

**TAUPŌ DISTRICT COUNCIL
MINUTES OF THE AUDIT & RISK COMMITTEE MEETING
HELD AT THE COUNCIL CHAMBER, 72 LAKE TERRACE, TAUPŌ
ON MONDAY, 17 JULY 2017 AT 10.00AM**

- PRESENT:** Mr Anthony Byett (in the Chair), Cr Barry Hickling, Mayor David Trewavas, Cr Rosie Harvey, Cr Anna Park
- IN ATTENDANCE:** Chief Executive, Group Manager: Community & Corporate, Group Manager: Finance & Strategy, Group Manager: Operational Services, Acting Group Manager, Business & Technology, Democracy & Community Engagement Manager, Corporate Solicitor, Risk Manager, Infrastructure Manager, Facilities Manager, Project Manager, Senior Communications Advisor and Democratic Services Officer
- MEDIA AND PUBLIC:** Taupō Weekender
One member of the public
Mr Fred Terblanche, Beca
Ms Sophie Hay, PricewaterhouseCoopers

1 APOLOGIES

AR201707/01 RESOLUTION

Moved: Cr Barry Hickling
Seconded: Cr Anna Park

That the apology received from Cr Rosanne Jollands be accepted.

CARRIED

2 CONFLICTS OF INTEREST

Nil

3 CONFIRMATION OF MINUTES

3.1 AUDIT & RISK COMMITTEE MEETING - 15 MAY 2017

In answer to questions from the Chairman, Group Managers advised that:

- The report on the topic of management of contractors and events from a health & safety perspective would be presented to the Audit & Risk Committee once finalised. An update had been provided as part of the health & safety report to the last Council meeting.
- The fees for the 2016-17 audit were within budget.
- An update on staff analysis of the results of the inquiry into the Havelock North water contamination would be brought to the next Audit & Risk Committee meeting.

AR201707/02 RESOLUTION

Moved: Cr Anna Park
Seconded: Cr Rosie Harvey

That the minutes of the Audit & Risk Committee meeting held on Monday 15 May 2017 be confirmed as a true and correct record.

CARRIED

4 REPORTS

4.1 TAUPO DISTRICT COUNCIL CIVIC ADMINISTRATION BUILDING - RISK MANAGEMENT REPORT

The Group Manager: Operational Services introduced Beca representative Mr Fred Terblanche and advised that Beca and Warren & Mahoney had been engaged to examine the risk profile for 72 Lake Terrace, Taupō.

Mr Terblanche made a powerpoint presentation (A2002173) and answered questions. The following points were noted:

- The risk assessment exercise had involved consideration of individual aspects and their cumulative effect. The risk profile for 72 Lake Terrace was assessed as being extreme.
- Mitigation strategies identified were (a) refurbish the existing building; (b) move to an existing building on another site; or (c) build a fit for purpose building on the current site or elsewhere. A new purpose-designed facility would best mitigate risks and maximise opportunities.

In answer to questions Mr Terblanche advised that:

- Whether a new fit-for-purpose building should be on the current site or elsewhere was not part of the terms of reference for this exercise.
- The assessors had looked at the global health & safety risks, rather than particular risks to different groups.
- The approach taken was in line with the New Zealand Standard for risk management/guidelines – i.e. the effect of risks on organisational objectives was central to the exercise, rather than consideration of the likelihood of certain events occurring.
- Part of the Council facility is to provide a post-disaster coordination function. The current building does not comply with IL4 earthquake standard and therefore Council's objectives for the building. The level of non-compliance/risk is at an extreme level.
- Risks had been identified in conjunction with Council staff.
- Potential future capital expenses were not considered as part of the context-setting/consequence ratings part of the exercise.

In conclusion the Group Manager: Operational Services confirmed that the independent report would be a valuable piece in the process going forward. The next steps would be a multi-criteria assessment of options complemented by consideration of costs of different possible alternatives.

AR201707/03 RESOLUTION

Moved: Cr Anna Park

Seconded: Mayor David Trewavas

That the Audit & Risk Committee receives the Taupō District Council Civic Administration Building – Risk Management Report dated 14 June 2017 (A1985484) and thanks the BECA representative for his presentation.

CARRIED

4.2 RISK MANAGEMENT CHARTER REVIEW - PRICEWATERHOUSE COOPERS REPORT

Ms Sophie Hay, Manager, PricewaterhouseCoopers spoke to the report. The following points were noted:

- Council's Risk Management Charter; supporting documents; and strategic and operational risk registers had been reviewed.
- Recommendations related to housekeeping matters, rather than fundamental issues.
- A risk management framework would support the policy by providing 'best practice' guidance. Some other councils used such a framework and this had helped them enhance their risk management culture.
- Taupō District Council's reporting of risks was some of the better reporting PricewaterhouseCoopers had seen recently. It was recommended that Council undertakes a tracking exercise so gross and treated

risks can be easily analysed at a glance.

In answer to questions Ms Hay advised that:

- A tailored risk management framework aligned with recent changes to risk management standards. It would provide a double-check as well as enhanced organisational awareness.
- Councils with a dedicated Risk Manager generally had better processes around risk.

In conclusion the Group Manager: Corporate & Community confirmed that a draft Risk Management Charter would be brought to the next Audit & Risk Committee meeting for consideration.

AR201707/04 RESOLUTION

Moved: Cr Barry Hickling

Seconded: Cr Anna Park

1. That the Audit & Risk Committee receives the PricewaterhouseCoopers report "Risk Management Framework for Taupō District Council" (A1985494) and thanks the representative for her presentation.
2. That the Audit & Risk Committee directs staff to incorporate PricewaterhouseCoopers recommendations into the ongoing review of the Risk Management Charter.

CARRIED

4.3 RISK REGISTER UPDATE

The Risk Manager summarised updates to the operational and governance risk registers. In response to questions he advised that:

- The 'asbestos in Council buildings' risk related to all buildings, not just 72 Lake Terrace, hence the difference between the residual risk on this register compared to that identified for 72 Lake Terrace in the recent Beca report.
- Asbestos Management Plans were required to be in place by April 2018. Council was working within that timeframe.

The Chairman requested that Council buildings be clearly identified in Asset Management Plans as appropriate.

Members agreed to update the risk rating of the 'employment of the CEO' on the governance register to 'low'.

AR201707/05 RESOLUTION

Moved: Cr Rosie Harvey

Seconded: Mayor David Trewavas

That the Audit & Risk Committee receives the report.

CARRIED

4.4 REVIEW OF 2014 PROTECTED DISCLOSURES POLICY

In answer to questions the Democracy & Community Engagement Manager advised that:

- Disclosure Managers included the entire Senior Leadership Group.
- The policy applied to employees and contractors only, not elected members.
- Staff were aware of the policy and new staff were given information on arrival.

AR201707/06 RESOLUTION

Moved: Mayor David Trewavas

Seconded: Cr Rosie Harvey

That the Audit & Risk Committee adopts [with amendments] the 2017 Protected Disclosures Act 2000 Policy [A1988102].

CARRIED

4.5 REVIEW OF THE STAFF CONFLICT OF INTEREST GUIDELINES

The Democracy & Community Engagement Manager confirmed that no substantive changes were proposed to the Staff Conflict of Interest Guidelines. The register was up-to-date.

In answer to a question the Democracy & Community Engagement Manager advised that new employees were not required to sign a declaration, unless they regularly dealt with contractors as part of their role. All new staff were made aware of the guidelines. The Chief Executive added that potential conflicts of interest was a standard interview question.

AR201707/07 RESOLUTION

Moved: Mayor David Trewavas

Seconded: Cr Anna Park

That the Audit & Risk Committee receives the Staff Conflict of Interest Guidelines [A1987650]

CARRIED

4.6 PROCUREMENT POLICY REVIEW

Members discussed whether or not to include 'buy local' and 'wood first' components in Council's Procurement Policy. The following points were noted:

- One method of incorporating a 'buy local' component into a procurement policy was to put a premium in place, for example Clutha District Council's premium is 5% up to \$5,000.
- Another approach was to have a 'local impact' policy, like Auckland Council's.
- Generally speaking, most contracts under \$10k are awarded to Taupō locals.
- The definition of "local" would have to be carefully considered.
- Feedback to all tenderers was already part of Council's procurement process.

In answer to a question the Group Manager: Corporate & Community advised that staff would seek feedback from Clutha District Council in relation to how that Council's 'buy local' policy was working.

It was decided that both 'buy local' and 'wood first' concepts were worthy of further investigation. Staff would undertake more research and schedule a Council workshop to discuss if appropriate, before bringing back to the Audit & Risk Committee for further consideration.

AR201707/08 RESOLUTION

Moved: Mayor David Trewavas

Seconded: Cr Rosie Harvey

That the Audit & Risk Committee instructs staff to include a 'buy local' component and a 'wood first' component in the programmed review of Council's Procurement Policy.

CARRIED

4.7 AUDIT & RISK COMMITTEE SCHEDULE OF POLICIES FOR REVIEW

AR201707/09 RESOLUTION

Moved: Cr Anna Park
 Seconded: Mayor David Trewavas

That the Audit & Risk Committee receives the Schedule of Policies for review (A1987425).

CARRIED

5 CONFIDENTIAL BUSINESS

AR201707/10 RESOLUTION

Moved: Mayor David Trewavas
 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:

| 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 - 15 May 2017</p> | <p>Section 6(a) - the making available of the information would be likely to prejudice the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial</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 6</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 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> |

CARRIED

The meeting closed at 11.36am.

The minutes of this meeting were confirmed at the Audit & Risk Committee meeting held on 30 October 2017.

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CHAIRPERSON