

**TAUPŌ DISTRICT COUNCIL
MINUTES OF THE RISK & ASSURANCE COMMITTEE MEETING
HELD AT THE COUNCIL CHAMBER, 107 TE HEUHEU STREET, TAUPŌ
ON THURSDAY, 2 MARCH 2023 AT 9.15AM**

PRESENT: Mr Bruce Robertson (in the Chair), Mr Anthony Byett, Cr Anna Park, Cr Danny Loughlin, Cr Rachel Shepherd

IN ATTENDANCE: Cr Duncan Campbell (until 10am)
Deputy Chief Executive, General Manager Finance and Environment, Legal, Risk and Governance Manager, Finance Manager, Communications Manager, Risk Manager, Policy Manager, Senior Policy Advisor, Executive Manager to the Mayor, Governance Quality Manager
Audit New Zealand representatives, Messrs Leon Pieterse and Kay Oloro

MEDIA AND PUBLIC: Nil

Independent Committee Chairperson, Mr Bruce Robertson welcomed everyone to the meeting, including the two Audit New Zealand representatives, Messrs Leon Pieterse and Kay Oloro. He advised that Cr John Williamson had submitted his apology for the meeting, as his mother former Mayor Joan Williamson was very unwell. The Committee's thoughts were with the family.

1 KARAKIA

The Chairperson recited the Council's opening karakia.

2 WHAKAPĀHA | APOLOGIES

RACC202303/01 RESOLUTION

Moved: Mr Bruce Robertson

Seconded: Cr Danny Loughlin

That the apologies received from His Worship the Mayor, David Trewavas and Crs Kevin Taylor and John Williamson be accepted.

CARRIED

3 NGĀ WHAKAPĀNGA TUKITUKI | CONFLICTS OF INTEREST

Chairperson Mr Bruce Robertson advised that he would provide a complete list of interests for the file, however for the purposes of this meeting had no direct conflicts to declare.

4 WHAKAMANATANGA O NGĀ MENETI | CONFIRMATION OF MINUTES

Nil

5 NGĀ RIPOATA | REPORTS

5.1 ELECTION OF A DEPUTY CHAIRPERSON

RACC202303/02 RESOLUTION

Moved: Cr Anna Park
Seconded: Mr Bruce Robertson

That the Risk & Assurance Committee confirms that System B be used to determine the election process for the Deputy Chairperson.

CARRIED

RACC202303/03 RESOLUTION

Moved: Cr Anna Park
Seconded: Cr Rachel Shepherd

That the Risk & Assurance Committee elects Cr Danny Loughlin as the Deputy Chairperson of the Risk & Assurance Committee for the 2022-2025 Triennium.

CARRIED

5.2 2021/22 ANNUAL REPORT UPDATE

The Finance Manager summarised the information provided on the agenda, explaining the reasons for delays to the audit of Taupō District Council's Annual Report 2021/22.

The Chairperson invited Audit New Zealand Director, Mr Leon Pieterse to address the Committee. Mr Pieterse advised that the intention was to issue an audit opinion on the Annual Report 2021/22 in time for the Council meeting scheduled to be held on 27 April 2023.

In answer to a question, the Finance Manager confirmed that the Annual Reports of Council's Council Controlled Trading Organisation (Taupō Airport Authority) and its Council Controlled Organisation (Destination (Great) Lake Taupō) had been signed off by an independent auditor prior to Christmas 2022.

Members discussed potential consequences of not meeting the legislative deadline for adoption of Council's Annual Report. It was noted that about 30 local authorities had not met the 31 December 2022 deadline, so Taupō District Council was not alone. Mr Pieterse encouraged management to consider whether the breach had any impact on banking covenants.

The Chairperson asked the Audit New Zealand representatives to provide an audit plan for the current financial year as soon as possible and ideally prior to the end of April. Mr Pieterse agreed that it was the Auditor-General's expectation that the audit programme for local authorities should be back on track to clear all councils' audits by 31 October 2023. He added that a new auditor had been assigned to oversee Taupō District Council's audit and that person would attend the June Risk & Assurance Committee meeting.

It was noted that an extraordinary Risk & Assurance Committee meeting would be required in April or May and the Chairperson requested the audit plan be provided for consideration at that meeting.

In answer to a question, Mr Pieterse advised that no new issues had arisen to date during the current audit.

RACC202303/04 RESOLUTION

Moved: Cr Danny Loughlin
Seconded: Cr Anna Park

That the Risk & Assurance Committee receives the update on the 2021/22 Annual Report and notes the requirement for an extraordinary Risk and Assurance Committee meeting to be held in April or May 2023.

CARRIED

5.3 ANNUAL PLAN 2023/24 UPDATE

The Senior Policy Advisor summarised the update provided on the agenda.

In answer to questions, the General Manager Finance and Environment advised that:

- The 8-15% proposed deferral of funding of depreciation was considered financially prudent in the current climate and other councils were considering a similar approach. The risks had been well highlighted. The 'peak' would be smoothed out in future when inflation falls.
- Officers had already approached the Department of Internal Affairs (DIA) to test whether the proposed approach for consultation would be acceptable. DIA staff had indicated that approval for two points would likely be forthcoming.
- The risk was not currently noted on Council's Risk Register.
- This was a balancing process, because community buy-in was important.

Members discussed the Annual Plan 2023/24 project and the following points were noted:

- Although delivery of the Annual Plan was not on the Risk Register, legal compliance was identified as a strategic risk. In this instance the risk would not elevate to strategic unless Council was acting imprudently, against advice received.
- The key risks were timing and delivery.

In answer to further questions, the Senior Policy Advisor advised that the project team was strong and the Executive Team supportive. Although difficult, good progress was being made and a draft Consultation Document was ready to be workshopped with Elected Members the following week.

The General Manager Finance and Environment also advised that the risk around producing financials in TechOne was related more to the time it was taking to run calculations, rather than the quality of the numbers. Officers were trying to meet targets and timeframes, but it was certainly challenging.

The Senior Policy Advisor answered final questions as follows: The draft Consultation Document included two key issues for community input, being the proposal to partially non-fund depreciation; and the capital programme including additional capital expenditure to support Council's housing strategy.

RACC202303/05 RESOLUTION

Moved: Mr Anthony Byett

Seconded: Cr Rachel Shepherd

That the Risk & Assurance Committee receives the Annual Plan 2022/2023 Update.

CARRIED

5.4 OUTSTANDING AUDIT MANAGEMENT REPORT MATTERS - FEBRUARY 2023

The Finance Manager advised that of the 26 Audit New Zealand recommendations, 15 were from previous years and 11 were new. 16 had been addressed by management, with 10 still progressing.

Cr Duncan Campbell left the meeting at this point (10.00am).

The Chairperson expressed the view that 26 outstanding matters was too many and hoped that a good number would be resolved in the course of the audit. He suggested management include all relevant explanations and updates in responses to provide assurance to the Committee, for example the 'wastewater fault response timetables' update should include reference to the system overhauls taking place, particularly as there was a risk that the process may not transfer as part of the 'three waters' reform underway.

The Chairperson added that the Committee required assurance of effectiveness of controls, including via the audit management report, but also external audit reports on various Council activities and how they would be used for business improvement, for example IANZ review of Council's building consent accreditation.

RACC202303/06 RESOLUTION

Moved: Cr Anna Park
Seconded: Mr Anthony Byett

That the Risk & Assurance Committee receives the report on Outstanding Audit Management Report Matters.

CARRIED

5.5 TAUPŌ DISTRICT COUNCIL PERFORMANCE REPORT - JANUARY 2023

The Chairperson confirmed that it was valuable to receive the information contained in the performance report, which had also been included on the 28 February 2023 Council meeting agenda.

The Deputy Chief Executive and the General Manager Finance and Environment both referred to the capital works programme delivery risk, with work to address that underway as a priority for the Executive Team.

Members discussed climate change risks, in light of the recent destruction caused by Cyclone Gabrielle. Councils around the country would need to consider risks resulting from climate change, and build into Long-term Plans.

RACC202303/07 RESOLUTION

Moved: Mr Bruce Robertson
Seconded: Cr Danny Loughlin

That the Risk & Assurance Committee notes the information contained in the Performance Report for the month of January 2023.

CARRIED

5.6 SIX-MONTHLY REVIEW OF SENSITIVE EXPENDITURE

In response to a question, the Risk Manager advised that the Sensitive Expenditure Policy had clear guidelines for assessment of “reasonable” expenditure. The General Manager Finance and Environment added that an example of a proactive business improvement process underway was the travel management system, with officers identifying areas to save money going forward.

The Chairperson asked for future reports to be signed as evidence of control.

RACC202303/08 RESOLUTION

Moved: Cr Danny Loughlin
Seconded: Cr Anna Park

That the Risk & Assurance Committee receives the Sensitive Expenditure Report for the six-month period 1 July 2022 – 31 December 2022.

CARRIED

5.7 STRATEGIC RISK REGISTER UPDATE

The Risk Manager summarised the report. In answer to a question, he advised that he had confirmed with subject matter experts that controls were in place, but could not comment on the effectiveness of those controls. The Committee Chairperson suggested that internal audit and assurance work should be commenced to ensure controls are operating as they should, and that outcomes of that ongoing internal work should be reported to the Risk & Assurance Committee.

The Chairperson queried whether Taupō District Council had considered identifying relationship with Māori/Iwi as a separate strategic risk. Cr Danny Loughlin advised that he had received some messages suggesting that it would be beneficial to examine this more closely, because some issues are of particular interest to the Māori community. The Deputy Chief Executive added that Council's strategic priorities include co-governance relationships, but this was not equally highlighted in the Risk Register.

Members requested a workshop to enable a discussion about Council's Strategic Risk Register.

RACC202303/09 RESOLUTION

Moved: Cr Rachel Shepherd

Seconded: Cr Danny Loughlin

That the Risk & Assurance Committee receives the Strategic Risk Register update.

CARRIED

5.8 SCHEDULE OF POLICIES FOR REVIEW, REPORTING AND AUDIT 2023

The Risk Manager advised that the list provided was a starting point to indicate what had already been scheduled. The Legal, Risk and Governance Manager added that devising a Committee work plan would be a separate piece of work to come.

The Chairperson requested a litigation report come to the Committee at least every six months.

Independent member Mr Anthony Byett asked for an update on insurance. It was agreed that the insurance renewal programme should be added to the Committee's work plan for updates in due course, both pre-placement and post-placement.

RACC202303/10 RESOLUTION

Moved: Mr Bruce Robertson

Seconded: Cr Anna Park

That the Risk & Assurance Committee receives the Schedule of Policies for Review, Reporting and Audit 2023.

CARRIED

6 NGĀ KŌRERO TŪMATAITI | CONFIDENTIAL BUSINESS

RACC202303/11 RESOLUTION

Moved: Mr Bruce Robertson

Seconded: Cr Danny Loughlin

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: 6.1 Fraud Policy Update	<p>Section 6(a) - the making available of the information would be likely to prejudice the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial</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 6 and 7</p>

CARRIED

The meeting closed with a karakia recited by Chairperson Mr Bruce Robertson at 11.17am.

The minutes of this meeting were confirmed at the Risk & Assurance Committee meeting held on 19 May 2023.

.....
CHAIRPERSON