



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

Date:	Monday, 15 May 2017
Time:	10.00am
Location:	Council Chamber 72 Lake Terrace Taupo

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**

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3.1 AUDIT & RISK COMMITTEE MEETING - 6 MARCH 2017

Author: Tina Jakes, Democracy & Community Engagement Manager

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

RECOMMENDATION(S)

That the minutes of the Audit & Risk Committee meeting held on Monday 6 March 2017 be confirmed as a true and correct record.

ATTACHMENTS

1. Audit & Risk Committee Meeting Minutes - 6 March 2017 

4.1 AUDIT NEW ZEALAND - PRESENTATION AND APPROVAL OF AUDIT ENGAGEMENT AND AUDIT ARRANGEMENT LETTERS

Author: Brian Fox, Group Manager: Corporate and Community

Authorised by: Gareth Green, Chief Executive Officer

PURPOSE

To provide elected members with an opportunity to have input into Taupō District Council's Audit Engagements and Audit Arrangement Letters with Audit New Zealand.

DISCUSSION

The Committee has within its Terms of Reference the responsibility to approve arrangements for the annual external audit. Two letters are attached for consideration: The Audit Engagement Letter and the Audit Arrangements Letter.

Mr Clarence Susan from Audit New Zealand will be in attendance to provide advice on this matter.



CONCLUSION

It is recommended that the letters be approved, and that Mr Susan be thanked for his presentation.

RECOMMENDATION(S)

That the Audit & Risk Committee approves the Audit Engagement and Audit Arrangement Letters for the 2016-17 audit and thanks Mr Clarence Susan from Audit New Zealand for his presentation.

ATTACHMENTS

1. Audit Engagement Letter for the year ending 30 June 2017 [A1924909] 
2. Audit Arrangement Letter for the year ending 30 June 2017 [A1924789] 

4.2 POOLSAFE AUDIT - TAUPŌ POOL COMPLEX (AC BATHS)

Author: Nigel Newberry, Pools and Activities Operations Manager

Authorised by: John Ridd, Group Manager: Business and Technology

PURPOSE

The purpose of this item is to present the results of the annual PoolSafe accreditation audit for the Taupō pool complex (AC Baths).

EXECUTIVE SUMMARY

PoolSafe accreditation is a Long-term Plan performance measure for both the Taupō and Turangi pools. Assessors will review operational standards and procedures against actual day to day activities. This assessment is carried out annually by independent industry professionals. PoolSafe accreditation has been deemed by previous councils as a vehicle to minimise injury and harm in what is a relatively high risk environment. Accreditation has again been granted for the Taupō pool complex. The Turangi pool complex accreditation process has not yet been completed for the current year, but the report will be provided to a future meeting of this Committee, once it becomes available.

RECOMMENDATION(S)

That the Audit & Risk Committee receives the PoolSafe Accreditation Audit Report for the Taupō pool complex (AC Baths) [A1929263].

BACKGROUND

The PoolSafe Quality Management Scheme (PoolSafe) is an independent assessment of public pools to ensure that their operations and facilities are safe. There are currently 214 public pools in New Zealand and 146 of those are members of the PoolSafe scheme.

Jointly developed in 2001 by the New Zealand Recreation Association (NZRA) and Water Safety New Zealand (WSNZ) PoolSafe is an industry led, voluntary management system designed by industry for industry to peer assess and moderate their delivery of public aquatic facilities services, with the direct intent to limit serious harm to their communities.

DISCUSSION

PoolSafe accreditation is a Long-term Plan performance measure for both the Taupō and Turangi pools. Assessors will review operational standards and procedures against actual day to day activities. This assessment is carried out annually by independent industry professionals. PoolSafe accreditation has been deemed by previous councils as a vehicle to minimise injury and harm in what is a relatively high risk environment. Accreditation has again been granted for the Taupō pool complex. The Turangi pool complex accreditation process has not yet been completed for the current year, but the report will be provided to a future meeting of this Committee, once it becomes available.

CONSIDERATIONS**Financial Considerations**

The cost for accreditation is budgeted for and accreditation should have a positive effect on insurance costs, as strict procedures for operating pools and minimising risk are inherent within accreditation.

Annual Plan

The expenditure outlined is currently budgeted for under the costs of operating the pools.

Legal Considerations

Local Government Act 2002

The matter comes within scope of the Council's lawful powers, including satisfying the purpose statement of Section 10 of the Local Government Act 2002. The matter will enable the Council to meet the current and future needs of communities for good quality local public services (i.e. efficient, effective and appropriate to present and anticipated future circumstances).

The matter assists Council in providing local public services.

Policy Implications

With retention of PoolSafe Accreditation there are no policy implications. If Council was to determine it was to exit the scheme, then this would require a change to performance measures as part of the next Long-term Plan review process.

Risks

The accreditation scheme has been designed by industry professionals to minimise the risk of harm to users. Detailed operating procedures exist and all operational staff are trained in those procedures. Pools are a high risk activity and incidents do occur but with highly trained staff and consistent procedures the potential for major incidents [eg: drowning] are minimised, although still very real.

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 the committee making a decision to receive the audit.

COMMUNICATION/MEDIA

Decisions made by Council should be communicated in the appropriate manner. Media releases on successful accreditation have been prepared by the Communications team.

CONCLUSION

PoolSafe accreditation is an important part of the pools operations to minimise risk to its users and Councils staff. There is high risk of serious injury and harm but the accreditation has provided a basis for sound training and operational procedures to minimise that risk, although risk is still ever present.

ATTACHMENTS

1. Poolsafe Report Taupo Pool Complex (AC Baths) [A1929263] 

4.3 TAUPO AIRPORT AUTHORITY EARTHQUAKE REPORTS

Author: John Ridd, Group Manager: Business and Technology

Authorised by: Gareth Green, Chief Executive Officer

PURPOSE

To receive earthquake assessment reports for both the Taupō Airport office building and the main terminal building.

DISCUSSION

Earthquake assessment reports for both the Taupō Airport office building and the main terminal building are attached. The office building is rated B and the terminal building is rated A+.



CONCLUSION

It is recommended that the reports be received for information.

RECOMMENDATION(S)

That the Audit & Risk Committee receives the Taupo Airport Authority Earthquake Assessment reports [A1926570 and A1926571].

ATTACHMENTS

1. Earthquake Assessment Report on Management Office - Taupo Airport [A1926570] 
2. Earthquake Assessment Report on Terminal - Taupo Airport [A1926571] 

4.4 6 MONTHLY REVIEW OF SENSITIVE EXPENDITURE

Author: Jamie Dale, Risk Manager

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

PURPOSE

To update elected members of the findings of the Sensitive Expenditure policy compliance review and highlight any areas for improvement.

EXECUTIVE SUMMARY

The current Sensitive Expenditure Policy was adopted by Council on 28 July 2015. As agreed with Audit NZ, 6 monthly reviews of the Council's compliance with this policy are being undertaken.

This report is a governance summary of a compliance review of the policy for the 6 months period from 01 July 2016 to 31 December 2016.

This is the first report for the 2016-17 financial year and covers the first half of the financial year.

As in previous reviews, the review process and methodology has been undertaken after discussion with Council's external auditors Audit NZ

RECOMMENDATION(S)

That the Audit & Risk Committee receives the information in the Sensitive Expenditure Report (A1885051) for the period 1 July 2016 to 31 January 2016.

BACKGROUND

In 2012 Audit NZ raised matters relating to formal internal reviews of sensitive expenditure in its end of year management letter. Council management agreed with the points raised by Audit NZ and in conjunction with them developed a methodology for undertaking such reviews.

This compliance review for the period 01 July 2016 to 31 December 2016 considered all expenditure and reimbursements authorised by staff in "sensitive positions" and all purchases made by credit card by the Taupō District Council.

CONSIDERATIONS**Financial Considerations**

The review process fits within the Committee's overall terms of reference and the Sensitive Expenditure policy requirements

Legal Considerations

None.

Policy Implications

There are no known policy implications.

Risks

Council's risks in this are minimised as a result of this compliance audit of sensitive expenditure and recommendations.

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. Review findings will be communicated to Audit NZ and detailed working papers will be available for their perusal during their annual audit as has been the case previously.

CONCLUSION

The ongoing reviews of sensitive expenditure will aid Council's overall risk management profile and is entirely in keeping with the Risk Management Charter 2013 adopted by the Committee.

ATTACHMENTS

1. Sensitive Expenditure Report January 2017 

4.5 RISK REGISTER UPDATES

Author: Jamie Dale, Risk Manager

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

PURPOSE

To update the Audit and Risk Committee on additions and changes to the Council's risk register.

DISCUSSION

At the previous Audit and Risk Committee meeting a new risk was requested to be included in the operational risk register – Quality of Water Supply. This has been done and the assessment of this risk and treatments is attached for members' consideration.

The Health and Safety risk will also be updated to include the asbestos issues discovered in the main building.

In addition to this staff are proposing to add another risk category – Legal Claims Against Council with 3 risk factors/drivers identified. Details will be provided during the confidential part of the meeting.

CONCLUSION

The Council's operational and governance risk registers are live documents and new risks will be recorded while others already recorded may drop off the register.

The proposed changes are considered to be risks which governance should be aware of and monitor.

RECOMMENDATION(S)

That the Audit & Risk Committee directs officers to update the current risk registers with the additional risks as proposed.

ATTACHMENTS

1. May 2017 Operational Risk Register Additions - Public

4.6 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.

It should be noted that the Risk Management Charter and the Risk Register are currently being independently reviewed by the Napier branch of PricewaterhouseCoopers. The results of this review will be presented to the Committee once they become available.

RECOMMENDATION(S)

That the Audit & Risk Committee receives the Schedule of Policies for review [A1889233].

ATTACHMENTS

1. Audit & Risk Committee Schedule of Policies [A1889233] 

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:

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
<p>Agenda Item No: 5.1 Confirmation of Confidential Portion of Audit & Risk Committee Minutes - 6 March 2017</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 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 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>
<p>Agenda Item No: 5.2 Risk Register Updates - 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>Agenda Item No: 5.3 Receipt of Report - Earthquake Loss Estimate Analysis for Infrastructure Assets</p>	<p>Section 7(2)(c)(i) - the withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied</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]*.