



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

<b>Date:</b>	<b>Monday, 21 May 2018</b>
<b>Time:</b>	<b>10.00am</b>
<b>Location:</b>	<b>Council Chamber 107 Heuheu Street Taupō</b>

# **AGENDA**

## **MEMBERSHIP**

**Chairperson** Mr Anthony Byett

**Deputy Chairperson** Cr Barry Hickling

**Members** Mayor David Trewavas  
Cr Rosie Harvey  
Cr Rosanne Jollands  
Cr Anna Park  
Cr Maggie Stewart

**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>	
3.1	Audit & Risk Committee Meeting - 6 March 2018.....	3
<b>4</b>	<b>Reports</b>	
4.1	Taupo District Council Audit Plan 2018 .....	4
4.2	Receive Audit New Zealand's report on the audit of Council's Long-term Plan Consultation Document for the period 1 July 2018 to 30 June 2028.....	5
4.3	Adoption of Fraud Policy 2018.....	7
4.4	Poolsafe Audit - Taupo and Turangi Pool Complexes.....	8
4.5	6 Monthly Review of Sensitive Expenditure .....	10
4.6	Fault Tree (Bow-tie) Analysis of Inadequate Strategic Planning and Legal Liability Risks .....	12
4.7	Audit & Risk Committee Schedule of Policies for Review .....	14
<b>5</b>	<b>Confidential Business</b>	
5.1	Confirmation of Confidential Portion of Audit & Risk Committee Minutes - 6 March 2018 .....	15
5.2	Litigation Update .....	15

**3.1 AUDIT & RISK COMMITTEE MEETING - 6 MARCH 2018**

**Author:** Shainey James, Democratic Services Officer

**Authorised by:** Tina Jakes, Head of Democracy, Governance and Venues

**RECOMMENDATION(S)**

That the minutes of the Audit & Risk Committee meeting held on Tuesday 6 March 2018 be confirmed as a true and correct record.

**ATTACHMENTS**

1. Audit & Risk Committee Meeting Minutes - 6 March 2018 

**4.1 TAUPO DISTRICT COUNCIL AUDIT PLAN 2018**

**Author:** Jamie Dale, Risk Manager

**Authorised by:** Brian Fox, Head of Regulatory and Risk

**PURPOSE**

Audit New Zealand has provided an Audit Plan for Taupō District Council for the year ended 30 June 2018. This document is attached for receipt.


**CONCLUSION**

It is recommended that the Audit Plan 2018 is received for information.

**RECOMMENDATION(S)**

That the Audit & Risk Committee receives Audit New Zealand's Audit Plan for Taupō District Council for the year ended 30 June 2018.

**ATTACHMENTS**

1. Taupo District Council Audit Plan 2018 

**4.2 RECEIVE AUDIT NEW ZEALAND'S REPORT ON THE AUDIT OF COUNCIL'S LONG-TERM PLAN CONSULTATION DOCUMENT FOR THE PERIOD 1 JULY 2018 TO 30 JUNE 2028**

**Author:** Hadley Tattle, Senior Policy Advisor

**Authorised by:** Alan Menhennet, Head of Finance and Strategy

**PURPOSE**

This report allows the Audit & Risk Committee to receive Audit New Zealand's (Audit NZ) report on the audit of Council's Long-term Plan Consultation Document for the period 1 July 2018 to 30 June 2028.

**EXECUTIVE SUMMARY**

Section 93A(1)(a) of the Local Government Act 2002 (LGA) requires Council to adopt a consultation document for the Long-term Plan 2018-28, which was adopted on 1 March 2018. Section 93C(4) requires the Consultation Document to contain a report from the Auditor-General on whether the Consultation Document gave effect to the purpose set out in s93B, and the quality of the information and assumptions underlying the information provided in the Consultation Document.

Following this process, Audit NZ has provided Council with a report on the audit of the Consultation Document for the period 1 July 2018 to 30 June 2028. The report sets out Audit NZ's findings from the audit and draws attention to their detailed findings, and where appropriate makes recommendations for improvement.

**RECOMMENDATION**

That the Audit & Risk Committee receives Audit New Zealand's report on the audit of Council's Long-term Plan Consultation Document for the period 1 July 2018 to 30 June 2028

**DISCUSSION**

The report states that Audit NZ did not identify any significant issues during the audit of the Consultation Document. They state that overall, the underlying information was very well prepared and provided a reasonable basis for presenting options to the community and that all staff involved were also very accommodating which ensured a smooth audit process.

The report states Council needs to ensure that there are systems in place to monitor its actual performance against budgets, levels of service and performance measures included in the LTP from 1 July 2018. These systems will assist with annual reporting, and also internal monitoring and reporting to Council.

**OPTIONS**

The Audit & Risk Committee can either receive the report, or not. It is recommended that the report is received.

**CONSIDERATIONS****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 performance of Council's regulatory functions. (i.e. efficient, effective and appropriate to present and anticipated future circumstances).

**Policy Implications**

There are no known policy implications.

**Risks**

There are no known 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**

It is recommended that the Audit & Risk Committee receive Audit New Zealand's (Audit NZ) report on the audit of Council's Long-term Plan Consultation Document for the period 1 July 2018 to 30 June 2028.

**ATTACHMENTS**

1. Audit New Zealand's report on the audit of Council's Long-term Plan Consultation Document for the period 1 July 2018 to 30 June 2028 

**4.3 ADOPTION OF FRAUD POLICY 2018**

**Author:** Jamie Dale, Risk Manager

**Authorised by:** Brian Fox, Head of Regulatory and Risk

**PURPOSE**

To adopt an updated Fraud Policy dated 2018.

**DISCUSSION**

A draft Fraud Policy 2018 was considered at the Audit & Risk Committee meeting held on 6 March 2018. Minor amendments were approved at that meeting, mainly to update new job titles. The updated version of the Policy was provided to Audit New Zealand for comment. Audit New Zealand representatives have confirmed that the Policy covers what they would expect to see in such a document. The final updated version is presented for consideration and adoption.


**CONCLUSION**

It is recommended that the Committee adopts the Fraud Policy 2018.

**RECOMMENDATION(S)**

That the Audit & Risk Committee adopts the Fraud Policy 2018 (A2177898).

**ATTACHMENTS**

1. Taupo District Council Fraud Policy 2018 

**4.4 POOLSAFE AUDIT - TAUPŌ AND TURANGI POOL COMPLEXES**

**Author:** Scott Attenborough, Business and Operations Manager

**Authorised by:** Tina Jakes, Head of Democracy, Governance and Venues

**PURPOSE**

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

**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 both pool complexes.

**RECOMMENDATION(S)**

That the Audit & Risk Committee receives the PoolSafe Accreditation Audit Report for the Taupō and Turangi Pool Complexes dated February 2018.

**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 132 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 both pool complexes.

**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. AC Baths PoolSafe Report dated 26 February 2018 
2. Turangi Aquatic Centre PoolSafe Report dated 27 February 2018 

**4.5 6 MONTHLY REVIEW OF SENSITIVE EXPENDITURE**

**Author:** Jamie Dale, Risk Manager

**Authorised by:** Brian Fox, Head of Regulatory and Risk

**PURPOSE**

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

**EXECUTIVE SUMMARY**

This report is a governance summary of a compliance review of the policy for the 6 months period from 01 July 2017 to 31 December 2017.

This report covers the first half of the 2017/18 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 Feb 2018 (A2204423) for the period 1 July 2017 to 31 December 2017.

**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 2017 to 31 December 2017 considered all expenditure and reimbursements authorised by staff in "sensitive positions" (those with delegated financial authority in excess of \$25,000) 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 current Risk Management Charter.

#### **ATTACHMENTS**

1. Sensitive Expenditure Review February 2018 

**4.6 FAULT TREE (BOW-TIE) ANALYSIS OF INADEQUATE STRATEGIC PLANNING AND LEGAL LIABILITY RISKS**

**Author:** Jamie Dale, Risk Manager

**Authorised by:** Brian Fox, Head of Regulatory and Risk

**PURPOSE**

To allow the Audit and Risk Committee to review the updated analysis of two current risks contained on the current governance risk register.

**DISCUSSION**

On 12 April this year, a Council workshop was held to discuss reviewing the risks on the current governance risk register.

At this workshop the Risk Manager presented a structured method of risk fault tree analysis commonly referred to as 'Bow-tie' analysis and presented 2 draft examples of how risks are portrayed using this method.

This approach to risk analysis looks at identifying the direct and indirect causes and sources of risks and how they eventuate and what controls or treatments are currently in place to prevent the risk occurring. These tend to be displayed on the left with the risk in the middle and the direct and indirect consequences of the risk should it occur positioned to the right with the reactive treatments that aim to minimise the effects of the risk.

As a result of this workshop staff were asked to begin reviews and analysis of current risks on the current governance risk register and complete bowtie analysis for 2 of the risks and present them to committee at the next Audit and Risk Committee meeting.

Two risks have been reviewed and reassessed using this method being Inadequate Strategic Planning and Legal liabilities and the bowtie analysis for each of these is attached.

**Inadequate Strategic Planning**

The analysis of this risk identifies that the possible causes of this risk are not just restricted to governance as recorded in the current governance risk register. There are many direct and indirect causes that could cause this risk to eventuate by themselves or by a combining with each other.

A good number of controls are in place and no significant gaps or lack of controls appears to exist that would change the current residual risk rating of moderate (unlikely to occur with major consequences if it did).

**Legal Liabilities**

The analysis of this risk identified that legal liabilities could arise from breaches of contract, claims in tort, statutory breaches and settlements and awards. While breaches of contract has the potential to be a significant contributor to legal liability it is well managed and controlled to prevent or reduce the likelihood of the risk developing from this area.

The biggest area of risk still comes from claims in tort especially claims of negligence against the Council. These arise where a person considers that the Council owes them a duty of care, has failed that duty of care and they have suffered a loss. While we can do our best through training, making good decisions, exercising due caution where appropriate, we are always potentially exposed in this area and will continually be tested.

Statutory breaches and settlements and awards remain relatively low risk apart from the Health and Safety at Work Act. This remains an area where the fines for breaches can be large and could even include incarceration. This area requires a high level of attention to manage this risk and the Council has in place systems to monitor and manage workplace health and safety to achieve this.

Controls are in place where they can be effectively used and we do have insurances to transfer some risks should they eventuate. The current residual risk rating of moderate (possibly will occur with moderate consequences if it did) still appears to be a fair reflection of current legal liabilities. However this can change quickly due to the evolving nature of New Zealand law particularly in relation to leaky buildings and the like so requires careful monitoring.

**CONCLUSION**

The bowtie analysis of these two risks does allow us to look at a much bigger picture very easily and consider many factors that contribute to risks.

The 2 examples completed and attached give a good degree of comfort that we have these risks covered. It also reinforces that both staff and elected representatives involvement is critical to ensuring good quality management of risk.

**RECOMMENDATION(S)**

That the Audit & Risk Committee receives the report.

**ATTACHMENTS**

1. Inadequate Strategic Planning Bowtie Analysis 
2. Legal Liabilities Bowtie Analysis 

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

**Author:** Jamie Dale, Risk Manager

**Authorised by:** Brian Fox, Head of Regulatory and Risk

**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 (A2219590).

**ATTACHMENTS**

1. Schedule of Policies for Review by the Audit & Risk Committee 

**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> Confirmation of Confidential Portion of Audit &amp; Risk Committee Minutes - 6 March 2018</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>
<p><b>Agenda Item No: 5.2</b> Litigation Update</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]*.