

**TAUPŌ DISTRICT COUNCIL
MINUTES OF THE AUDIT & RISK COMMITTEE MEETING
HELD AT THE COUNCIL CHAMBER, 107 HEUHEU STREET, TAUPŌ
ON MONDAY, 10 JUNE 2019 AT 10.00AM**

PRESENT: Mr Anthony Byett (in the Chair), Mayor David Trewavas, Cr Rosie Harvey (from 10.02am), Cr Anna Park, Cr Maggie Stewart

IN ATTENDANCE: Chief Executive, Head of Regulatory & Risk, Head of Finance & Strategy, Head of Democracy, Governance & Venues, Head of Communications & Customer Relations, Head of Operations, Finance Manager, Group Accountant, Turangi Customer Relations Manager, Risk Manager, Business Innovation Manager, Manager Legal & Compliance, Contracts & Procurement Specialist, Administrative Headquarters Building Project Manager, Enterprise Data Architect, Senior Policy Advisor, Acting General Manager-Taupō Airport, Business & Operations Manager, Consents & Regulatory Manager, Building Technical Specialist, Senior Building Management Officer-Processing, Facilities Manager, Health & Safety Business Partner, Democratic Services Officer

MEDIA AND PUBLIC: Taupō & Turangi Weekender
Mr Clarence Susan, Audit New Zealand
Mr John Dixon, PricewaterhouseCoopers

Note: Cr Maggie Stewart left the meeting at 11.14am and re-entered the meeting at 11.15am. She was not present for resolution AR201906/C01.

1 APOLOGIES

AR201906/01 RESOLUTION

Moved: Mayor David Trewavas
Seconded: Cr Anna Park

That the apologies received from Crs Barry Hickling and Rosanne Jollands (for absence) and Cr Rosie Harvey (for lateness) be accepted.

CARRIED

2 CONFLICTS OF INTEREST

Nil

3 CONFIRMATION OF MINUTES

3.1 AUDIT & RISK COMMITTEE MEETING - 11 MARCH 2019

AR201906/02 RESOLUTION

Moved: Mayor David Trewavas
Seconded: Cr Maggie Stewart

That the minutes of the Audit & Risk Committee meeting held on Monday 11 March 2019 be confirmed as a true and correct record.

CARRIED

4 REPORTS

4.1 CIVIL AVIATION AUTHORITY SAFETY MANAGEMENT SYSTEM CERTIFICATION AUDIT

His Worship the Mayor, David Trewavas thanked Kim Gard for her work as Acting General Manager-Taupō Airport following Mike Groome's recent retirement from the position.

Cr Rosie Harvey entered the meeting at this point (10.02am).

AR201906/03 RESOLUTION

Moved: Cr Anna Park

Seconded: Mayor David Trewavas

That the Audit & Risk Committee receives the update on the Civil Aviation Authority's audit of the Safety Management System at Taupō Airport.

CARRIED

4.2 PROJECT QUANTUM UPDATE

The Business Innovation Manager and the Enterprise Data Architect introduced the item and answered questions. The following points were noted:

- Taupō District Council would benefit from the learnings of other councils which had implemented Technology One software services. One example of this was Taupō's decision to start with HR and payroll internal functions in Phase 1 to minimise impact on external customers.
- Council would start with the minimum viable product, rather than turning on additional services from the start, to minimise risk. Additional services such as automatic communications to customers could be turned on at a later stage.
- The current independent advisor was a senior project manager with significant local government experience.

In answer to a question, the Head of Communications & Customer Relations confirmed that a comprehensive communications plan was being developed for Project Quantum. This would include key touchpoints for discussions with the community; and communications around change management.

The Business Innovation Manager and the Enterprise Data Architect continued answering questions, with additional points as noted below:

- Standard project management practice was being used, including resourcing the project well internally; working with the vendor; and using external advisors as appropriate.
- A number of other councils were using the Technology One solution, however not all were operating 'in the cloud', as Taupō would be.
- Technology One was a large, well-established Australian company which provides services to both councils and private sector companies.
- If mobile networks were incapacitated due to a volcanic eruption for example, the system would have to be accessed from outside the region.

In answer to another question, the Chief Executive confirmed that Council would continue to operate service desks in Mangakino and Turangi to enable people to continue to do business with Council in person.

The Business Innovation Manager and the Enterprise Data Architect answered further questions as follows:

- Migration from the old system into the new system was relatively simple and therefore one of the lower risks associated with the project.
- Staff were continuing to work well with the current provider. The Chief Executive added that he was also meeting with the CEO of the current provider on a regular basis.

- Careful planning was underway to ensure Project Quantum aligned well with other large projects going forward. The Chief Executive added that the interdependencies between Project Quantum and other projects, for example Council's new civic administration building, were strong and the project would become transformational for the organisation.

AR201906/04 RESOLUTION

Moved: Mayor David Trewavas
Seconded: Cr Anna Park

That the Audit & Risk Committee receives this report.

CARRIED

4.3 POOLSAFE AUDIT - TAUPŌ AND TURANGI POOL COMPLEXES

His Worship the Mayor, David Trewavas congratulated all teams involved in the Taupō and Turangi pool complexes in light of the successful Poolsafe audit.

AR201906/05 RESOLUTION

Moved: Cr Maggie Stewart
Seconded: Cr Anna Park

That the Audit & Risk Committee receives the PoolSafe Accreditation Audit Report for the Taupō and Turangi Pool Complexes dated February 2019.

CARRIED

4.4 AUDIT OF TAUPŌ DISTRICT COUNCIL'S BUILDING CONSENT AUTHORITY

In answer to questions, the Consents & Regulatory Manager advised that:

- Council staff were in regular contact with local designers via email and the quarterly newsletter. Detailed information had been provided to external contacts outlining what was required to be included in compliance schedules.
- There was no reason to believe the 14 June 2019 would not be met and accreditation confirmed.
- There was a difference between procedural non-compliance and technical concerns. The technical auditor did not raise any concerns with any particular building consents issued by Council.

AR201906/06 RESOLUTION

Moved: Mayor David Trewavas
Seconded: Cr Anna Park

That the Audit & Risk Committee receives the Building Consent Authority Accreditation Assessment Report [Objective Reference A2445120]

CARRIED

4.5 AUDIT NEW ZEALAND REPORT ON TAUPŌ DISTRICT COUNCIL'S ADMINISTRATIVE HEADQUARTERS BUILDING PROJECT

The Administrative Headquarters Building Project Manager summarised the report and the Chief Executive added that the audit was commissioned due to the high level of public scrutiny around the project.

AR201906/07 RESOLUTION

Moved: Mayor David Trewavas
Seconded: Cr Maggie Stewart

That the Audit & Risk Committee receives the Audit New Zealand report dated 15 February 2019 on the administrative headquarters building project for Taupō District Council.

CARRIED

4.6 REPORT ON THE AUDIT OF TAUPŌ DISTRICT COUNCIL'S CONSULTATION DOCUMENT TO AMEND THE LONG-TERM PLAN FOR THE PERIOD 1 JULY 2018 TO 30 JUNE 2028**AR201906/08 RESOLUTION**

Moved: Mayor David Trewavas
Seconded: Cr Maggie Stewart

That the Audit & Risk Committee receives the Audit New Zealand report on the audit of Taupō District Council's Consultation Document to amend the Long-term Plan 2018-28.

CARRIED

4.7 TAUPŌ DISTRICT COUNCIL COMMUNITY GRANTS & PARTNERSHIPS POLICY 2015 COMPLIANCE AUDIT - DRAFT TERMS OF REFERENCE

In answer to questions, Mr John Dixon, PricewaterhouseCoopers advised that:

- Approval would be sought prior to any contact with external parties in relation to the compliance audit.
- The samples audited would include both large and small organisations/parties within each category (5 grants and 5 partnerships).
- The timeline for the compliance audit had yet to be finalised but it was hoped that it would be completed before the end of the calendar year.

In answer to another question, the Senior Policy Advisor explained that a review of the Community Grants & Partnerships Policy was scheduled for the upcoming financial year.

AR201906/09 RESOLUTION

Moved: Cr Anna Park
Seconded: Cr Maggie Stewart

That the Audit & Risk Committee approves the draft Terms of Reference for PricewaterhouseCoopers audit of Council's compliance with its Grants & Partnerships Policy 2015.

CARRIED

4.8 PROCUREMENT POLICY COMPLIANCE AUDIT - PRICEWATERHOUSECOOPERS

In answer to a question, Mr John Dixon, PricewaterhouseCoopers advised that a local supplier weighting was not a consideration, as the focus of the audit was on compliance with Council's Procurement Policy.

The Risk Manager advised that procedures had been tidied up and the Head of Regulatory & Risk advised that he would be hopeful that an audit today would identify a much lower number of non-compliances.

In answer to another question, the Contracts & Procurement Specialist confirmed that any contract with a value over \$100k should have a summary entered into the procurement database.

AR201906/10 RESOLUTION

Moved: Cr Rosie Harvey

Seconded: Cr Anna Park

That the Audit & Risk Committee receives the report from PricewaterhouseCoopers, dated 25 February 2019 - Taupō District Council Procurement Policy.

CARRIED

4.9 TREASURY MANAGEMENT POLICY COMPLIANCE AUDIT - PRICEWATERHOUSECOOPERS

In answer to a question about the deal tickets issue, the Head of Finance & Strategy advised that the relevance of deal tickets continued to diminish as technological advances were made.

AR201906/11 RESOLUTION

Moved: Mayor David Trewavas

Seconded: Cr Rosie Harvey

That the Audit & Risk Committee receives the report from PricewaterhouseCoopers - Taupō District Council Treasury Management Policy.

CARRIED

4.10 REVIEW OF RISK MANAGEMENT CHARTER 2017/18

Members agreed with proposed changes to the Risk Management Charter, subject to the following amendments:

- Clause 4.2, second bullet point – delete the words “towards zero”.
- Clause 6 – make reference to the Health and Safety Guidelines.

AR201906/12 RESOLUTION

Moved: Cr Anna Park

Seconded: Cr Maggie Stewart

That the Audit & Risk Committee reviews and approves the updated Risk Management Charter, with the following amendments:

- Clause 4.2, second bullet point – delete the words “towards zero”.
- Clause 6 – make reference to the Health and Safety Guidelines.

CARRIED

4.11 COUNCIL'S INSURANCE STRATEGY DEVELOPMENT AND RENEWAL PROGRAMME 2019

The Head of Regulatory & Risk addressed the Committee and the following points were noted:

- Council's insurance renewal programme was underway. AON would provide advice for consideration and the programme should be completed by the end of November 2019.
- Council currently had 16 separate insurance policies. The current strategic approach was to insure above-ground assets only; with underground assets being 'self-insured' via cash investments. In addition, it was generally understood that currently central government would assist should the district be affected by a natural disaster (the 60:40 rule).
- The key strategic principles underpinning Council's insurance strategy had not changed; but emerging risks (for example, environmental impairment; cyber-liabilities) would have an impact on insurance costs going forward.

- Further details would be brought to the next Audit & Risk Committee meeting for consideration.

AR201906/13 RESOLUTION

Moved: Mayor David Trewavas
 Seconded: Cr Maggie Stewart

That the Audit & Risk Committee receives the information.

CARRIED**4.12 AUDIT & RISK COMMITTEE SCHEDULE OF POLICIES FOR REVIEW**

The status of the Procurement Policy review would be clarified following the meeting.

The Head of Democracy, Governance & Venues advised that a workshop would be held in August for elected members to review the terms of reference for all committees, including the Audit & Risk Committee. A date would be advised in due course.

AR201906/14 RESOLUTION

Moved: Cr Rosie Harvey
 Seconded: Cr Maggie Stewart

That the Audit & Risk Committee receives the Schedule of Policies for review (A2477924).

CARRIED**5 CONFIDENTIAL BUSINESS****AR201906/15 RESOLUTION**

Moved: Mr Anthony Byett
 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 Confirmation of Confidential Portion of Audit & Risk Committee Minutes - 11 March 2019	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 Draft Audit New Zealand report to Council on the interim audit for the year ending 30 June 2019	Section 7(2)(i) - the withholding of the information is necessary to enable [the Council] to carry on, without prejudice or disadvantage, negotiations (including	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

	commercial and industrial negotiations)	reason for withholding would exist under section 7
Agenda Item No: 5.3 Waiora House project - review of asbestos management and compliance with Council's asbestos management plan	Section 7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information	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: 5.4 Turangi Financial and Rating Analysis interim report - PricewaterhouseCoopers	Section 7(2)(i) - the withholding of the information is necessary to enable [the Council] to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	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: 5.5 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

AR201906/16 RESOLUTION

Moved: Mr Anthony Byett
 Seconded: Cr Anna Park

I also move that *Mr Clarence Susan (Audit New Zealand) and Mr John Dixon (PricewaterhouseCoopers)* be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of *items 5.2 and 5.4 respectively.*

CARRIED

The meeting closed at 12.19pm.

The minutes of this meeting were confirmed at the Audit & Risk Committee meeting held on 19 August 2019.

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CHAIRPERSON