

**TAUPŌ DISTRICT COUNCIL  
MINUTES OF THE AUDIT & RISK COMMITTEE MEETING  
HELD AT THE COUNCIL CHAMBER, 72 LAKE TERRACE, TAUPŌ  
ON MONDAY, 15 MAY 2017 AT 10.00AM**

**PRESENT:** Mr Anthony Byett (in the Chair), Cr Barry Hickling, Cr Rosie Harvey, Cr Rosanne Jollands, Cr Anna Park

**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, Risk Manager, Pools & Activities Operations Manager and Democratic Services Officer.

**MEDIA AND PUBLIC:** Messrs Clarence Susan and Naudé Kotzé [Audit New Zealand]  
Messrs Sam Ketley and Matthew Wilson [Aon]

Notes: (i) Confidential items were dealt with in the following order: 5.3, 5.1, 5.2  
(ii) Cr Rosanne Jollands left the meeting at 11.26am. She was not present for resolutions AR201705/C01 and C02.

## 1 APOLOGIES

### AR201705/01 RESOLUTION

Moved: Cr Rosanne Jollands  
Seconded: Cr Barry Hickling

That the apologies received from Mayor David Trewavas and Cr Zane Cozens [for absence] be accepted.

**CARRIED**

## 2 CONFLICTS OF INTEREST

Nil

## 3 CONFIRMATION OF MINUTES

### 3.1 AUDIT & RISK COMMITTEE MEETING - 6 MARCH 2017

The Group Manager: Corporate & Community provided the following updates in response to questions:

- The report on the topic of management of contractors and events from a health & safety perspective would be presented to the next Audit & Risk Committee meeting. An independent events auditor had been engaged.
- The Risk Management Charter and the Risk Register were currently being independently reviewed by PricewaterhouseCoopers.

### AR201705/02 RESOLUTION

Moved: Cr Rosanne Jollands  
Seconded: Mr Anthony Byett

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

**CARRIED**

## 4 REPORTS

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

Mr Clarence Susan and Mr Naudé Kotzé from Audit New Zealand answered questions from members. The following points were noted:

- The audit fee was a fixed fee, based on the best estimate for delivering the audit. The fee would be set for three years. If anything 'out of the ordinary' was encountered and more work was required, it was possible for Audit New Zealand to seek recoveries. Savings were also passed on where possible.
- The proposed arrangements for the upcoming audit would ensure all statutory timeframes and requirements were met.
- The fee amounts were exclusive of GST.
- The 'trial balance' deadline had been shifted from 14 August to 21 August.
- The audit process was as streamlined as it could be. Audit New Zealand staff would continue to look for efficiencies throughout the audit process, however there were certain tasks which had to be completed as a minimum, to meet auditing standards and legislative requirements.
- In relation to off-balance sheet risks, Audit sent confirmation letters to, and received letters back from all legal firms and bankers with whom Council is known to have had dealings with during the past year. Contracts were checked against Council minutes.

In answer to a question, the Group Manager: Finance & Strategy confirmed that the audit was budgeted for. It was anticipated that even though the fees had not yet been finalised, they would still fall within budget.

#### AR201705/03 RESOLUTION

Moved: Cr Anna Park  
Seconded: Cr Rosie Harvey

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.

**CARRIED**

### 4.2 POOLSAFE AUDIT - TAUPŌ POOL COMPLEX (AC BATHS)

The Pools & Activities Operations Manager confirmed that AC Baths had passed the Poolsafe audit 'with flying colours' and added that the auditors had commented that the complex had the best water of all pools they had seen during the audit cycle. This meant the water was appropriately treated for safety and bather comfort.

In answer to a question the Pools & Activities Operations Manager advised that Taupō District Council staff were constantly reviewing their own policies and practices in relation to pools and were seen as leaders nationally.

#### AR201705/04 RESOLUTION

Moved: Cr Barry Hickling  
Seconded: Cr Anna Park

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

**CARRIED**

### 4.3 TAUPO AIRPORT AUTHORITY EARTHQUAKE REPORTS

#### AR201705/05 RESOLUTION

Moved: Cr Rosie Harvey  
Seconded: Cr Rosanne Jollands

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

**CARRIED**

### 4.4 6 MONTHLY REVIEW OF SENSITIVE EXPENDITURE

The Risk Manager summarised the report. Overall there were no areas of concern. The following points were noted:

- There were no variations from the policy in relation to credit card transactions.
- There was some ambiguity around how meals were treated, in particular where staff travel out of town for the day. This would be clarified at the next policy review.
- Two instances of staff using private vehicles for travel for work had been reported. Managers confirmed that prior approval had been given, however this was not recorded.
- The EPO system was thorough with good controls.
- Treatment of reimbursements could be tightened up a bit.

Staff responded to questions and the following points were noted:

- Staff support and welfare expenditure mostly consisted of flowers for bereavement.
- The Senior Leadership Group had started to review the Sensitive Expenditure Policy and would bring the policy back to the Audit & Risk Committee earlier than the July 2018 review date. Areas of focus were meals and refreshments while on Council business and staff use of private vehicles for work purposes.

#### AR201705/06 RESOLUTION

Moved: Cr Anna Park  
Seconded: Cr Barry Hickling

That the Audit & Risk Committee receives the information in the Sensitive Expenditure Report (A1885051) for the period 1 July 2016 to 31 December 2017.

**CARRIED**

### 4.5 RISK REGISTER UPDATES

The Chief Executive answered questions and the following points were noted:

- 'Asbestos on Council building' was a new addition to the register because the state of the front of the building in particular, and the risks posed as a result of the condition of the exterior and vandalism had only recently come to light.
- Code of Conduct had been completed.
- The report on the first stage of the inquiry into the Havelock North drinking water contamination was available and staff were currently analysing it. The next stage would be important as it could potentially have consequences for the whole industry. Outcomes would be brought to the Audit & Risk Committee in due course.

It was agreed that 'Asbestos on Council building' should be renamed 'Friable asbestos on Council building'

and expanded to have a more general application across the organisation.

Members asked for the Risk Register to be re-circulated via email.

#### **AR201705/07 RESOLUTION**

Moved: Mr Anthony Byett

Seconded: Cr Rosanne Jollands

That the Audit & Risk Committee directs officers to update the current risk registers with the additional risks 'inadequate water supply' as proposed; and 'friable asbestos on Council buildings' to be rewritten to have a more general application across the organisation.

**CARRIED**

#### **4.6 AUDIT & RISK COMMITTEE SCHEDULE OF POLICIES FOR REVIEW**

Members updated the schedule to bring the date of next review of the Sensitive Expenditure Policy forward; and to change the date of next review of the Risk Management Charter to July 2017.

#### **AR201705/08 RESOLUTION**

Moved: Cr Anna Park

Seconded: Mr Anthony Byett

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

**CARRIED**

### **5 CONFIDENTIAL BUSINESS**

#### **AR201705/09 RESOLUTION**

Moved: Mr Anthony Byett

Seconded: Cr Anna Park

#### **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:

<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>
<b>Agenda Item No: 5.1</b> Confirmation of Confidential Portion of Audit & Risk Committee Minutes - 6 March 2017	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 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	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>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><b>Agenda Item No: 5.2</b> 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><b>Agenda Item No: 5.3</b> 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>

**CARRIED**

**AR201705/10 RESOLUTION**

Moved: Mr Anthony Byett  
 Seconded: Cr Rosanne Jollands

I also move that *Sam Ketley and Matthew Wilson [Aon]* be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of the Earthquake Loss Estimate Analysis for Infrastructure Assets.

**CARRIED**

The meeting closed at 11.36am.

The minutes of this meeting were confirmed at the Audit & Risk Committee Meeting held on 17 July 2017.

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**CHAIRPERSON**