

**TAUPŌ DISTRICT COUNCIL  
MINUTES OF THE RISK & ASSURANCE COMMITTEE MEETING  
HELD AT THE COUNCIL CHAMBER, 107 HEUHEU STREET, TAUPŌ  
ON TUESDAY, 10 MARCH 2020 AT 10.00AM**

**PRESENT:** Mr Anthony Byett (in the Chair), Mayor David Trewavas, Cr Kathy Guy, Cr John Mack, Cr Anna Park, Cr Christine Rankin, Cr John Williamson, Mr Danny Loughlin

**IN ATTENDANCE:** Cr John Boddy, Cr Kylie Leonard, Cr Kevin Taylor, Cr Yvonne Westerman  
Chief Executive, Head of Regulatory and Risk, Head of Finance and Strategy, Head of Democracy, Governance and Venues, Head of Community, Culture and Heritage, Manager Legal and Compliance, Risk Manager, Senior Project Manager, Team Leader Strategic Partnerships, Strategic Partnerships Advisor, Democratic Services Officer

**MEDIA AND PUBLIC:** Taupō Times  
Mr Leon Pieterse, Audit New Zealand  
Mr Matthew Wilson and Ms Deanna Macdonald, AON  
Mr Warwick Lampp, Electoral Officer, electionz.com  
Mr John Dixon, PricewaterhouseCoopers

*Note:* Cr John Boddy left the meeting between 11.27am-11.29am and 11.43am. He was not present for resolutions RACC202003/07, and RACC202003/10-12.

**1 APOLOGIES**

Nil

**2 CONFLICTS OF INTEREST**

Nil

**3 CONFIRMATION OF MINUTES**

Nil

**4 REPORTS**

**4.1 ELECTION OF DEPUTY CHAIRPERSON**

**RACC202003/01 RESOLUTION**

Moved: Cr John Williamson

Seconded: Cr Christine Rankin

That the Risk & Assurance Committee:

1. Confirms that System B be used to determine the election process for the Deputy Chairperson; and
2. Elects Cr Anna Park as the Deputy Chairperson of the Risk & Assurance Committee.

**CARRIED**

## 4.2 PRESENTATION FROM AUDIT NEW ZEALAND

Mr Leon Pieterse, Director, Audit New Zealand addressed the Committee. He advised that areas of focus for this year's audit included revaluation of property, plant and equipment; infrastructure assets; investment properties; the new software system; key projects; and as always, management override. He added that Council could expect an increase in annual audit fees.

In answer to questions, Mr Pieterse advised that:

- 'Three waters' was another area of audit focus across the sector, in particular costs arising from Central Government's desire for local authorities to collaborate.
- Procurement practices and policy was also a topic for members to monitor closely.

In relation to 'three waters', the Chief Executive added that the biggest risk facing councils was compliance with drinking water standards. Council would have an opportunity to consider water funding as part of the next Long-term Plan process.

## RACC202003/02 RESOLUTION

Moved: Mr Danny Loughlin

Seconded: Cr Anna Park

That the Risk & Assurance Committee approves arrangements for the annual external audit as set out in the Audit Engagement letter dated 28 February 2020 and the Audit Plan for the year ending 30 June 2020, and thanks Mr Leon Pieterse for his presentation.

**CARRIED**

## 4.3 PRESENTATION FROM AON - INSURANCE MARKET

Mr Matthew Wilson and Ms Deanna Macdonald made a PowerPoint presentation (A2659812) and answered questions. The following additional points were noted:

- Accurate valuations were key in terms of setting insurance limits.
- The insurance market would only pay up to specified building value limits.
- It was recommended that the insurance programme be set to cover realistic probable losses, rather than losses from cataclysmic events.
- Taupō District Council is part of the Bay of Plenty Local Authority Shared Services (BOPLASS) insurance programme. The insurance market is currently in a 'hard' cycle, with premiums increasing. AON works with multiple councils and this enables a collective approach to loss modelling which in turn brings premiums savings.
- Council was not covered for losses incurred as a result of COVID-19, as the infections diseases / pandemic clause in the policy would apply.
- Global market conditions affected the New Zealand insurance market, as all insurers have some form of off-shore ownership.
- Most losses in the last 5-10 years had been a result of weather-related events. While insurers were still covering such losses, the cost of doing so was increasing.
- Emerging trends included the rise of class action lawsuits and litigation funders, which were resulting in more plaintiffs; higher settlements; and more claims. Unfortunately councils were often held responsible and these trends were something insurers were monitoring carefully.
- Providing the best possible data would result in better insurance deals. Related to this was the need to start negotiations (i.e. go to the market) earlier.
- Underwriters also wanted to see a genuine commitment to asset management planning.
- In relation to Coronavirus, most travel underwriters would not cover loss of deposits for travel booked after 5 March 2020. The New Zealand safe travel website had more information.
- Emerging risks included cyber-terrorism and resulting data losses; and climate change.

- Environmental impairment – losses resulting from gradual pollution were not covered; cover was only available for losses following a sudden event.
- Council was encouraged to work through the insurance strategy diagram presented as part of the PowerPoint (A2659812). It was important to consider financial ability to accept risk, and what could be done to increase resilience, in order to become a more discerning buyer of insurance.

#### **RACC202003/03 RESOLUTION**

Moved: Cr Christine Rankin  
Seconded: Cr Kathy Guy

That the Risk & Assurance Committee receives the information and thanks the AON representatives for their presentation.

**CARRIED**

#### **4.4 ELECTORAL OFFICER'S REPORT ON 2019 ELECTIONS**

Mr Warwick Lampp, Taupō District Council's Electoral Officer, electionz.com summarised his report which had been circulated with the agenda. He confirmed that in general, the elections ran smoothly and concluded by thanking Tina Jakes, Deputy Electoral Officer for her input into the elections process.

The Risk & Assurance Committee Chairperson added the Committee's thanks to Mrs Jakes.

In answer to questions, Mr Lampp advised that:

- The Office of the Auditor-General had withdrawn its 'elected member protocols for elections', but some alternative, independent guidance would be available for the next elections.
- The rules relating to candidates declaring election expenses did not apply to active lobby groups.
- Non-resident ratepayers were required to re-enrol every three years and many did not successfully complete this process and therefore did not vote.
- Compulsory voting was unlikely to come into force in New Zealand. It was noted that only approximately 70% of votes were cast properly in countries with compulsory voting.
- Although New Zealand Post was happy with its performance in the 2019 elections, Mr Lampp was aware of many examples of voting papers being delivered late. Return mail was less of a problem. The issue was likely to become more pronounced in the future.

#### **RACC202003/04 RESOLUTION**

Moved: Cr John Williamson  
Seconded: Cr Kathy Guy

That the Risk & Assurance Committee receives the report from Electionz.com following the 2019 Local Government elections and thanks Mr Warwick Lampp for his presentation.

**CARRIED**

#### **4.5 GRANTS & PARTNERSHIPS POLICY COMPLIANCE AUDIT - PRICEWATERHOUSECOOPERS**

Mr John Dixon, PricewaterhouseCoopers summarised the Grants & Partnerships Policy compliance audit report including recommended areas for improvement.

The Head of Community, Culture and Heritage added that staff were working through the issues raised and were committed to improving accountability. In answer to questions he advised that:

- Council had a clear, concise, automated application process which ensured documents were filed appropriately.
- The findings of the compliance audit would be shared with distributors in due course.
- A full review of the Grants & Partnerships Policy was coming up and the PwC recommendations would be taken into account as part of that review.

**RACC202003/05 RESOLUTION**

Moved: Cr Anna Park  
Seconded: Cr John Mack

That the Risk & Assurance Committee receives the report from PricewaterhouseCoopers - Taupō District Council Grants & Partnerships Policy and thanks Mr John Dixon for his presentation.

**CARRIED**

**4.6 TREASURY MANAGEMENT POLICY COMPLIANCE AUDIT - DRAFT TERMS OF REFERENCE - PRICEWATERHOUSECOOPERS****RACC202003/06 RESOLUTION**

Moved: Mr Danny Loughlin  
Seconded: Cr Kathy Guy

That the Risk & Assurance Committee approves the draft Terms of Reference for the audit of Council's compliance with its Treasury Management Policy.

**CARRIED**

**4.7 PROJECT QUANTUM UPDATE**

The Senior Project Manager spoke to the report and answered questions. The following points were noted:

- Lessons learnt from Phase 1 were being applied to Phase 2.
- Impacts on the rest of the business were being managed with the help of a change manager on staff.
- Phase 1 was delivered well. Phase 2 would be much bigger, with more input required from the business.
- The project was not a regional project, however other councils, for example Rotorua, were also in the process of implementing Technology One software.
- The core project team was working well.
- Audit New Zealand would start their review of the project in April, with a particular focus on data migration and system controls.

In answer to a question, Mr Leon Pieterse from Audit New Zealand advised that his team would be relying on the new system going forward, so they were keen to ensure it was working as it should.

In answer to another question, the Senior Project Manager advised that contract costs were just over \$3m.

The Chief Executive added that contract costs with the supplier were stable. One of the learnings from Phase 1 related to staff input to achieve go-live. Overall costs would be higher and therefore captured in Annual Plan budgets.

*Cr John Boddy left the meeting at this point (11.27am).*

**RACC202003/07 RESOLUTION**

Moved: Cr John Williamson  
Seconded: Cr Kathy Guy

That the Risk & Assurance Committee receives this report in addition to Audit NZ proposal for Quantum programme additional assurance (A2601531)

**CARRIED**

#### **4.8 CIVIL DEFENCE EMERGENCY MANAGEMENT - CAPABILITY AND ASSESSMENT REPORT**

The Head of Regulatory & Risk explained that this report was provided to the Risk & Assurance Committee for assurance purposes, but the emergency management work programme and recommendations would be reviewed and approved by the Emergency Management Committee at its next meeting.

*Cr John Boddy re-entered the meeting at this point (11.29am).*

In answer to a question, Cr Anna Park confirmed that she was well aware of the findings of the report and some recommendations had already been enacted, for example 24/7 roster of local controllers and business continuity planning.

In answer to another question, the Head of Regulatory & Risk advised that Taupō District Council's overall score was one of the highest in the region.

#### **RACC202003/08 RESOLUTION**

Moved: Cr Christine Rankin

Seconded: Cr John Mack

That the Risk & Assurance Committee receives the capability and assessment report on Taupō District Council's Civil Defence Emergency Management.

**CARRIED**

#### **4.9 STANDARD & POOR'S GLOBAL REPORT - LOCAL GOVERNMENT DEBT**

The Head of Finance and Strategy advised that Standard & Poor's was about to conduct its next annual review.

#### **RACC202003/09 RESOLUTION**

Moved: Mr Danny Loughlin

Seconded: Cr Christine Rankin

That the Risk & Assurance Committee receives the Standard & Poor's Global report dated 16 February 2020 and entitled "New Zealand Councils Can Carry Growing Debt".

**CARRIED**

#### **4.10 6 MONTHLY REVIEW OF SENSITIVE EXPENDITURE**

The Risk Manager summarised the report. In answer to questions, the Chief Executive advised that:

- Many of the 51 instances of donations and gifts would be flowers sent for various reasons.
- The Senior Leadership Team would be considering Council-issued clothing to ensure a uniform approach to clothing purchases across the business.

*Cr John Boddy left the meeting at this point (11.43am).*

#### **RACC202003/10 RESOLUTION**

Moved: Cr John Mack

Seconded: Mr Danny Loughlin

That the Risk & Assurance Committee receives the information in the Sensitive Expenditure Report for the period 01 January 2019 to 30 June 2019.

**CARRIED**

**4.11 RISK & ASSURANCE COMMITTEE SCHEDULE OF POLICIES FOR REVIEW**

The Head of Regulatory & Risk suggested that the Committee add "Insurance Strategy" to the schedule of policies for review.

**RACC202003/11 RESOLUTION**

Moved: Cr Anna Park

Seconded: Cr Kathy Guy

That the Risk & Assurance Committee receives the Schedule of Policies for review.

**CARRIED**

**5 CONFIDENTIAL BUSINESS****RACC202003/12 RESOLUTION**

Moved: Mr Anthony Byett

Seconded: Cr Kathy Guy

**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:

<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>
<b>Agenda Item No: 5.1</b> 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

I also move that *Mr Leon Pieterse, Audit New Zealand* be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of *audit processes*.

**CARRIED**

The meeting closed at 11.55am.

The minutes of this meeting were confirmed at the Risk & Assurance Committee meeting held on 9 June 2020.

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**CHAIRPERSON**