
MINUTES of a meeting of the Audit & Risk Committee of the Waikato District Council held in the Committee Rooms 1 and 2, District Office, 15 Galileo Street, Ngaruawahia held on **WEDNESDAY, 10 MARCH 2021** commencing at **9.30am**.

Present:

Ms M Devlin (Chairperson)
His Worship the Mayor Mr AM Sanson [*from 9.39am*]
Cr AD Bech
Cr JA Church
Cr JM Gibb

Attending:

Ms G Wyborn (KPMG) via Audio-Visual
Mr D Sutton (KPMG) via Audio-Visual
Ms M Proctor (Audit New Zealand)
Mr C Susan (Audit New Zealand)

Cr EM Patterson
Cr NMD Smith

Mr GJ Ion (Chief Executive)
Mr TG Whittaker (Chief Operating Officer)
Mr R MacCulloch (General Manager Service Delivery)
Mrs S O’Gorman (General Manager Customer Delivery)
Ms A Diaz (Chief Financial Officer)
Mr B Burnard (Project Manager – Long Term Plan)
Mr C Bailey (Finance Manager)
Mr S Toka (Pouhono Iwi ki te Haapori | Iwi and Community Partnerships Manager)
Mr J Quinn (Communications, Marketing & Engagement Manager)
Mr K Abbott (Projects & Innovation Manager)
Mrs K Jenkins (Risk Advisor, Project Management)
Mrs L Shirley (Zero Harm Manager)
Mrs C Pidduck (Legal Counsel)
Mrs LM Wainwright (Committee Secretary)

APOLOGIES AND LEAVE OF ABSENCE

Resolved: (Crs Gibb/Bech)

THAT an apology be received from Cr Sedgwick;

AND THAT an apology for lateness be received from His Worship the Mayor.

CARRIED

A&R2103/01

It was noted that Cr Sedgwick had no questions in relation to the papers.

CONFIRMATION OF STATUS OF AGENDA ITEMS

Resolved: (Crs Gibb/Church)

THAT the agenda for a meeting of the **Audit & Risk Committee** held on **Wednesday, 10 March 2021** be confirmed and all items therein be considered in open meeting with the exception of those items detailed at agenda item 8 which shall be discussed with the public excluded;

AND THAT all reports be received.

CARRIED

A&R2103/02

DISCLOSURES OF INTEREST

The Chair, Ms Devlin, advised members of the committee that there were references to Watercare and Waikato Regional Airport in reports in the agenda. She declared an interest as a Director of Watercare and Waikato Regional Airport. It was also noted that there were no decisions required in respect of Watercare nor of Waikato Regional Airport.

His Worship the Mayor advised members of the Committee that he would declare a conflict of interest in item PEX 3.2 *[Risk Assessment of Council Controlled Organisations' Draft Statements of Intent – Waikato District Community Wellbeing Trust]*.

Cr Church advised members of the Committee that she would declare a conflict of interest in item PEX 3.2 *[Risk Assessment of Council Controlled Organisations' Draft Statements of Intent – Waikato District Community Wellbeing Trust]*.

The Chief Executive advised members of the Committee that he would declare a conflict of interest in item PEX 3.2 *[Risk Assessment of Council Controlled Organisations' Draft Statements of Intent – Waikato Local Authorities Shared Services Limited]*.

CONFIRMATION OF MINUTES

Resolved: (Crs Gibb/Bech)

THAT the minutes of a meeting of the Audit & Risk Committee held on Wednesday, 9 December 2020 be confirmed as a true and correct record of that meeting.

CARRIED

A&R2103/03

ACTIONS

Agenda Item 5

The report was received [A&R2103/02] and taken as read. The Chief Operating Officer noted the following matters:

- All actions had been completed and would be removed from the report.

ACTION: Resource Consents Revenue Process Review updates to be added to the Audit NZ status report.

ACTION: Updates on “Opportunity for Improvement”. Staff to circulate an update to the Committee.

REPORTS

Strategic Risk Register and Emerging Risks

Agenda Item 6.2

The report was taken as read. In speaking to the report the Risk Advisor, Project Management highlighted the following points:

- That following the Council Workshop in December, three new risks had been added to the risk register and four had been archived. The Strategic Risk document would be updated and reported back to the next meeting of the Committee.
- Cyber Security – A proposed investment increase had been recommended in the LTP process.

ACTION: The Chief Information Officer to update the Audit & Risk Committee meeting in June in respect of the further investment proposed for cyber security assurance.

- National Emergency Management Agency Rural Water Scheme.

ACTION: Staff to email criteria clarification information to the Committee when received.

- Vaccination roll-out would commence Thursday, 1 July 2021. Vaccinations would not be mandatory but staff would be encouraged to receive the vaccination. Community locations for mass vaccinations could impact Council.

His Worship the Mayor entered the meeting at 9.39am during discussion on the above item.

Risk Conversations – Iwi and Community Partnerships

Agenda Item 6.3

The report was taken as read. In speaking to the report the Iwi and Community Partnerships Manager highlighted the following points:

- Marae and iwi groups had been contacted to ensure Council had the correct point of contact for stakeholder engagement. The database was updated bi-monthly by the team.

The Chair thanked the Iwi and Community Partnerships Manager for his report.

KPMG Rates Processes Review

Agenda Item 6.1

The report was taken as read. In speaking to the report Mr Sutton and Ms Wyborn highlighted the following points:

- The purpose of the review was to assess the rates invoicing and revenue collection processes.
- The controlled environment was effective and the Finance Team's practices were well established with good leadership and communication within the Rates Administration Team.
- 13 controls had been tested through the review process with 3 controls not operating effectively and 4 controls with a component that was not operating effectively. Only 1 medium risk rated finding had been identified which related to the timely followup of outstanding debtors. A lack of evidence had been identified supporting further follow up once debtors had initially been contacted. Management were looking to automate the process by having written followups for all overdue and arrears balances.
- Low rated findings in relation to the deficiencies found in other controls related to a lack of evidence for approvals, checks that were being performed and limitations in Council's policies, processes or guidelines.
- Mortgagees were contacted for unpaid rates. Credit Recovery had assisted in some debts being cleared.
- Automation of some processes had occurred.

Deep Dive Report – Climate Resilience; Emissions Reduction Targets Strategic Risk
Agenda Item 6.4

The report was taken as read. In speaking to the report the Risk Advisor, Project Management highlighted the following points:

- Clear direction had not been received from central government.
- A resource had been identified through the LTP process.
- Data collection must be accurate.
- Council should focus on the targets that could be achieved. The Climate Action Plan/Strategy would be a focus for Council.
- Education was required as climate change would be an organisational and national change. Council needed to drive the awareness through the organisation by ensuring that climate change is reflected in all Council decisions.

Zero Harm Report
Agenda Item 6.5

The report was taken as read. In speaking to the report the Zero Harm Manager highlighted the following points:

- Key focus for the team had been delivery of the work safe, home safe event.
- A performance reflection had been held with ELT in December 2020.
- Supporting contractor management had been a key focus.
- Impacts of mental health and wellbeing.
- Work had been carried out on the contract management process to ensure that the right questions had been asked and contracts were clear when procurement took place.
- Health & safety documentation must be reflective of the work being carried out by contractors. A resource had been requested through the LTP process to assist with contractor management.
- Safety engagement conversations had increased by 51% in the last year.
- Further review of Health and Safety Governance. Scope of the audits would need to be identified.
- “ComplyWith” is a legislative obligations tool that maps gaps within Council. Once obligations had been mapped, a survey would be rolled out to the organisation. Based on the responses, Council would be in a position to analyse the results and explain any partial or non compliance results.

- Bowtie - working with dangerous animals. The additional resource requested under the LTP would assist with the bowtie implementation. Animal Control had acquired an additional resource to assist with this work.

Areas of Audit Focus for the 2021-2031 Long-Term Plan

Agenda Item 6.6

The report was taken as read. In speaking to the report the Chief Financial Officer and Project Manager – Long Term Plan highlighted the following points:

- COVID-19 – communication around recession. Based on the global pandemic, there was a high level of uncertainty in the economic and social environment.
- Work programmes were ambitious and could be a risk to Council. Existing project budgets had been re-forecast.
- The alliance contract with Downer covered operational and capital expenditure.
- Three Waters. There were 3 important projects that had been timelined. Watercare had re-forecast work programmes for the LTP.

Chief Financial Officer Report

Agenda Item 6.8

The report was taken as read. In speaking to the report the Chief Financial Officer highlighted the following points:

- Implications on valuations and LTP. The consultation document would be reviewed by the Council steering group to ensure that it was understandable and clear for ratepayers.
- Detailed feedback had been received from the Office of the Valuer General (OVG). Reconciliation work would be completed before going back to the OVG.

Final Management Report for Year Ended 30 June 2020

Agenda Item 6.9

The report was taken as read. In speaking to the report the Chief Financial Officer highlighted the following points:

- Water and wastewater response times had been reviewed by Watercare.
- Importance of being able to demonstrate, with evidence, the issues around response times.
- Expenditure – segregation of duties – Work had been carried out on the policy process.

Quality and Governance Assurance

Agenda Item 7.1

The report was received [A&R2/03/02] and taken as read.

Updated Future Work Plan

Agenda Item 7.2

The report was received [A&R2/03/02] and taken as read.

Register of Interests – Elected and Appointed Members

Agenda Item 7.3

The report was received [A&R2/03/02] and taken as read.

EXCLUSION OF THE PUBLIC

Agenda Item 8

Resolved: (His Worship the Mayor/Cr Gibb)

THAT the report from the Chief Executive be received;

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
Item number 1 Confirmation of Minutes	Good reason to withhold exists under Section 6 or Section 7 Local Government Official Information and Meetings Act 1987	Section 48(1)(a)
Item number 2 Action Register		
Item number 3.2 Risk Assessment of Council Controlled Organisations' Draft Statements of Intent		
Item number 3.3 CAPEX Project Delivery Capability Update January 2021		
Item number 3.4 Register of Interests – Staff		
Item number 3.5 COVID-19 Alert Level Boundary Management		

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

Item No.	Section	Interest
Item 1 Confirmation of Minutes		Refer to the previous Public Excluded reason in the agenda for this meeting.
Item 2 Actions Register		Refer to the previous Public Excluded reason in the agenda for this meeting.
Item 3.1 Fraud Declaration	7(2)(a)	To protect the privacy of natural persons, including that of deceased natural persons.
	7(2)(c)(ii)	To protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest.
Item 3.2 Risk Assessment of Council Controlled Organisations' Draft Statements of Intent	7(2)(b)(ii)	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.
	7(2)(i)	To enable the Council to carry out, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).
Item 3.3 CAPEX Project Delivery Capability Update January 2021	7(2)(b)(ii)	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.
	7(2)(j)	To prevent the disclosure or use of official information for improper gain or improper advantage.
Item 3.4 Register of Interests - Staff	7(2)(a)	To protect the privacy of natural persons, including that of deceased natural persons.

Item 3.5
COVID-19 Alert
Level Boundary
Management

7(2)(c)(i)

To protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source and is in the public interest that such information should continue to be supplied.

7(2)(d)

To avoid prejudice to measures protecting the health or safety of members of the public.

AND FURTHER THAT Mr Susan and Ms Procter (Audit New Zealand) be permitted to remain in the meeting, after the public has been excluded, because of their knowledge of audit requirements for Waikato District Council. This knowledge, which will be of assistance in relation to the matter to be discussed, is relevant to that matter to inform and advise the Committee members.

CARRIED

A&R2103/04

Resolutions A&R2103/05 to A&R2103/07 are contained in the public excluded section of these minutes.

Having concluded the public excluded meeting, the following items were released into open meeting:

REPORTS (CONTINUED)

Risk Assessment of Council Controlled Organisations' Draft Statements of Intent
PEX Agenda Item 3.2

It was resolved [*Resolution No. A&R2103/06*] during the public excluded section of the meeting that the following resolution be released into open meeting but the report remain confidential and unavailable to the public:

"Resolved: (Crs Bech/Gibb)

THAT any Audit & Risk Committee feedback is incorporated in Council's response to the draft Statement of Intents for Council Controlled Organisations.

CARRIED"

Having resumed open meeting and there being no further business the meeting was declared closed at 12.15pm.

Minutes approved and confirmed this day of 2021.

Margaret Devlin
CHAIRPERSON