

**TAUPŌ DISTRICT COUNCIL
MINUTES OF THE AUDIT & RISK COMMITTEE MEETING
HELD AT THE COUNCIL CHAMBER, 72 LAKE TERRACE, TAUPŌ
ON MONDAY, 6 MARCH 2017 AT 10.00AM**

PRESENT: Mr Anthony Byett (in the Chair), Cr Barry Hickling, Mayor David Trewavas, Cr Zane Cozens [from 10.01am], Cr Rosie Harvey, Cr Rosanne Jollands

IN ATTENDANCE: Cr John Boddy
Chief Executive, Group Manager: Finance & Strategy, Group Manager: Corporate & Community, Group Manager: Business & Technology, Democracy & Community Engagement Manager, Communications Manager, People & Capability Manager, Infrastructure Manager, Corporate Solicitor, Risk Manager, Group Accountant and Democratic Services & Legal Officer

MEDIA AND PUBLIC: Messrs Clarence Susan and Naudé Kotzé [Audit New Zealand].

1 APOLOGIES

AR201703/01 RESOLUTION

Moved: Cr Barry Hickling
Seconded: Mayor David Trewavas

That the apologies received from Cr Anna Park [for absence] and Cr Zane Cozens [for lateness] be accepted.

CARRIED

Cr Zane Cozens entered the meeting at this point [10.01am].

2 CONFLICTS OF INTEREST

Nil

3 CONFIRMATION OF MINUTES

Nil

4 REPORTS

4.1 AUDIT NZ PRESENTATION - YEAR AHEAD

Messrs Clarence Susan and Naudé Kotzé were in attendance and made a PowerPoint presentation [A1884044].

The following points were noted:

- Three letters were in the process of being drafted: the Letter of Engagement; the fee letter; and the Audit Arrangements Letter.
- Council's role in the audit process was to prepare accounts in accordance with current accounting standards; maintain internal controls; and provide Audit NZ with access to information.
- Audit NZ's role was to express an independent audit opinion after examination of Council's financial statements; non-financial performance measures; and compliance with legislation.
- In addition, the audit would include examination of sensitive expenditure and an independent audit of the debenture trust deed.
- The audit approach was risk-based. Issues of efficiency and effectiveness were also considered.
- Specific risks identified for examination as part of the 2017 audit included revaluation of assets, including roading and infrastructure; fair value assessments; and sector-specific risks, including management override of internal controls. Water was also on the Office of Auditor-General work programme.

- Next steps were outlined.
- Audit logistics [personnel and dates] were outlined.

In response to a question, Mr Susan confirmed that the draft engagements letter would be circulated to Committee members once available.

AR201703/02 RESOLUTION

Moved: Cr Rosanne Jollands

Seconded: Cr Zane Cozens

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

CARRIED

4.2 TERMS OF REFERENCE AND COMMITTEE VISION FOR THE TRIENNIUM

Mr Anthony Byett initiated discussion on a vision for the Audit & Risk Committee. Outcomes should include the reduction of risk [occurrence and consequences]; efficiency gains; and learning from mistakes.

Members suggested the Committee's 'Scope of activity' could be grouped into key areas and that 'review of the Terms of Reference' could be added to the Committee's Schedule of Policies for review.

AR201703/03 RESOLUTION

Moved: Mr Anthony Byett

Seconded: Cr Zane Cozens

That the Audit & Risk Committee:

1. Notes the Terms of Reference for the 2016-19 Triennium and adds 'Audit & Risk Committee Terms of Reference' to the Schedule of Policies for review.
2. Receives the information relating to the Committee vision for the Triennium.

CARRIED

4.3 HEALTH AND SAFETY REPORT

The People & Capability Manager highlighted the fact that Council had achieved tertiary level in the most recent ACC Workplace Safety Management Practices Audit, which resulted in savings on ACC levies. Members requested the exact figure saved as a result of the tertiary accreditation.

In answer to a question the Chief Executive advised that 'high risk' areas of operation [wastewater; water; and compliance] had been selected for internal audit in the first instance, and other business units would follow in due course.

The People & Capability Manager answered further questions and the following points were noted:

- The ACC Workplace Safety Management Practices Audit process would soon be replaced with a new process more closely aligned with current legislation.
- There had been no notifiable incidents in the period reported upon.
- The last bullet point on page 16 of the agenda referred to third party [public] serious harm injuries, not staff injuries.
- Contractor incidents were recorded where known.
- Potential contractors are checked to ensure they are fit to contract to Council. Management review of contractor health & safety practices was ongoing.
- Event organisers were required to have health & safety plans. These plans were sighted by Council staff and comments were made / peer reviews required where appropriate.
- Health & Safety Representatives were elected through staff groups and then fully trained.

Members requested a report to the next Audit & Risk Committee meeting on the topic of management of contractors and events from a health & safety perspective.

AR201703/04 RESOLUTION

Moved: Mr Anthony Byett

Seconded: Cr Barry Hickling

That the Audit and Risk Committee receives this report.

CARRIED**4.4 RISK REGISTER UPDATE**

The Risk Manager highlighted key aspects of the operational and governance risk registers.

In answer to a question the Chief Executive confirmed staff had reassessed Taupō District water supply systems and assets following the recent contamination of water incident in Havelock North. The main difference was that all Taupō District public water supplies were chlorinated. Staff would reassess again once the findings of the government inquiry were available.

Members asked for a new risk to be included on the operational risk register – Quality of Water Supply.

The 'Treatment Status' of governance risk number 2 was updated.

AR201703/05 RESOLUTION

Moved: Mr Anthony Byett

Seconded: Cr Rosanne Jollands

That the Audit & Risk Committee receives the March 2017 Risk Register Report, with an amendment to update the 'Treatment Status' of governance risk number 2 – Unsatisfactory Officer Relations.

CARRIED**4.5 GIFT REGISTER REVIEW****AR201703/06 RESOLUTION**

Moved: Mr Anthony Byett

Seconded: Cr Zane Cozens

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

CARRIED**4.6 BUSINESS CONTINUITY PLANNING UPDATE****AR201703/07 RESOLUTION**

Moved: Mr Anthony Byett

Seconded: Cr Rosanne Jollands

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.

CARRIED**4.7 RISK MANAGEMENT CHARTER ANNUAL REVIEW**

Members were invited to email any suggestions for amendments to the Risk Management Charter to the Group Manager: Corporate & Community and the Risk Manager. In the meantime one amendment was requested to clause 6 – Appetite for Risk – first bullet point should read "For actions that have a significant

detrimental impact on Council's long term financial sustainability".

AR201703/08 RESOLUTION

Moved: Mr Anthony Byett

Seconded: Cr Zane Cozens

That the Audit & Risk Committee directs officers to bring an amended Risk Management Charter to the next Committee meeting for consideration.

CARRIED

4.8 ELECTORAL OFFICER'S REPORT ON 2016 ELECTIONS

AR201703/09 RESOLUTION

Moved: Mr Anthony Byett

Seconded: Cr Barry Hickling

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

CARRIED

4.9 AUDIT & RISK COMMITTEE SCHEDULE OF POLICIES FOR REVIEW

It was noted that 'Audit & Risk Committee Terms of Reference' had been added to the Schedule of Policies for review.

AR201703/10 RESOLUTION

Moved: Mr Anthony Byett

Seconded: Mayor David Trewavas

That the Audit & Risk Committee receives the Schedule of Policies for review [A1867069], subject to the addition of a further item for review [Audit & Risk Committee Terms of Reference].

CARRIED

5 CONFIDENTIAL BUSINESS

AR201703/11 RESOLUTION

Moved: Mr Anthony Byett

Seconded: Cr Barry Hickling

RESOLUTION TO EXCLUDE THE PUBLIC

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

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for the passing of this resolution
Agenda Item No: 5.1 Receipt of PwC Report - Omori Volunteer Rural Fire Force	Section 7(2)(b)(ii) - the withholding of the information is	Section 48(1)(a)(i)- the public conduct of the relevant part of the

	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	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
Agenda Item No: 5.2 Receipt of PwC Report - Treasury Management Review	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	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
Agenda Item No: 5.3 Health & Safety Report - Confidential Component	Section 7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons	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
Agenda Item No: 5.4 Carter Holt Harvey Litigation - Leaky Schools Claim	Section 7(2)(g) - the withholding of the information is necessary to maintain legal professional privilege	Section 48(1)(a)(i)- the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 7

I also move that Messrs Clarence Susan and Naudé Kotzé from Audit New Zealand be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of items on the confidential agenda. This knowledge, which will be of assistance in relation to the matter to be discussed, is relevant to that matter because of their knowledge of matters relating to audit of the Council organisation.

CARRIED

The meeting closed at 11.52am.

The minutes of this meeting were confirmed at the Audit & Risk Committee Meeting held on 15 May 2017.

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CHAIRPERSON