

**TAUPŌ DISTRICT COUNCIL
MINUTES OF THE AUDIT & RISK COMMITTEE MEETING
HELD AT THE COUNCIL CHAMBER, 107 HEUHEU STREET, TAUPŌ
ON TUESDAY, 6 MARCH 2018 AT 10.00AM**

PRESENT: Mr Anthony Byett (in the Chair), Cr Barry Hickling, Mayor David Trewavas (until 10.45am), Cr Rosie Harvey, Cr Rosanne Jollands, Cr Anna Park, Cr Maggie Stewart

IN ATTENDANCE: Cr John Williamson (until 10.37am)
Chief Executive, Head of Regulatory and Risk, Head of Finance and Strategy, Head of Operations, Head of Economic Development and Business Transformation, Head of Democracy, Governance and Venues, Head of Communications and Customer Relations, People & Capability Manager, Risk Manager, Group Accountant, Business Analyst / Project Manager, Business Analyst, Solicitor-Property, Programme Manager, Contracts & Procurement Specialist, Democratic Services Officer

MEDIA AND PUBLIC: PricewaterhouseCoopers representatives, Ms Sophie Hay and Mr John Dixon

Mr Anthony Byett welcomed everyone to the meeting.

Note: His Worship the Mayor left the meeting at 10.45am. He was not present for resolutions AR201803/03-11 and AR201803/C01-C03.

1 APOLOGIES

Nil

2 CONFLICTS OF INTEREST

Nil

3 CONFIRMATION OF MINUTES

3.1 AUDIT & RISK COMMITTEE MEETING - 30 OCTOBER 2017

In answer to a question, the Head of Operations advised that staff were still preparing appropriate communications to clarify obligations in the area of private water schemes.

In answer to another question, the Head of Regulatory & Risk confirmed that changes to the Risk Management Charter had been made.

AR201803/01 RESOLUTION

Moved: Cr Anna Park
Seconded: Cr Barry Hickling

That the minutes of the Audit & Risk Committee meeting held on Monday 30 October 2017 be confirmed as a true and correct record.

CARRIED

4 REPORTS

4.1 TAUPŌ DISTRICT COUNCIL COUNCILMARK REPORT

Mr Peter Crow, one of the independent CouncilMARK assessors joined the meeting via teleconference phone. He provided some background information about the scheme and explained that the two assessors had been provided with 3,000+ pages of documentation; a 60-70 page self-assessment document; and they had met with approximately 50 Council representatives on-site over two days. A final rating of BBB had been achieved, with areas rated either 'competent' or 'better than competent'. He highlighted the following result areas:

- Taupō District Council was performing the core role of providing local government services well.
- The Council's core infrastructure has capacity for three times the day-to-day resident population, which means it is not under pressure except when major events are taking place. Maintenance and replacement of assets was being well managed, with the focus of the ongoing programme wisely being on condition of assets, not age.
- There was currently no single vision for the Council for the region, however that was recognised and work was underway to rectify this.
- Financial management was right where it needed to be.
- Stakeholder management was good.
- The Mayor was well-loved and the Chief Executive had come up through the ranks of the organisation, which presented interesting and positive opportunities.
- Elected members need to take advantage of professional development opportunities.
- The assessment was a snapshot in time, not an audit. Areas of strength and areas for continued development had been identified.

The Chief Executive advised that staff had found the process useful and he was relatively comfortable with the BBB rating. The Senior Leadership Team was creating an action plan following release of the report and this would be brought back to Council in due course.

Councillors expressed disappointment in relation to the parts of the report which highlighted the view that Taupō District Council's elected members have a lower level of financial literacy than that required for effective decision-making.

Mr James Lockhart joined the teleconference call at this point (10.18am).

The assessors answered further questions and the following points were noted:

- Greater Wellington Regional Council achieved one of the highest ratings in priority 1 (governance, leadership and strategy) – it would be worthwhile to read the CouncilMark report on that authority. Having a singular vision for the district would have possibly contributed to a higher rating for Taupō District Council, although it has come through above average amongst like organisations.
- General themes across councils included high levels of engagement with the community; the finance function not being as well integrated across the organisation (although Taupō District Council is doing particularly well in this regard); and increasing awareness / stakeholder engagement in relation to core infrastructure projects.

AR201803/02 RESOLUTION

Moved: Mayor David Trewavas

Seconded: Cr Rosanne Jollands

That the Audit & Risk Committee receives the "Taupō District Council – Independent Assessment Report" dated February 2018 and thanks Peter Crow and James Lockhart for their involvement and presentation.

CARRIED

4.2 HEALTH & SAFETY CONTRACTOR MANAGEMENT REPORT

The People & Capability Manager tabled a document entitled "Contractor Health and Safety Management" (A2143566).

Cr John Williamson left the meeting at this point (10.37am).

The People & Capability Manager explained the SiteWise contractor pre-qualification process and answered questions. The following points were noted:

- Not all contractors were in the system but staff were working to ensure that in time they would be.
- Contract managers were working closely with contractors to set expectations around risk management and to monitor progress via site inspections, for example. The Health & Safety Business Partner was supporting this process.
- Contractors pay \$195 for the SiteWise assessment.
- Pre-qualification gives Council staff confidence that contractors have the appropriate paperwork and knowledge about their obligations under the Health and Safety at Work Act 2015. This was required by Council in its role as a PCBU ("person conducting a business or undertaking").

In answer to a question, the Head of Regulatory & Risk advised that staff were considering implementing a similar assurance programme for events.

His Worship the Mayor left the meeting at this point (10.45am).

AR201803/03 RESOLUTION

Moved: Cr Anna Park

Seconded: Cr Maggie Stewart

That the Audit & Risk Committee receives the health and safety contractor management report.

CARRIED

4.3 RISK REGISTER REVIEW

The Risk Manager asked for feedback about the governance risk register to enable updates to be made before the next Audit & Risk Committee meeting.

Members agreed to schedule a workshop to consider and review current governance and operational risks and update the current risk registers. The Chairman asked for risks to be ranked lower down the register where appropriate, rather than completely removed.

A member asked if an outside third party review of the risk register could be arranged, in addition to Audit New Zealand's annual audit.

AR201803/04 RESOLUTION

Moved: Cr Rosanne Jollands

Seconded: Cr Maggie Stewart

That the Audit & Risk Committee directs officers to schedule a workshop for the Audit and Risk Committee to consider and review current governance and operational risks and update the current risk registers.

CARRIED

4.4 INTERIM REPORT ON PROPOSALS FOR A TAUPŌ DISTRICT COUNCIL HEADQUARTERS BUILDING - AUDIT NEW ZEALAND

In answer to a question, the Head of Operations advised that a dedicated project manager had been appointed and they would produce a business case in the near future.

AR201803/05 RESOLUTION

Moved: Cr Barry Hickling

Seconded: Cr Anna Park

That the Audit & Risk Committee receives the report, dated 19 December 2017, from Audit New Zealand in relation to proposals for a Taupō District Council headquarters building.

CARRIED

4.5 TREASURY MANAGEMENT REVIEW - PRICEWATERHOUSECOOPERS REPORT

Mr John Dixon and Ms Sophie Hay from PricewaterhouseCoopers addressed the Committee and answered questions. The following points were noted:

- PricewaterhouseCoopers had been reporting on Taupō District Council's key financial controls and policy in relation to Treasury Management for many years, and this was the best report issued to date. Findings were procedural and of a housekeeping nature, rather than high risk or concerning.
- In relation to deal tickets, it was agreed that Council should either comply with its Treasury Management Policy, or change the policy to reflect reality.

In answer to a question about TEL fund asset classes and limits, the Head of Finance and Strategy advised that at times the mix of funds is different to what the Treasury Management Policy intended, but overall Council operated within limits.

- The 25% allowance in relation to asset allocation was normal.

AR201803/06 RESOLUTION

Moved: Cr Rosanne Jollands

Seconded: Cr Anna Park

That the Audit & Risk Committee receives the PricewaterhouseCoopers report, dated 16 February 2018, on Taupō District Council's key financial controls and policy in relation to Treasury Management.

CARRIED

4.6 PROCUREMENT POLICY REVIEW 2018

The Head of Regulatory & Risk introduced Council's new Contracts & Procurement Specialist.

Members decided not to add the following words under the "Sustainability" section of Council's Procurement Policy: "In particular Council will promote "Wood First" principles as a positive consideration for all its procurement requirements where considered appropriate". The reasons for this included the fact that consideration of the use of wood was part of the design part of procurement and not appropriate for inclusion in the Procurement Policy; and the desire to have a wider discussion about where sustainability sits in relation to the Council's vision.

Members agreed not to include a "buy local" principle in the Procurement Policy, but a local economic impact attribute would be added. An updated draft policy would be presented to the next Audit & Risk Committee meeting for further consideration.

AR201803/07 RESOLUTION

Moved: Cr Rosanne Jollands

Seconded: Cr Barry Hickling

That the Audit & Risk Committee:

1. Makes the following changes to Taupō District Council's Procurement Policy and requests that the updated policy be brought back to the next Audit & Risk Committee meeting:
 - (a) Update Council's procurement guidelines to incorporate the inhouse formation of a dedicated procurement team lead by Council's Procurement Manager and including

Council's Corporate Solicitor with responsibilities for the oversight of Council's Procurement Policy guidelines and templates. That team to be approved by the CEO.

- (b) Update Council's procurement guidelines to include a full schedule of delegated authorities financial and non financial.
- (c) Update Council's procurement guidelines to provide greater direction on i) the use of contract management plans and ii) contractor non performance.
- (d) Add the following words to the "Accountability" section of Council's Procurement Policy: "Council will annually undertake an independent audit of Council procurement contracts. All such audit reports will be reported to Council's Audit & Risk Committee".
- (e) Add a local economic impact attribute principle to Council's Procurement Policy.

2. Agrees not to adopt a "buy local" principle as part of its Procurement Policy.

CARRIED

4.7 FRAUD POLICY REVIEW 2018

AR201803/08 RESOLUTION

Moved: Cr Maggie Stewart

Seconded: Cr Barry Hickling

That the Audit & Risk Committee makes the following minor amendments to the Taupō District Council Fraud Policy (A1547760) and forwards the updated policy to Audit New Zealand for comment:

- Update all references to "Human Resources" and "Human Resources Manager" with "People & Capability" and "People & Capability Manager" respectively.
- Update all references to "Group Manager Community Risk Relations & Support" with "Head of Risk and Regulatory".

CARRIED

4.8 AUDIT & RISK COMMITTEE TERMS OF REFERENCE

Members agreed to recommend to Council that the Audit & Risk Committee Terms of Reference be amended to include "Conflict of Interest Policy" in the list of policies for review and approval in clause 8.

In relation to learning from mishaps and realising opportunity gains, it was implied that these were appropriate functions of the Audit & Risk Committee whether included in the Terms of Reference or not.

AR201803/09 RESOLUTION

Moved: Mr Anthony Byett

Seconded: Cr Rosanne Jollands

That the Audit & Risk Committee considers the Committee's Terms of Reference 2016-19 and recommends the addition of "review and approval of Conflicts of Interest" to point 8.

CARRIED

4.9 AUDIT & RISK COMMITTEE SCHEDULE OF POLICIES FOR REVIEW

AR201803/10 RESOLUTION

Moved: Cr Rosanne Jollands

Seconded: Cr Maggie Stewart

That the Audit & Risk Committee receives the Schedule of Policies for review (A2146215).

CARRIED

5 CONFIDENTIAL BUSINESS**AR201803/11 RESOLUTION**

Moved: Cr Anna Park

Seconded: Cr Rosanne Jollands

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 Confirmation of Confidential Portion of Audit & Risk Committee Minutes - 30 October 2017	Section 7(2)(g) - the withholding of the information is necessary to maintain legal professional privilege Section 7(2)(i) - the withholding of the information is necessary to enable [the Council] to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	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: 5.2 Risk Register Updates - 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 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
Agenda Item No: 5.3 Litigation Update	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

CARRIED

The meeting closed at 11.59am.

The minutes of this meeting were confirmed at the Audit & Risk Committee meeting held on 21 May 2018.

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CHAIRPERSON