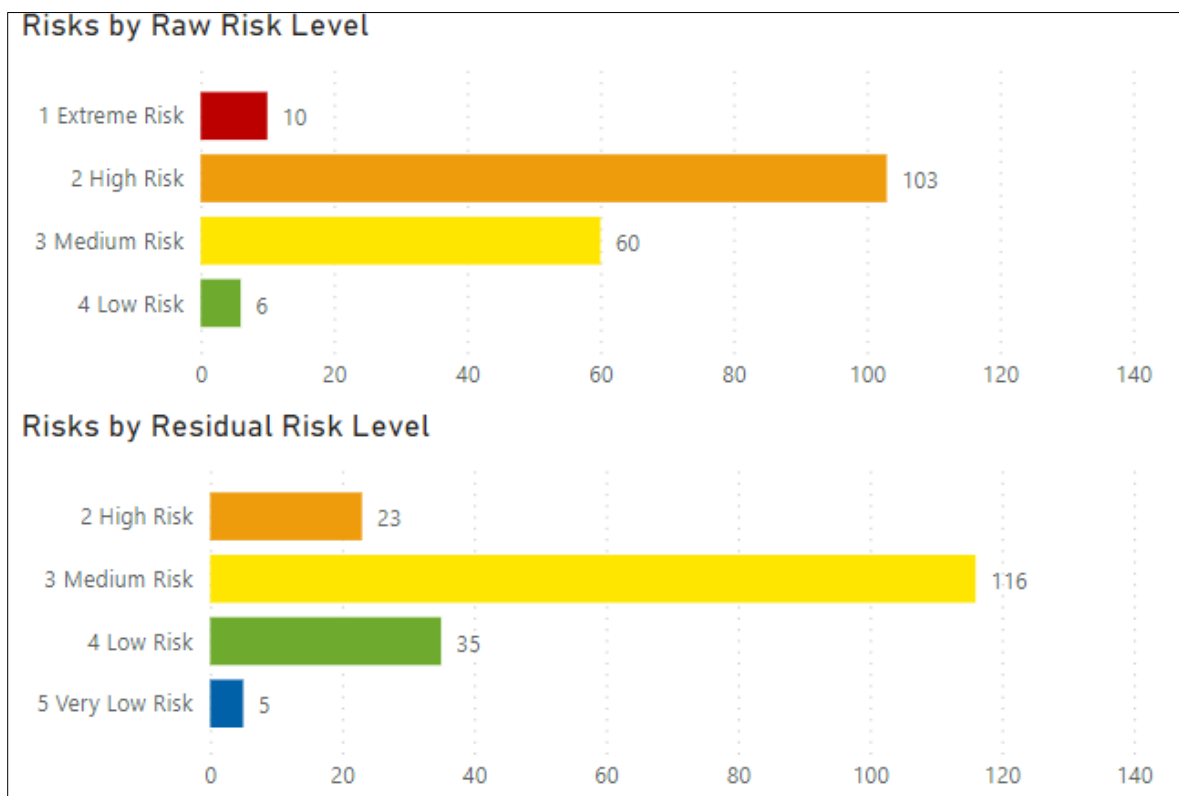
	Current Report Status		Previous Report	
Total Active Risks	179		198	
Closed Risks	17		*14	
Risk Profile	Raw Profile	Residual Profile	Raw Profile	Residual Profile
Extreme	10	0	19	3
High	103	23	111	31
Medium	60	116	63	124
Low	6	36	5	35
Very Low	0	5	0	5

Insights

- ✓ The continued reduction in 'total' risks is attributed to the closure of risks associated with the COVID-19 Pandemic. There were also a number of operational risks carried over from the previous system that have been removed.
- ✓ Risk mitigation measures have resulted in a significant reduction of 'Extreme' and 'High' risks resulting in 0 residual extreme risks and a reduction from 103 to 23 high risks. The impact is an

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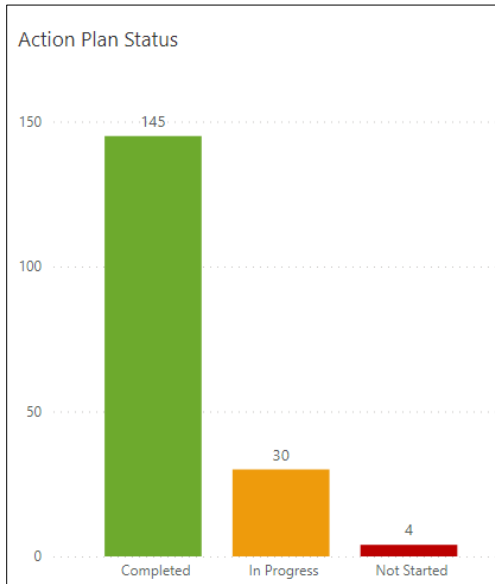
increase of medium, low and very low risks meaning that the impact of any realised risk is likely to be significantly reduced.



Insights

- ✓ The mitigations identified by teams across the Council will result in a significant reduction in both the likelihood and impact of any risk should it be realised.
- ✓ 10 extreme raw risks have been reduced to 4 residual high risks and 6 residual medium risks.
- ✓ 103 high raw risks have been reduced to 19 residual high risks, 75 Medium Risks and 9 Low Risks
- ✓ 61 medium raw risks have been reduced to 35 medium residual risks, 22 low risks and 3 very low risks.

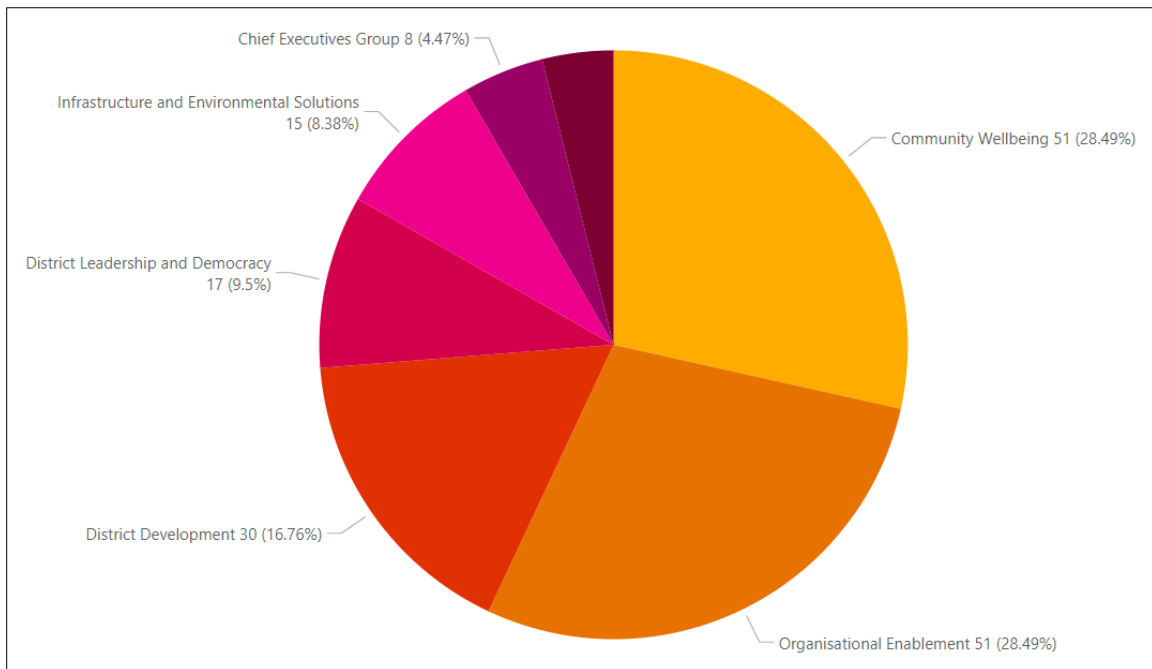
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Insights

- ✓ Residual risk score can only be claimed once the associated mitigations are in place through the execution of an Action Plan.
- ✓ 145 Action Plans have been completed.
- ✓ 30 Action Plans are in the process of being executed.
- ✓ 4 Action Plans have not yet started (see below). This is due to new risk being identified, the time required to implement the actions and in some instances, internal resourcing constraints.

Business Unit	Risk Event	Raw Risk Level	Proposed Actions/Action plan	Residual Risk Level	Risk Action Plan Status
Legal & Property	Failure of geothermal plant under the ownership of RLC resulting in damage to the environment, loss of serviceability and potentially putting staff or the public at risk.	2 High Risk	Initiate a long term maintenance and renewal plan for geothermal bores and plant rooms under the ownership of RLC. This requires someone with specialist understanding and experience that doesn't exist within the existing Legal & Property team. Someone would need to be engaged for this continued requirement to ensure we meet BOPRC and legislative requirements.	3 Medium Risk	Not Started
Thriving Communities	Lack of reliable and timely statistical and other information to inform evidence for programmes of work	2 High Risk	Invest and utilise comprehensive data sets including Infometrics, Dot Loves Data and partner agency information to inform decision-making and service design. Utilise quantitative and qualitative information.	3 Medium Risk	Not Started
Thriving Communities	Loss of prioritisation and access to funding for community wellbeing investment internally or from partner organisations resulting in inability to achieve objectives	3 Medium Risk	Identify range of funding sources and partners for initiatives. Prioritise programmes within budget.	3 Medium Risk	Not Started
Thriving Communities	Unable to recruit and retain skilled staff, reducing ability to deliver work programmes, delays	3 Medium Risk	Alternative recruitment strategies, grow/ train internal staff, succession planning	4 Low Risk	Not Started



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 **Insights**

- ✓ The highest volume of risks are within the Community Wellbeing and Organisational Enablement Outcome Areas. This is attributed to the scale and scope of these operational areas.
- ✓ Community Wellbeing delivers a number of high risk activities including; community safety, events, sport and recreation, public services and regulatory activities.
- ✓ Organisational Enablement also delivers a number of high risk activities supporting Council services including; Finance, HR, Corporate H&S, Legal & Property, and the enterprise PMO & Risk office.
- ✓ The remaining outcome areas have a more targeted focus and therefore carry a proportionately lower volume of overall risk however the residual risk profile for these areas is still distributed between high and medium risks albeit at a lower total volume due to scale.
- ✓ Infrastructure & Environmental Solutions, Community Wellbeing and Organisational Enablement have the greatest volume of high residual risks overall accounting for 9.44% of the residual risk profile, however 90.66% of residual risks carry a medium to very low risk rating.



 **Insights**

- ✓ Each risk identified on the Councils risk register is assigned a 'type' in line with the Councils Risk Management Framework. This has been developed in line with industry best practice.
- ✓ The majority of risks identified this period are associated with a lack of skilled resource, both internally within the market in general.
- ✓ Teams across the Council have developed strategies and plans across all areas of the Council to minimise the impact on service delivery.

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- ✓ Internal staff are receiving additional and training and support to ‘up skill’ and develop ‘in house’ talent.
- ✓ New systems and process are being implemented to streamline workflow.
- ✓ Staff are actively working with the market to plan work, identify contingencies and opportunities for efficiencies.

Action Plan Status		Outcome Area													
		<table border="1"> <tr> <td>Community Wellbeing</td> <td colspan="3"></td> <td>1</td> </tr> <tr> <td>Organisational Enablement</td> <td colspan="3"></td> <td>1</td> </tr> </table>				Community Wellbeing				1	Organisational Enablement				1
Community Wellbeing				1											
Organisational Enablement				1											
Business Unit	Risk Event	Raw Risk Level	Proposed Actions/Action plan	Residual Risk Level	Risk Action Plan Status										
Legal & Property	Obsolete facilities components not able to be repaired. Contractors have notified RLC that some existing specified systems within buildings can no longer be repaired as supply/production has been discontinued.	1 Extreme Risk	A program of works is being created to address the obsolete systems and plan for their early replacement before failure. If failure occurs in the meantime then RLC is at risk of facilities being closed due to specified systems under the BWOF not being operable.	2 High Risk	In Progress										
Community Safety	Council Strategic Risk: Geothermal hazards cause significant harm to staff or public or facilities	2 High Risk	Final process documentation (Geothermal Wells Management Plan) is now being completed to reduce historical risk around relying on individual (staff) knowledge. Business Plan to be created over the next month to detail options for how Council manages the Geothermal Safety Officer role/succession. Ongoing and refresher Hydrogen Sulphide training to Infracore and relevant Council operational staff for geothermal hazards. All training provided by Peter Brownbridge. Staff training has been extended to property team for bores. More work done to improve our documentation (a summer student has documented the technical knowledge sourced by Peter B in regard to bores). Specific locations and known bore history is being transferred to property files with a final push from Peter Brownbridge over the next couple of months prior to loading in OneCouncil). Geothermal information and operational agreement between Worksafe, RLC and BOPRC for cross-agency geothermal knowledge sharing and functions created.	2 High Risk	Completed										

Insights

- ✓ Thanks to the efforts made by staff across the Council there are no residual extreme risks to report this period.
- ✓ Of the remaining residual risks, only three are considered to be significant with; one action plan completed and another in progress

**5. TE TINO AROMATAWAI
ASSESSMENT OF SIGNIFICANCE**

The decisions or matters of this report are not considered significant in accordance with the Councils Significance and Engagement Policy.

**6. NGĀ KŌRERO O TE HAPORI ME TE WHAKATAIRANGA
COMMUNITY INPUT/ENGAGEMENT AND PUBLICITY**

Consultation is not required as this is a technical matter of Governance.

**7. HE WHAIWHAKAARO
CONSIDERATIONS**

**7.1 Mahere Pūtea
Financial/budget considerations**

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There may be financial implications from proposed risk mitigating actions. However, any actions that require Council approval will be brought separately to the appropriate Committee at the appropriate time.

7.2 Kaupapa Here me ngā Hiraunga Whakariterite Policy and planning implications

There may be policy or planning implications from proposed risk mitigating actions. However any actions that require Council approval will be brought separately to the appropriate Committee at the appropriate time.

7.3 Tūraru Risks

The review of Risk is a function of this Committee.

7.4 Te Whaimana Authority

The Committee has the authority to accept this report, evaluate its contents and make recommendations to Council.

8. NGĀ ĀPITI HANGA ATTACHMENTS

Attachment 1: Enterprise Risk Management Policy (Doc ID: 19895707 – distributed separately)

7. Ka Matatapu te Whakataunga i te Tūmatanga - Resolution to go into Public Excluded (to consider and adopt confidential items)

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for passing of this resolution
CONFIDENTIAL MINUTES OF PREVIOUS MEETING HELD 22 JULY 2022	Please refer to the relevant clause/s in the open meeting minutes.	Good reason for withholding exists under Section 48(1)(a).

This resolution is made in reliance on Section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Sections 6 or 7 of the Act or Sections 6, 7 or 9 of the Official Information Act 1982, as the case may require, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as shown above (in brackets) with respect to each item.