

**TAUPŌ DISTRICT COUNCIL
MINUTES OF THE AUDIT & RISK COMMITTEE MEETING
HELD AT THE COUNCIL CHAMBER, 107 HEUHEU STREET, TAUPŌ
ON MONDAY, 21 MAY 2018 AT 10.00AM**

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

IN ATTENDANCE: Chief Executive, Head of Finance & Strategy, Head of Democracy, Governance & Venues, Corporate Solicitor, Risk Manager, Group Accountant, Senior Policy Advisor, Pools Operations Supervisor and Democratic Services Officer

MEDIA AND PUBLIC: Audit New Zealand representatives – Mr Naudé Kotzé and Ms Liz Tombleson

Note: Cr Maggie Stewart left the meeting at 11.24am and re-entered the meeting again at 11.26am. She was not present for resolutions AR201805/10 and AR201805/C01.

1 APOLOGIES

AR201805/01 RESOLUTION

Moved: Cr Anna Park
Seconded: Cr Barry Hickling

That the apology received from His Worship the Mayor, David Trewavas and Cr Rosie Harvey be accepted.

CARRIED

2 CONFLICTS OF INTEREST

Nil

3 CONFIRMATION OF MINUTES

3.1 AUDIT & RISK COMMITTEE MEETING - 6 MARCH 2018

In answer to questions, the Chief Executive advised that:

- The Senior Leadership Team was developing an action plan following receipt of the CouncilMARK report. This would be shared with elected members in due course.
- In relation to the Cultural Precinct Project, Council's new procurement manager would be involved in the project, and Audit New Zealand would be used again to review the process followed.

In answer to another question, the Head of Finance & Strategy advised that the issue with deal tickets identified by Audit New Zealand was more about human error than a need to change the policy.

The Corporate Solicitor advised that more work was required on the Procurement Policy, so this would be included on the agenda for the next Audit & Risk Committee meeting.

AR201805/02 RESOLUTION

Moved: Cr Rosanne Jollands
Seconded: Cr Barry Hickling

That the minutes of the Audit & Risk Committee meeting held on Tuesday 6 March 2018 be confirmed as a true and correct record.

CARRIED

4 REPORTS

4.1 TAUPŌ DISTRICT COUNCIL AUDIT PLAN 2018

Mr Naudé Kotzé and Ms Liz Tombleson summarised the audit plan for the year ending 30 June 2018 and answered questions. The following points were noted:

- The Audit Plan replaces the Audit Arrangements Letter. The plan was in an easier format to follow and had already been provided to management.
- The key areas of focus for the current year were revaluation of assets; Council building procurement process; and risk of management override of internal controls.
- Audit New Zealand staff were impressed with the way Council staff had accommodated them during the move out of 72 Lake Terrace which coincided with last year's audit, addressing health and safety issues in a practical way.
- Audit New Zealand would audit the amendment to the Long-term Plan relating to the new Council building in a similar manner to the audit of the Long-term Plan process. The business case would be outside the scope of the audit.
- It was important to monitor the contract management / middle stage of a project like the Council building project, not just focus on procurement.
- Water, and the ability of councils to cope with the impact of climate change would be areas of focus for audits going forward.

AR201805/03 RESOLUTION

Moved: Cr Anna Park

Seconded: Cr Maggie Stewart

That the Audit & Risk Committee receives Audit New Zealand's Audit Plan for Taupō District Council for the year ended 30 June 2018.

CARRIED

4.2 RECEIVE AUDIT NEW ZEALAND'S REPORT ON THE AUDIT OF COUNCIL'S LONG-TERM PLAN CONSULTATION DOCUMENT FOR THE PERIOD 1 JULY 2018 TO 30 JUNE 2028

Mr Naudé Kotzé and Ms Liz Tombleson summarised the report on the audit of Council's Long-term Plan 2018-28 Consultation Document and answered questions. The following points were noted:

- The audit went very smoothly and the Consultation Document was a good basis for consultation with the public.
- Some small recommendations had been made, particularly in relation to the infrastructure strategy, but overall there were no areas of specific concern.
- Small adjustments had been made to the Consultation Document during the audit process. These did not constitute errors or misstatements but rather improvements to options presented, for example fuller disclosure about Acacia Bay water options.
- Review of the infrastructure strategy was part of the annual audit.
- The Consultation Document highlighted everything it should. Public participation in the process shows that Council has successfully communicated what matters to the public.
- Review of assumptions over population and demographic changes was part of all Long-term Plan audits.

AR201805/04 RESOLUTION

Moved: Cr Rosanne Jollands

Seconded: Cr Barry Hickling

That the Audit & Risk Committee receives Audit New Zealand's report on the audit of Council's Long-term Plan Consultation Document for the period 1 July 2018 to 30 June 2028

CARRIED

4.3 ADOPTION OF FRAUD POLICY 2018

The Risk Manager confirmed that Audit New Zealand had reviewed the updated Fraud Policy and confirmed it was consistent with what they expect to see in such a policy. Any remaining references to the Group Manager, Corporate & Community would be changed to the Head of Regulatory & Risk.

Members made a further amendment to the policy to include another bullet point to the "Reporting Procedures" section – "The Audit and Risk Committee will receive quarterly reports on significant instances (both in terms of severity and frequency) of fraud as required." This was to ensure there was a mechanism in place for elected members to be kept informed of significant instances of actual, suspected or alleged fraud.

AR201805/05 RESOLUTION

Moved: Cr Anna Park

Seconded: Cr Rosanne Jollands

That the Audit & Risk Committee adopts the Fraud Policy 2018 (A2177898) with an amendment to the "Reporting Procedures" section – add another bullet point "The Audit and Risk Committee will receive quarterly reports on significant instances (both in terms of severity and frequency) of fraud as required."

CARRIED

4.4 POOLSAFE AUDIT - TAUPŌ AND TURANGI POOL COMPLEXES

In answer to questions, the Pools Operations Supervisor advised that:

- PoolSafe grades were simply "achieved" or "not achieved".
- The Turangi pool was no longer called the Genesis Energy pool. This would be corrected for the next PoolSafe audit.
- PoolSafe was a voluntary accreditation and private pools could work towards this accreditation as well.

Members congratulated and thanked staff working in those two complexes for continuing to achieve PoolSafe accreditation.

In answer to another question, the Chief Executive advised that Council's responsibility in relation to private pools was in relation to fencing (Fencing of Swimming Pools Act 1987). Council staff were happy to help other pool operators out to ensure what was happening was adequate. The Corporate Solicitor added that all public pools must meet certain standards, regardless of whether or not they have current PoolSafe accreditation.

AR201805/06 RESOLUTION

Moved: Cr Anna Park

Seconded: Cr Rosanne Jollands

That the Audit & Risk Committee receives the PoolSafe Accreditation Audit Report for the Taupō and Turangi Pool Complexes dated February 2018.

CARRIED

4.5 6 MONTHLY REVIEW OF SENSITIVE EXPENDITURE

AR201805/07 RESOLUTION

Moved: Cr Barry Hickling
Seconded: Cr Rosanne Jollands

That the Audit & Risk Committee receives the information in the Sensitive Expenditure Report Feb 2018 (A2204423) for the period 1 July 2017 to 31 December 2017.

CARRIED

4.6 FAULT TREE (BOW-TIE) ANALYSIS OF INADEQUATE STRATEGIC PLANNING AND LEGAL LIABILITY RISKS

The Risk Manager summarised the fault tree (bow-tie) analysis for both inadequate strategic planning and legal liability risks. He confirmed that Council was well-covered for inadequate strategic planning – nothing had 'jumped out' as requiring closer attention. For legal liability risks, treatments for claims against Council were reactive. The Corporate Solicitor added that there would always be accidents; Council addressed this by providing adequate training for staff.

In answer to a question, the Corporate Solicitor advised that Council had recently employed a procurement specialist. There was an ongoing emphasis on health and safety for both staff and contractors.

The Chairman suggested that all statutes could be a source of risk and the fault tree analysis for legal liability risks should be updated accordingly.

AR201805/08 RESOLUTION

Moved: Cr Anna Park
Seconded: Cr Rosanne Jollands

That the Audit & Risk Committee receives the report.

CARRIED

4.7 AUDIT & RISK COMMITTEE SCHEDULE OF POLICIES FOR REVIEW

AR201805/09 RESOLUTION

Moved: Cr Rosanne Jollands
Seconded: Cr Barry Hickling

That the Audit & Risk Committee receives the Schedule of Policies for review (A2219590).

CARRIED

Note: Cr Maggie Stewart left the meeting at this point (11.24am) and re-entered the meeting again at 11.26am. She was not present for resolutions AR201805/10 and AR201805/C01.

5 CONFIDENTIAL BUSINESS

AR201805/10 RESOLUTION

Moved: Cr Barry Hickling
Seconded: Cr Anna Park

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 - 6 March 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 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: 5.2 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 11.33am.

The minutes of this meeting were confirmed at the Audit & Risk Committee meeting held on 23 July 2018.

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CHAIRPERSON