

**TAUPŌ DISTRICT COUNCIL  
MINUTES OF THE AUDIT & RISK COMMITTEE MEETING  
HELD AT THE COUNCIL CHAMBER, 107 HEUHEU STREET, TAUPŌ  
ON MONDAY, 29 OCTOBER 2018 AT 10.00AM**

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

**IN ATTENDANCE:** Cr John Boddy  
Chief Executive, Head of Regulatory & Risk, Head of Operations, Head of Democracy, Governance & Venues, Head of Finance & Strategy, Head of Communications & Customer Relations, Risk Manager, Consents & Regulatory Manager, Manager Legal & Compliance, Group Accountant, Senior Compliance Officer-Environmental Health, Environmental Health Officer, Democratic Services Officer

**MEDIA AND PUBLIC:** Audit New Zealand representatives, Messrs Clarence Susan and Naudé Kotzé

Note: Cr Maggie Stewart left the meeting at 11.15am and re-entered the meeting at 11.18am. She was not present for resolution AR201810/05.

## 1 APOLOGIES

### AR201810/01 RESOLUTION

Moved: Cr Barry Hickling

Seconded: Cr Anna Park

That the apology received from His Worship the Mayor, David Trewavas be accepted.

**CARRIED**

## 2 CONFLICTS OF INTEREST

Nil

## 3 CONFIRMATION OF MINUTES

### 3.1 AUDIT & RISK COMMITTEE MEETING - 23 JULY 2018

In answer to questions, staff advised that:

- The CouncilMARK action plan would be presented to Council in due course.
- The new local economic attribute in the Procurement Policy had not yet been tested.
- Audit New Zealand had provided comment on the Asset Disposal Policy. This would be brought back to a future Audit & Risk Committee meeting.

### AR201810/02 RESOLUTION

Moved: Cr Anna Park

Seconded: Cr Maggie Stewart

That the minutes of the Audit & Risk Committee meeting held on Monday 23 July 2018 be confirmed as a true and correct record.

**CARRIED**

## 4 REPORTS

### 4.1 AUDIT NEW ZEALAND FINAL MANAGEMENT REPORT FOR YEAR ENDED 30 JUNE 2018

Audit New Zealand representatives, Messrs Clarence Susan and Naudé Kotzé summarised the final management report for Taupō District Council for the year ended 30 June 2018. Together with staff, they answered questions of clarification. The following additional points were noted:

- In relation to building consents vetting period, staff had reviewed applications from 1 July 2018. All were processed within the timeframe.
- Recommendation – formal asset improvement programme – this related to reporting on assets, not the actual assets.
- Recommendation – cyclical review of policies – this can be done to minimise ad hoc review of policies.
- Staff were applauded for their work towards the audit process and achieving an unmodified audit opinion.
- Recommendation – Information Systems governance group – staff had already identified the need for this and would work towards establishing the group.
- Cash variances – there was no suspicion of fraud or theft, recommendation was simply to improve the process.
- Council building – ‘best practice’ should be applied to both the procurement process and the business case.
- Annual leave balances – management monitored regularly, there was a balance between using annual leave and ensuring people have appropriate breaks from a health and safety perspective; and getting work done. Mr Kotzé added that it was important for staff with cash handling responsibilities to take leave on a regular basis to mitigate fraud.
- Recording and greater mitigation of conflicts of interest was still a work in progress.

### AR201810/03 RESOLUTION

Moved: Cr Maggie Stewart  
Seconded: Cr Rosie Harvey

That the Audit & Risk Committee receives the final Management Report for Taupō District Council for the year ended 30 June 2018.

**CARRIED**

*The Audit New Zealand representatives left the meeting at this point (10.52am).*

### 4.2 MPI AUDIT OF QUALITY MANAGEMENT SYSTEM UNDER THE FOOD ACT 2014

The Consents & Regulatory Manager and the Environmental Health Officer answered questions and the following points were noted:

- The verification process focused on food control plans, which document details of (for example) how businesses receive and store food safely; how they train staff; how they measure temperatures and so on.
- The new system was more detailed and complicated.
- Council's expansion into verifications ensures a good service to the community, as there are not many third party providers and Council's fee is relatively affordable for small businesses.
- Staff were waiting for MPI to provide guidance on auditing verifications and would also work with counterparts in the Bay of Plenty council cluster group in this regard.
- Approximately 20% of local food providers struggled with the verification process, some in relation to documentation and some in relation to unsafe food practices. This was similar to other local authority areas.
- Council had less liability in this area than previously because the focus now was on businesses taking responsibility. Council's role was to audit and highlight issues.

**AR201810/04 RESOLUTION**

Moved: Cr Barry Hickling  
Seconded: Cr Anna Park

That the Audit & Risk Committee receives the outcome of the review by MPI on the Quality Management System under the Food Act 2014

**CARRIED**

**4.3 6 MONTHLY REVIEW OF SENSITIVE EXPENDITURE**

*Cr Maggie Stewart left the meeting at this point (11.15am)*

**AR201810/05 RESOLUTION**

Moved: Cr Rosie Harvey  
Seconded: Cr Barry Hickling

That the Audit & Risk Committee receives the information in the Sensitive Expenditure Report (A2321532) for the period 1 January 2018 to 30 June 2018.

**CARRIED**

**4.4 INSURANCE CAPABILITY AND INCIDENT MANAGEMENT UPDATE**

*Cr Maggie Stewart re-entered the meeting at this point (11.18am).*

The Risk Manager provided an update on the insurance market, following a recent Insurance Capability and Incident Management workshop. Insurers were increasing premiums; reducing exposure to claims; and some were leaving the local government market.

The Head of Regulatory & Risk added that one of the key messages at the workshop was that insurance was part of the solution, not 'the' solution. It was important for Council to ensure information was robust and insurers were kept informed of Council's ability to manage risks. Council's appetite for risk would also be relevant in the future. Staff were meeting with brokers soon and would keep Council informed.

**AR201810/06 RESOLUTION**

Moved: Cr Anna Park  
Seconded: Cr Rosanne Jollands

That the Audit & Risk Committee receives the update and the Powerpoint slides from the Insurance Capability and Incident Management workshop held on 18 September 2018.

**CARRIED**

**4.5 REVIEW OF RISK MANAGEMENT CHARTER****AR201810/07 RESOLUTION**

Moved: Cr Anna Park  
Seconded: Cr Maggie Stewart

That the Audit & Risk Committee adopts the attached Risk Management Charter for the 2018-19 year.

**CARRIED**

#### 4.6 DRAFT TERMS OF REFERENCE / SCOPE FOR INTERNAL AUDITS - PROCUREMENT AND TREASURY MANAGEMENT

In answer to a question, the Head of Regulatory & Risk advised that the procurement audit would examine compliance with the previous Procurement Policy and operational guidelines, not the new policy adopted at the previous Committee meeting. Members discussed the timing of the audit in light of this.

*Note: On a motion to approve the draft Terms of Reference for the procurement audit as proposed, the Chairperson called for a show of hands and Crs Rosie Harvey, Barry Hickling and Maggie Stewart voted in favour of the motion; Crs Rosanne Jollands and Anna Park voted against the motion; and Mr Anthony Byett abstained from voting.*

##### AR201810/08 RESOLUTION

Moved: Cr Maggie Stewart

Seconded: Cr Barry Hickling

That the Audit & Risk Committee approves the draft Terms of Reference for the procurement audit.

**CARRIED**

Members then considered the draft Terms of Reference for the treasury management audit. In answer to a question, the Head of Finance & Strategy advised that the audit would focus on compliance with the Treasury Management Policy, rather than a review of the policy itself.

##### AR201810/09 RESOLUTION

Moved: Cr Maggie Stewart

Seconded: Cr Barry Hickling

That the Audit & Risk Committee approves the draft Terms of Reference for the treasury management audit.

**CARRIED**

## 5 CONFIDENTIAL BUSINESS

##### AR201810/10 RESOLUTION

Moved: Mr Anthony Byett

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
<b>Agenda Item No: 5.1</b> Confirmation of Confidential Portion of Audit & Risk Committee Minutes - 23 July 2018	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	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>of the information is necessary to maintain legal professional privilege</p> <p>Section 7(2)(h) - the withholding of the information is necessary to enable [the Council] to carry out, without prejudice or disadvantage, commercial activities</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>

**CARRIED**

**The meeting closed at 11.55am.**

**The minutes of this meeting were confirmed at the Audit & Risk Committee meeting held on 11 March 2019 .**

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**CHAIRPERSON**