



**I give notice that  
an Audit & Risk Committee Meeting will be held on:**

<b>Date:</b>	<b>Monday, 6 March 2017</b>
<b>Time:</b>	<b>10.00am</b>
<b>Location:</b>	<b>Council Chamber 72 Lake Terrace Taupo</b>

# **AGENDA**

## **MEMBERSHIP**

**Chairperson** Mr Anthony Byett

**Deputy Chairperson** Cr Barry Hickling

**Members** Mayor David Trewavas  
Cr Zane Cozens  
Cr Rosie Harvey  
Cr Rosanne Jollands  
Cr Anna Park

**Quorum** 4

**Gareth Green  
Chief Executive Officer**

## Order Of Business

<b>1</b>	<b>Apologies</b>	
<b>2</b>	<b>Conflicts of Interest</b>	
<b>3</b>	<b>Confirmation of Minutes</b>	
	Nil	
<b>4</b>	<b>Reports</b>	
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**4.1 AUDIT NZ PRESENTATION - YEAR AHEAD**

**Author:** Brian Fox, Group Manager: Corporate and Community

**Authorised by:** Gareth Green, Chief Executive Officer

**PURPOSE**

Audit New Zealand representatives will be in attendance at the meeting to provide an overview of audit plans for the year ahead.

**RECOMMENDATION(S)**

That the Audit & Risk Committee receives the information and thanks the Audit New Zealand representatives for their presentation.

**ATTACHMENTS**

Nil

**4.2 TERMS OF REFERENCE AND COMMITTEE VISION FOR THE TRIENNIUM**

**Author:** Tina Jakes, Democracy & Community Engagement Manager

**Authorised by:** Brian Fox, Group Manager: Corporate and Community

**PURPOSE**

To note the Committee's Terms of Reference and to discuss what members would like to achieve over the course of the 2016-19 Triennium.

**DISCUSSION**

The Chairman will lead a discussion on the Committee vision for the Triennium. The Terms of Reference for the Committee are attached.

**CONCLUSION**

It is recommended that the Committee formally notes the Terms of Reference and receives other information discussed as part of this item.

**RECOMMENDATION(S)**

That the Audit & Risk Committee:

1. Notes the Terms of Reference for the 2016-19 Triennium.
2. Receives the information relating to the Committee vision for the Triennium.

**ATTACHMENTS**

1. Audit & Risk Committee Terms of Reference 2016-19 

**4.3 HEALTH AND SAFETY REPORT****Author:** Lyn Hura, People & Capability Manager**Authorised by:** Brian Fox, Group Manager: Corporate and Community**PURPOSE**

The purpose of this item is to provide a regular update to the Committee on health and safety activity within Taupō District Council and to continuously improve on Councils requirements of the Health and Safety at Work Act 2015.

**EXECUTIVE SUMMARY**

Taupō District Council has been proactive in embedding systems and procedures that meet the needs of the Health and Safety at Work Act 2015. The report reflects the work that has been done to date with positive outcomes and areas for improvement.

**RECOMMENDATION(S)**

That the Audit and Risk Committee receives this report.

**BACKGROUND**

This is a standard agenda item for the Audit and Risk Committee and provides an overview of the previous four months.

**OUTCOMES TO DATE****1. ACC Workplace Safety Management Practices Audit**

Taupō District Council undertook a renewal audit of its accreditation for ACC Workplace Safety Management Practices (WSMP) on 13 September 2016. The purpose of the audit was to measure our health and safety systems and practices against the Workplace Safety Management Practices audit standards.

Taupō District Council has maintained secondary level accreditation for 10 years and in September 2016 we successfully met the requirements of the WSMP tertiary level. The accreditation entitled Council to a 20% discount on ACC Workplace Cover Levies and applies until 30 September 2018. Our previous discount on ACC levies was 15%.

Attaining tertiary accreditation demonstrates that Taupō District Council operates a continuous improvement framework for health and safety management systems and practices. This is a high level audit that does not reflect individual section operational practices. [A copy of the audit is attached].

The audit provided for improvement recommendations and to date we have completed recommendations as follows:

<b>Improvement Recommendations</b>	<b>Achieved to Date</b>
Ensure the procedures in Vault and the health and safety manual align	Completed, health and safety manual has been revised and now aligns with Vault
Include an additional health and safety representative who is a union member in self-assessment processes	Currently reviewing make-up of Health and Safety Committee and representatives to ensure union membership is achieved and available to support as required
Use role descriptions when allocating responsibilities rather than names	Completed.
Ensure to include accurate reporting and recording.	Actively working on improving reporting from Vault.
Align the health and safety policy with the health and safety manual for reporting procedures	Completed
Expand and clarify the investigation procedure	Completed

WSMP will no longer be accepting applications from this year onwards as WorkSafe NZ and ACC are proposing a new Safety Star Rating (SSR) initiative. The SSR initiative consists of 15 standards focussing on leadership, worker engagement and participation, risk awareness and risk management. The standards were developed with industry from internationally accepted good health and safety practices. The standards are in line with Health and Safety at Work Act 2015 (HSWA).

**2. Internal Audits**

One internal audit of the Wastewater Treatment Plant was completed and are undertaken as part of Councils continuous improvement philosophy. The audit was facilitated independently of the operational areas and was conducted by the Health and Safety Business Partner and Risk Manager. The audit demonstrated the Wastewater Treatment Plant has appropriate paper based systems and processes in place.

Upcoming audits are scheduled for Events Management, Compliance and AC Baths.

**3. Serious Near Miss Investigation**

A serious near miss incident occurred during the period. Details about this incident will be provided during the confidential part of the meeting.

**4. General Matters**

Taupō District Council remains an active participant on the Waikato LASS Health and Safety group that meets quarterly to discuss shared services options.

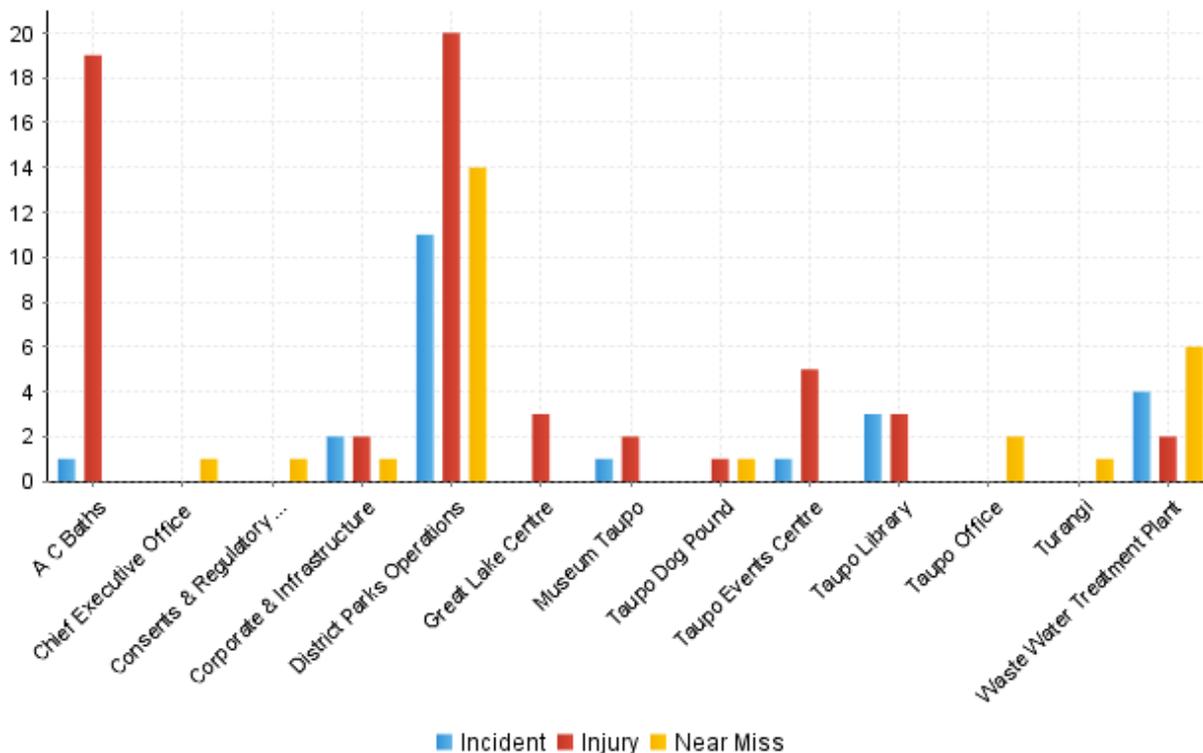
**5. Incident Report 1 September 2016 to 3 February 2017**

There have been no serious harm incidents during this period. The main points to note below are:

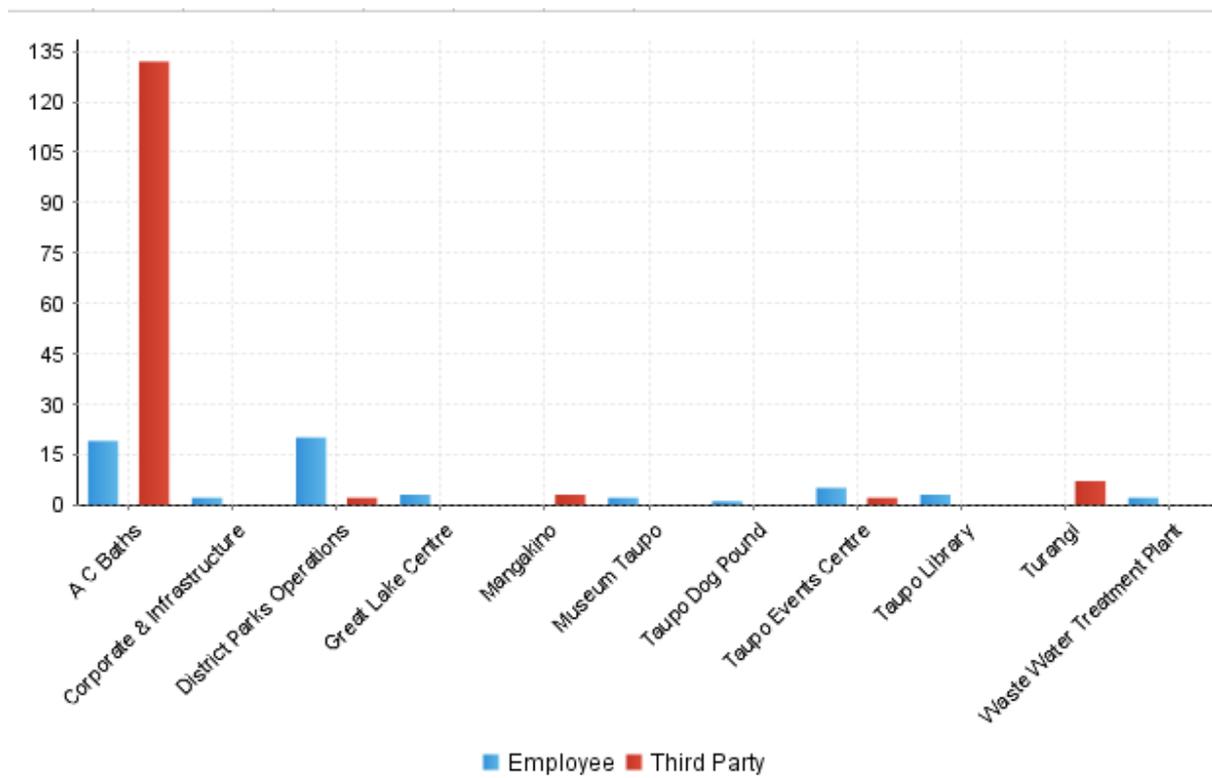
- 57 injuries with no lost time from work
- 146 Third party events
- 3 Contractor incidents (not shown graphs below)
- 1 Serious near miss

See graphs below.

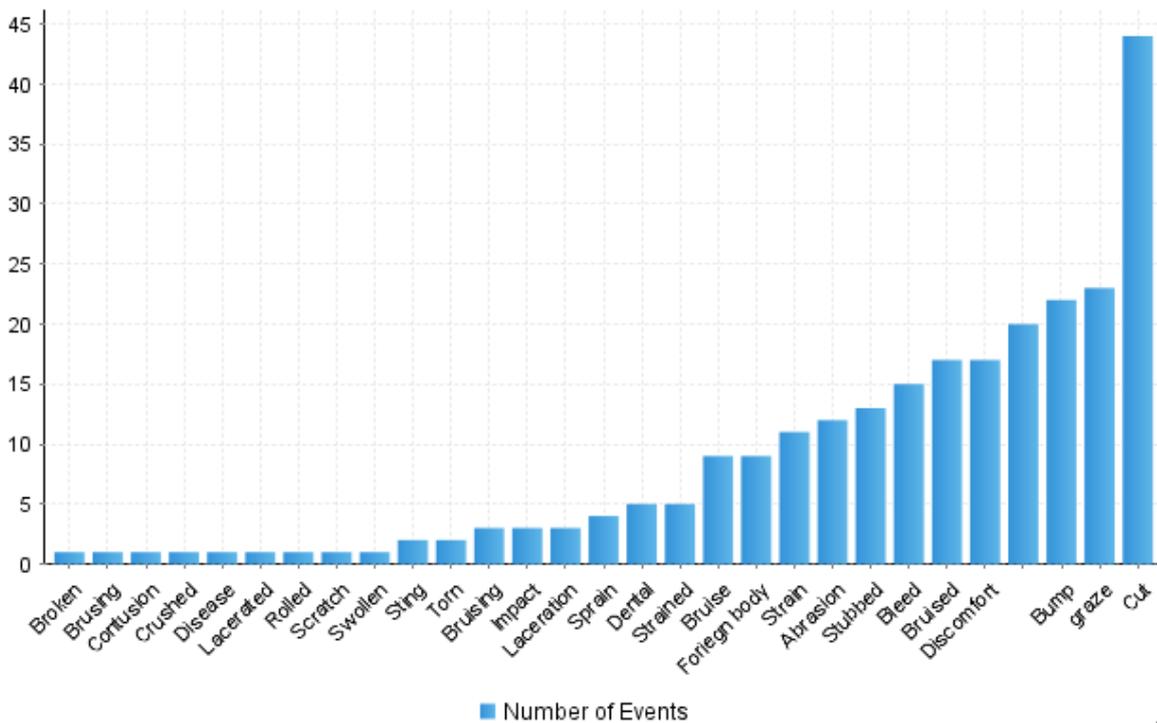
**Incident Report**



**Third Party versus Employee incidents**



**Type of Injuries**



**Risks**

There are no known risks that have no controls in place.

**CONCLUSION**

It is the recommendation that the information is received.

**ATTACHMENTS**

1. ACC Workplace Safety Management Practices Audit Report [A1752194] 

**4.4 RISK REGISTER UPDATE**

**Author:** Jamie Dale, Risk Manager

**Authorised by:** Brian Fox, Group Manager: Corporate and Community

**PURPOSE**

Council's adopted Risk Management Charter and the terms of reference for this Committee require regular reporting on risk matters to Council. This report forms part of that procedural requirement.

**EXECUTIVE SUMMARY**

Previous reports on the risk register identified the top risks and identified risk treatments. The format of the risk register was updated and approved by the committee in 2016 and this report is the first report using the revised format.

**RECOMMENDATION(S)**

That the Audit & Risk Committee receives the March 2017 Risk Register Report.

**BACKGROUND**

Management of risk is a key business requirement of any large organisation. Within the Council the overarching policy document for the management of risk is its Risk Management Charter.

There are two risk registers with one detailing the current top governance risks and the other detailing the top operational risks by approved by elected members and the senior management team. They do not detail all Councils known risks or other risks that are managed on a day to day basis. It is a dynamic document in that some risks or other risks may be escalated in one year in terms of focus while others may not depending on the risk profile at any given point in time.

The identified risks have been reviewed previously and this report records the current status of these risks and any changes will be able to be monitored by the Committee.

**CONSIDERATIONS****Financial Considerations**

The financial impact of the proposal is estimated to be \$Nil.

**Legal Considerations**

Nil.

**Policy Implications**

There are no known policy implications.

**Risks**

There are no known risks. Council's risks are minimised by the monitoring of and reporting on risks.

**SIGNIFICANCE OF THE DECISION OR PROPOSAL**

Council's Significance and Engagement policy identifies the following matters that are to be taken into account when assessing the degree of significance of proposals and decisions:

- a. The level of financial consequences of the proposal or decision;
- b. Whether the proposal or decision will affect a large portion of the community or community of interest;

- c. The likely impact on present and future interests of the community, recognising Maori cultural values and their relationship to land and water;
- d. Whether the proposal affects the level of service of an activity identified in the Long Term Plan;
- e. Whether community interest is high; and
- f. The capacity of Council to perform its role and the financial and other costs of doing so.

Officers have undertaken a rounded assessment of the matters in clause 11 of the Significance and Engagement Policy (2016), and are of the opinion that the proposal under consideration is of low importance.

#### **ENGAGEMENT**

Taking into consideration the above assessment, that the decision is of a low degree of significance, officers are of the opinion that no further engagement is required prior to Council making a decision.

#### **COMMUNICATION/MEDIA**

No communication/media is required.

#### **CONCLUSION**

Reporting of the Risk Register on an ongoing basis will meet the requirements of Council's Risk Management Charter and aid Council in its overall governance role.

#### **ATTACHMENTS**

1. Operational Risks March 2017 
2. Governance Risks March 2017 

**4.5 GIFT REGISTER REVIEW**

**Author:** Jamie Dale, Risk Manager

**Authorised by:** Brian Fox, Group Manager: Corporate and Community

**PURPOSE**

To report to the Committee on the findings of the review of gifts received by elected members and staff.

**EXECUTIVE SUMMARY**

The receiving of gifts is covered by the current Sensitive Expenditure Policy adopted on 28 July 2015. While not strictly sensitive expenditure it nevertheless is a sensitive issue and requires careful management.

As part of the management of this sensitive issue the Council maintains a gift register to record all gifts received by elected representatives and staff.

This report covers gifts received in the first half of the 2016 - 17 financial year.

**RECOMMENDATION(S)**

That the Audit & Risk Committee receives the Gift Register Review Report.

**BACKGROUND**

For elected representatives and staff at the Taupō District Council, the receiving of gifts is a sensitive issue and it is important that acceptance of gifts is not perceived as having an influence on a Council decision-making process. To ensure that the required levels of integrity, honesty, transparency and openness are maintained when gifts are received, the Sensitive Expenditure Policy requires all gifts received to be declared and recorded on the gift register.

For this review all gifts recorded on the current gift register between 1 July 2016 and 31 December 2016 were reviewed against the requirements of clauses 12.7 to 12.19 of the Sensitive Expenditure Policy.

No issues were identified in the review warranting further investigation. There appears to be a very good awareness by elected representatives and staff of the need to be very open and transparent when receiving gifts. Most items recorded were below the thresholds identified in the policy and in all cases the details of the gifts received was well documented and the necessary approvals obtained where needed.

**CONSIDERATIONS****Financial Considerations**

None.

**Legal Considerations**

None.

**Policy Implications**

There are no known policy implications.

**Risks**

There are no known risks. Council's risks in this are minimised as a result of this audit/review of the gift register.

**SIGNIFICANCE OF THE DECISION OR PROPOSAL**

Council's Significance and Engagement policy identifies the following matters that are to be taken into account when assessing the degree of significance of proposals and decisions:

- a. The level of financial consequences of the proposal or decision;
- b. Whether the proposal or decision will affect a large portion of the community or community of interest;
- c. The likely impact on present and future interests of the community, recognising Maori cultural values and their relationship to land and water;
- d. Whether the proposal affects the level of service of an activity identified in the Long Term Plan;
- e. Whether community interest is high; and
- f. The capacity of Council to perform its role and the financial and other costs of doing so.

Officers have undertaken a rounded assessment of the matters in clause 11 of the Significance and Engagement Policy (2016), and are of the opinion that the proposal under consideration is of low importance.

#### **ENGAGEMENT**

Taking into consideration the above assessment, that the decision is of a low degree of significance, officers are of the opinion that no further engagement is required prior to Council making a decision.

#### **COMMUNICATION/MEDIA**

No communication/media is required.

#### **CONCLUSION**

Reporting of the staff conflicts of interests on an ongoing basis will meet the requirements of Council in its overall governance role.

#### **ATTACHMENTS**

Nil

**4.6 BUSINESS CONTINUITY PLANNING UPDATE**

**Author:** Jamie Dale, Risk Manager

**Authorised by:** Brian Fox, Group Manager: Corporate and Community

**PURPOSE**

To update the Committee on current status of business continuity plans within the Taupō District Council.

**EXECUTIVE SUMMARY**

The Council has business continuity plans for the identified critical activities of water, wastewater and information technology services. These plans were designed to ensure that the Council can provide adequate levels of service to its customers in the event of serious business disruptions.

A desktop exercise was run in December 2016 to test these plans and identify where changes and improvements could be made.

This desktop exercise identified the need to develop a business continuity plan for the entire Council to ensure that in the event of any situation where the Council experienced a prolonged period of interruption, it can continue to provide essential services to the community at an acceptable level. As part of this plan all departments need to have emergency plans that can cover a worst case scenario of a loss of 24 hours of data and 3 days of no access to the Council network.

**RECOMMENDATION(S)**

That the Audit & Risk Committee receives the Business Continuity Planning Update Report for March 2017 and that the Council develops a full council business continuity plan.

**BACKGROUND**

Business continuity plans for water, wastewater and information technology were developed and approved by the committee in 2013. These plans were developed to ensure that these 3 activities could operate under adverse conditions (i.e. interruption from natural or man-made hazards) and to ensure the Council met its obligations under the Local Government Act 2002 and the Emergency Management Act 2002 in respect to the provision of lifeline functions during emergency events.

A desktop exercise was undertaken in December 2016 to test these plans and identify any changes and improvements which could be made to these plans. This exercise was based around a catastrophic fire in the main Council building resulting in complete destruction of the current IT network which was further compounded by asbestos contamination with a large no entry zone around the Council location. The event was not considered large enough to invoke a civil defence declaration but effectively wiped out the entire IT network causing significant issues with monitoring systems for water and wastewater and prevented access to any part of the Council main office block for an indefinite length of time.

**DISCUSSION**

The desktop exercise demonstrated a degree of comfort with the current plans for the essential services but emphasised the need for good communication for all affected parties. The general principles for recovery in the IT plan are still relevant however technology and our needs and reliance on certain IT services has changed and needs reviewing and updating.

IT systems are very much central to the Council's ability to function at an acceptable level and we have systems in place to minimise the loss of data and maximise the ability to reinstate IT systems. However any reinstated system will be limited by factors outside the control of the IT staff such as server capacity, location of staff, available hardware and the Council's immediate needs.

The exercise identified some key points that need addressing in the form of a council wide continuity plan to ensure any event which results in the current council building being uninhabitable for any length of time. The following points are some of the points (but not all points) we need to address in a business continuity plan:

- Communications to staff and the public?
- Where can another office be set up? (Housing staff, public access, IT systems etc)?
- What do we do about customer service functions (phones, information, payments etc)?
- How do we ensure who needs access to the IT system can get access?

Like existing business continuity plans this plan will follow the following steps

- Define and prioritise the business functions and identify the maximum acceptable outages for these functions.
- Detail the immediate or emergency responses to a critical incidents or disruptions
- Detail actions to be taken to enable the Council to continue to function during and after a critical incident or disruption
- Detail actions to be taken to return activities to normal, pre-disruption service.
- Detail communication plans to be implemented for each disruption.
- Identified key contacts
- Identified any preparatory actions that may be required

## **CONSIDERATIONS**

### **Financial Considerations**

The financial impact of the proposal is estimated to be \$Nil.

### **Legal Considerations**

None.

### **Policy Implications**

There are no known policy implications.

### **Risks**

There are no known risks. Council's risks in this are minimised with business continuity planning.

## **SIGNIFICANCE OF THE DECISION OR PROPOSAL**

Council's Significance and Engagement policy identifies the following matters that are to be taken into account when assessing the degree of significance of proposals and decisions:

- a. The level of financial consequences of the proposal or decision;
- b. Whether the proposal or decision will affect a large portion of the community or community of interest;
- c. The likely impact on present and future interests of the community, recognising Maori cultural values and their relationship to land and water;
- d. Whether the proposal affects the level of service of an activity identified in the Long Term Plan;
- e. Whether community interest is high; and
- f. The capacity of Council to perform its role and the financial and other costs of doing so.

Officers have undertaken a rounded assessment of the matters in clause 11 of the Significance and Engagement Policy (2016), and are of the opinion that the proposal under consideration is of low importance.

## **ENGAGEMENT**

Taking into consideration the above assessment, that the decision is of a low degree of significance, officers are of the opinion that no further engagement is required prior to Council making a decision.

**COMMUNICATION/MEDIA**

No communication/media is required.

**CONCLUSION**

A desktop exercise on the existing business continuity plans identified a need for an overarching plan for the entire Council to ensure any that in the event of a significant business interruption the Council has a plan to restore essential services to acceptable levels as quickly as possible.

Business continuity plans are a useful tool for identifying and managing the effects of potential risks and allow us to minimise the impact on the business and the ratepayers should such an event occur and can be used to demonstrate compliance with relevant sections of the Local Government Act 2002 and the Civil Defence Emergency Management Act 2002

The process of developing a plan will require an assessment of what can go wrong, the likely impacts, and how long the Council can withstand the disruption and will remove much of the guess work about how we should respond.

**ATTACHMENTS**

Nil

**4.7 RISK MANAGEMENT CHARTER ANNUAL REVIEW**

**Author:** Jamie Dale, Risk Manager

**Authorised by:** Brian Fox, Group Manager: Corporate and Community

**PURPOSE**

The purpose of this agenda item is to obtain the Audit and Risk Committee's input into the review of the current Risk Management Charter.

**DISCUSSION**

The Council's current Risk Management Charter requires the charter to be reviewed on an annual basis by Council's Audit & Risk Committee.

These reviews are important to that the charter is still relevant and contributes to ensuring a consistent and appropriate risk management culture within the organisation.

The current Risk Management Charter is attached for committee members to consider the existing document and identify any changes they may wish to make it. It is proposed that staff take these identified changes, update the Charter and bring the updated Charter back to the committee for approval and adoption at the next meeting.

**CONCLUSION**

It is proposed to commence a review the Council's Risk Management Charter as provided for in section 8 of the existing charter. To start this review we are seeking input from committee members which will be incorporated into an updated document for the Committee to consider at their next scheduled meeting.

**RECOMMENDATION(S)**

That the Audit & Risk Committee directs officers to include the following amendments to the current Risk Management Charter for consideration and approval at the next scheduled Audit and Risk Committee Meeting:\_\_\_\_\_

**ATTACHMENTS**

1. Risk Management Charter 2016 [A1221175] 

**4.8 ELECTORAL OFFICER'S REPORT ON 2016 ELECTIONS**

**Author:** Tina Jakes, Democracy & Community Engagement Manager

**Authorised by:** Brian Fox, Group Manager: Corporate and Community

**PURPOSE**

To receive a report from the Electoral Officer regarding Taupō District's 2016 Local Government elections.

**RECOMMENDATION(S)**

That the Audit & Risk Committee receives the report from Electionz.com following the 2016 Local Government elections.

**ATTACHMENTS**

1. 2016 Election Debrief [A1872514] 

**4.9 AUDIT & RISK COMMITTEE SCHEDULE OF POLICIES FOR REVIEW**

**Author:** Brian Fox, Group Manager: Corporate and Community

**Authorised by:** Gareth Green, Chief Executive Officer

**PURPOSE**

To receive a Schedule of Policies regularly reviewed by the Audit & Risk Committee of Taupō District Council.

A Schedule of Policies is attached. This contains details of Council policies falling within the Terms of Reference of the Audit & Risk Committee, including dates of last review and when the policies will next appear before the Committee.

**RECOMMENDATION(S)**

That the Audit & Risk Committee receives the Schedule of Policies for review [A1867069].

**ATTACHMENTS**

1. Schedule of Policies [A1867069] 

**5 CONFIDENTIAL BUSINESS**

**RESOLUTION TO EXCLUDE THE PUBLIC**

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

The general subject matter of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the local government official information and meetings act 1987 for the passing of this resolution are as follows:

<b>General subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Ground(s) under Section 48(1) for the passing of this resolution</b>
<p><b>Agenda Item No: 5.1</b> Receipt of PwC Report - Omori Volunteer Rural Fire Force</p>	<p>Section 7(2)(b)(ii) - 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</p>	<p>Section 48(1)(a)(i)- the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 7</p>
<p><b>Agenda Item No: 5.2</b> Receipt of PwC Report - Treasury Management Review</p>	<p>Section 7(2)(b)(ii) - 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</p>	<p>Section 48(1)(a)(i)- the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 7</p>
<p><b>Agenda Item No: 5.3</b> Health &amp; Safety Report - Confidential Component</p>	<p>Section 7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p>	<p>Section 48(1)(a)(i)- the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 7</p>
<p><b>Agenda Item No: 5.4</b> Carter Holt Harvey Litigation - Leaky Schools Claim</p>	<p>Section 7(2)(g) - the withholding of the information is necessary to maintain legal professional privilege</p>	<p>Section 48(1)(a)(i)- the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 7</p>

I also move that *[name of person or persons]* be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of *[specify]*. This knowledge, which will be of assistance in relation to the matter to be discussed, is relevant to that matter because *[specify]*.