

**TAUPŌ DISTRICT COUNCIL
MINUTES OF THE AUDIT & RISK COMMITTEE MEETING
HELD AT THE COUNCIL CHAMBER, 107 HEUHEU STREET, TAUPŌ
ON MONDAY, 23 JULY 2018 AT 10.00AM**

- PRESENT:** Mr Anthony Byett (in the Chair), Cr Barry Hickling, Mayor David Trewavas, Cr Rosie Harvey, Cr Anna Park, Cr Maggie Stewart
- IN ATTENDANCE:** Chief Executive, Head of Regulatory & Risk, Head of Economic Development & Business Transformation, Head of Democracy, Governance & Venues, Head of Communications & Customer Relations, General Manager Taupō Airport, Contracts & Procurement Specialist, Risk Manager, Manager Legal & Compliance, Group Accountant, Finance Manager, Democratic Services Officer
- MEDIA AND PUBLIC:** Two members of the public

1 APOLOGIES

AR201807/01 RESOLUTION

Moved: Cr Barry Hickling
Seconded: Mayor David Trewavas

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 - 21 MAY 2018

In relation to the action plan following receipt of the CouncilMARK report, members agreed that should be shared with full Council, rather than the Audit & Risk Committee.

AR201807/02 RESOLUTION

Moved: Cr Anna Park
Seconded: Cr Maggie Stewart

That the public and confidential portions of the minutes of the Audit & Risk Committee meeting held on Monday 21 May 2018 be confirmed as true and correct records.

CARRIED

4 REPORTS

4.1 ADOPTION OF PROCUREMENT POLICY

The Contracts & Procurement Specialist spoke to his report and answered questions. The following points were noted:

- In relation to the proposal to increase the maximum limit for a full procurement process from \$50k to \$100k, it was intended that past experience and an assessment of risk would guide decisions, for example it may be that a lower value but high risk project would require a full procurement process, while

a \$99k project with low risk may not.

- Obtaining quotations still required a process to be followed – three quotations must be obtained and minimum due diligence completed.
- The Procurement Advisory Team consisted of the Contracts & Procurement Specialist; the Manager Legal & Compliance; the Solicitor-Property; the Risk Manager; the Facilities Manager; and the Health & Safety Business Partner.
- The wording relating to the local economic attribute was deliberately ambiguous as “local” was difficult to define. How it relates to particular situations will be determined on a case-by-case basis. Having the local economic attribute in the policy would enable local economic impacts to be taken into account, which has not been the case in the past.
- The appropriate procurement process to follow in any given situation depends on an assessment of risk. Something low risk could be handled via an RFQ (request for three quotations) process; while an RFT (if the work can be fully scoped) or RFP with registrations of interest first would be more appropriate for something high risk.
- In the majority of cases, written quotations should be obtained. There would be times however where it was appropriate for verbal quotations to be obtained for minor work.

In answer to a question, the Chief Executive advised that ongoing conversations were taking place at a regional level to grow the market and ensure value for money. Staff also tried to spread the use of professional agencies to support the local economy. The Contracts & Procurement Specialist added that a process was still followed to confirm situations in which only one possible supplier was available.

AR201807/03 RESOLUTION

Moved: Cr Anna Park
Seconded: Cr Barry Hickling

That the Audit & Risk Committee adopts the Procurement Policy (A2239885) subject to Audit New Zealand approval.

CARRIED

4.2 TAUPŌ AIRPORT AUTHORITY SAFETY MANAGEMENT SYSTEM IMPLEMENTATION PLAN

The General Manager Taupō Airport spoke to the report and explained the background to the drafting of the Taupō Airport Authority Safety Management System Implementation Plan (SMS). Taupō Airport started work on improving safety management 10-12 years ago and the new plan documented a lot of processes that were already in place. The SMS had been very well received by the Civil Aviation Authority. There would be a two day audit on 5-6 March 2019 following which the Taupō Airport Authority would implement the SMS.

In answer to questions, the General Manager Taupō Airport advised that:

- The SMS ‘governance’ team consisted of the General Manager, the Operations Manager, the Safety Manager and the Chair of the Safety Committee. Although the title of the team was ‘governance’, the team’s focus was operational in nature.
- The cost of completing the SMS plan was slightly less than \$90k over three years. The first part of it was drafted *pro bono*.
- The SMS plan worked alongside the Airport’s Health & Safety plan. A computerised system was in place to enable all incidents to be reported separately. The system was simple and could be used for Council incident reporting if desired.

The Head of Economic Development and Business Transformation advised that there would be compliance costs associated with the SMS plan in future.

AR201807/04 RESOLUTION

Moved: Cr Barry Hickling
Seconded: Cr Rosie Harvey

That the Audit & Risk Committee recommends to Council that the Safety Management Systems implementation plan be adopted.

CARRIED

4.3 ADOPTION OF ASSET DISPOSAL POLICY

An updated draft Asset Disposal Policy was shown on the screens in the Council Chamber (A2273916). This differed from the version contained on the agenda in the following manner:

- Additional clause in the 'principles' section: "4.3 The disposal of assets will comply with all Council policies applicable to those assets e.g significance, engagement etc."
- Additional wording at the end of clause 4.4: "...recognising any community interests that may be applicable".
- Additional clause at the end of the 'policy content' section: "5.8 All decisions regarding the disposal of assets shall comply with the Taupo District Council Significance and Engagement Policy."

Members decided that the draft Asset Disposal Policy should be submitted to Audit New Zealand for comment prior to adoption.

In answer to a question, the Finance Manager recommended keeping the title of the policy as "Asset Disposal" as opposed to "Fixed Asset Disposal" as that would avoid problems with current and non-current accounting definitions.

In answer to another question, the Risk Manager advised that the principles contained in the policy should still apply to financial assets, hence the inclusion of reference to financial assets.

It was noted that there were a number of procedural guideline documents in place dealing with specific disposal processes. The Asset Disposal Policy was a high-level policy setting out general principles.

AR201807/05 RESOLUTION

Moved: Mr Anthony Byett

Seconded: Cr Barry Hickling

That the Audit & Risk Committee recommends that the proposed Asset Disposal Policy (A2256528) (as amended) be forwarded to Audit New Zealand for comment.

CARRIED

4.4 FAULT TREE (BOWTIE) ANALYSIS OF NOT MEETING OBLIGATIONS AS THE EMPLOYER OF THE CEO, AND UNDERPERFORMING COUNCIL RISKS

The Risk Manager summarised the fault tree (bow-tie) analysis for both not meeting obligations as the employer of the Chief Executive; and underperforming Council risks. The following points were noted:

- Not meeting obligations as the employer of the CEO – the risk drops from high to medium with treatments.
- Underperforming Council – how the staff operate has a significant impact on whether the Council performs or not. Performing to a high level requires a number of factors to be in place, including correct processes; team work; and behaviours. The risk was low-medium with treatments.

In answer to questions, the Risk Manager advised that:

- The 'failure to separate employer and governance roles' risk had been moved to the underperforming Council fault tree chart.
- 'Officer interference' in the underperforming Council fault tree chart referred to obstructing the flow of things.

In discussion members agreed that the action 'not maintaining collective goals' should be re-worded to 'undermining collective goals'.

AR201807/06 RESOLUTION

Moved: Cr Anna Park
 Seconded: Cr Maggie Stewart

That the Audit & Risk Committee receives the report.

CARRIED**4.5 AUDIT & RISK COMMITTEE SCHEDULE OF POLICIES FOR REVIEW****AR201807/07 RESOLUTION**

Moved: Cr Maggie Stewart
 Seconded: Cr Rosie Harvey

That the Audit & Risk Committee receives the Schedule of Policies for review (A2257341).

CARRIED**4.6 AUDIT OF TAUPO DISTRICT COUNCIL'S 2018-28 LONG-TERM PLAN****AR201807/08 RESOLUTION**

Moved: Mayor David Trewavas
 Seconded: Cr Barry Hickling

That the Audit & Risk Committee receives the Letter of Representation for the audit of Taupō District Council's 2018-28 Long-term Plan and the independent auditor's report.

CARRIED**5 CONFIDENTIAL BUSINESS****AR201807/09 RESOLUTION**

Moved: Cr Anna Park
 Seconded: Mayor David Trewavas

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 Audit New Zealand Report on the Interim Audit of Taupo District Council for the year ended 30 June 2018	Section 7(2)(h) - the withholding of the information is necessary to enable [the Council] to carry out, without prejudice or disadvantage, commercial activities	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>Agenda Item No: 5.2 Taupo District Council Employee Engagement Survey 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 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 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>

CARRIED

The meeting closed at 12.03pm.

The minutes of this meeting were confirmed at the Audit & Risk Committee Meeting held on 29 October 2018.

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CHAIRPERSON