

MINUTES of a meeting of the Audit & Risk Committee of the Waikato District Council held via Audio Visual Conference on **THURSDAY, 16 DECEMBER 2021** commencing at **9.30am**.

Present:

Mr P Stubbs (Chairperson)
Cr AD Bech
Cr JM Gibb
Cr JD Sedgwick

Attending:

Mr GJ Ion (Chief Executive)
Mr TG Whittaker (Chief Operating Officer)
Mrs S O’Gorman (General Manager Customer Delivery)
Mr C Morgan (General Manager Community Growth)
Ms A Diaz (Chief Financial Officer)
Ms C Pidduck (Legal Counsel)
Mr K Abbott (Projects & Innovation Manager)
Mrs K Jenkins (Risk Advisor)
Mrs L Shirley (Zero Harm Manager)
Mr M Balloch (Building Quality Manager)
Mr A Pipe (Environmental Health Team Leader)
Ms K Newell (Resilience Manager)
Mrs GJ Kanawa (Democracy Team Leader)
Mr M Horsfield (Democracy Advisor)

APOLOGIES AND LEAVE OF ABSENCE

Resolved: (Crs Bech/Sedgwick)

THAT the apologies for non-attendance from His Worship the Mayor, AM Sanson and Cr JA Church be received.

CARRIED

A&R21 | 2\01

CONFIRMATION OF STATUS OF AGENDA ITEMS

Resolved: (Crs Sedgwick/Gibb)

THAT the Audit & Risk Committee:

- a) confirms the agenda for the meeting of the Audit & Risk Committee held on Thursday, 16 December 2021;
- b) agrees 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
- c) receives all reports.

CARRIED

A&R21 | 2/02

DISCLOSURES OF INTEREST

There were no disclosures of interest.

CONFIRMATION OF MINUTES

Resolved: (Crs Gibb/Bech)

THAT the minutes of the meeting for the Audit & Risk Committee held on Tuesday, 21 September 2021 be confirmed as a true and correct record.

CARRIED

A&R21 | 2/03

ACTION REGISTER

Agenda Item 5

The register was taken as read and the following discussion was held:

- Move to brevity still occurring, however this move has raised a couple of questions for members.
- Reference to a trending dashboard for zero harm - page 57 provides a residual risk reduction timeline indicating how our residual risk is tracking against risk appetite.

REPORTS

Chief Financial Officer Report

Agenda Item 6.1

The report was received [A&R21/2/02] and taken as read. The following discussion was held:

- In terms of the vaccination policy some potential additional costs for our contractors had not been factored into the report and if our contractor costs go up then it would have an impact on us as well.
- Cr Bech involved with the submission to the Select Committee in regard to the RMA changes but it appears that little in the Act has changed in regard to Council's submission.
- Staff still have a bit of work to do around the implication of the changes to the Act – certainly a key concern is what do the changes mean from an infrastructure perspective.
- Speed of implementation of these changes and need to use short term consultants, there is going to be a real supply issue.
- The changes also coincide with the timings of the Three Waters Reform which put us under additional pressure, as we have some significant water and wastewater issues in the district that need to be addressed.
- Unless the government provide funding and resources to get the work done it will provide real issues for us as part of the wider Hamilton metrospatial plan which sits under Tier 1.
- Affects both Waikato and Waipa Districts – quite broad implications across the urban areas of our district. Teams are working at both local and sub-regional level in terms of working through implications of these changes.
- A lot of conflicts of opinion here on what the changes mean so it would be good to get some clarity on the implications.

ACTION: Chief Operating Officer to contact the Chairman following the meeting to determine if the Committee need to get involved early with the risks raised in regard to the impacts of RMA and Three Waters Reform changes.

- Cyber security – risk may become uninsurable over time as insurance has increased in cost and reduced in scope, which has an implication that the committee needs to become more involved with as we may have an issue or a risk that we have to self insure in the future.
- Valuable to get results of “ComplyWith” survey which underscored the work done even though the results were fairly limited. Demonstrated almost a third of the issues were health and safety related.

ACTION: Staff to contact Cr Gibb to explain how the ComplyWith survey tool works, i.e. how do we get results from what appears to be a software package.

- Over time the tool will show trends on how we are performing against legislative requirements.

Unconfirmed

Strategic Risk Register & Emerging Risks Report for December 2021

Agenda Item 6.2

The report was received [A&R21/12/02] and taken as read. The following discussion was held:

- It was noted that current risks and additional issues raised in item 6.1 needed to be considered at the scheduled workshop following this meeting.
- Clarification sought regarding the comment in the report that six (6) risks were assessed and considered to be outside the Council's risk appetite. The process was explained by the ELT to the committee and it was noted that the "deep dive reports" cover these risks in more detail for the committee to consider/challenge at each meeting.
- Affordability underpins everything – sector wide systemic issue and we need to consider this further at the workshop.
- Query raised regarding sections that note "requiring action" and "requiring committee oversight" – it was noted that there were no additional actions required other than what was reported.
- Strategic mitigation plans need to have more quality plans put against them and made up less of a tick box exercise, which comes with maturity and whilst we have come a long way not quite there yet.
- Workshop today will deliver a register that offers more value and easier to report on.
- If our strategic risk register was more focussed and precise then potentially the emerging risks would only be two (2) or three (3) that required discussion.

ACTION: Staff to clearly outline in future reports if something required action or oversight as the committee are reliant on the expertise of staff and ELT.

- No indication in the report as to what the presentation from MBIE on significant government reform covered – it was noted later in the meeting that the presentation referred to related to the water economic regulations and consumer protection.

Risk Management Framework Review 2021

Agenda Item 6.3

The report was received [A&R21/12/02] and taken as read and no further discussion was held.

Resolved: (Crs Gibb/Bech)

THAT the Audit and Risk Committee approves the Risk Management Framework V9.0.

CARRIED

A&R21/12/04

Unconfirmed

Deep Dive Report – Waikato District Council Employee Covid-19 Exposure Risk Assessment

Agenda Item 6.4

The report was received [A&R21/12/02] and taken as read. The following discussion was held:

- Report was prepared whilst still going through consultation process – risk assessments followed sound process and good quality data from MOH and WorkSafe.
- Biological hazard and therefore falls under health and safety, there appears to be a point on the journey where we came to junction and we took one road rather than another which made our conclusions reached inevitable.
- Interested in reflection – is this a matter through which a lens of health and safety in the workplace is the dominant lens as that seemed to dominate the outcome. Staff confirmed this was the only lens that could be utilised when developing the assessments and strategy.
- Scope was from an employee health and safety perspective as a responsible employer. Advice is to review in six (6) months. Linked this work around risk vs business continuity issues.
- It was queried why some councils have reached a different decision in relation to access to libraries and community facilities.
- Risk assessment process was developed in regard to keeping our staff safe, but appears we are trying to put one lens on a pandemic issue to keep our staff in a bubble.
- ELT disagree – this issue relates to health and safety for staff and the community – offers controls and more certainty for all. The committee and other councillors are not hearing from the people who agree with the Council decision.

Building Quality Audits - September 2021; MBIE Territorial Authority Compliance Schedules &

BCA Accreditation Internal Audit Summary Report

Agenda Item 6.6

The report was received [A&R21/12/02] and taken as read. The following discussion was held:

- Acknowledged that this work was done on top of a huge business as usual workload and appreciate the team's effort.
- Local Authorities had issued the highest number of building consents in history in the last year, yet macro economists advise we may see a reduction of work. Hearing anecdotal evidence that consultants are slowing a little but our work has not decreased and it looks like the increased workload will continue for at least another year.
- Materials have become an issue, people are starting to forecast their material 15-16 weeks in advance.
- Building consents have to start work within a year and the BCA must decide whether to issue/refuse a Code of Compliance Certificate within two years.

- Legislation does not provide any latitude for consents lapsing – Council was reasonably accommodating due to various reasons.

Unconfirmed

Waikato District Council Zero Harm Report
Agenda Item 6.5

The report was received [A&R2 / 12/02] and taken as read. The following discussion was held:

- On 18 November a staff member at the Raglan Holiday Park sustained an electric shock whilst installing a pillar. They received support and first aid treatment on site and the incident was reported to WorkSafe – an investigation was being finalised at present and would be reported to the March 2022 meeting.
- Hazard and risk management list of new uncontrolled hazards – seem to be by large in the customer support area. Mechanism of harm and nature of injury year to date most seem to be hitting objects creating lacerations, therefore expect most engagement conversations would be in this area. However, most conversations reported were non work related issues in the COO group.
- Need to do more work in regard to our mechanisms of harm in Bware as they are pre-populated, restrictive and forced to pigeon hole based on what is in app. It is not until you read the incident report that you become aware of what had occurred.
- Small number of events which fit within this data and a more detailed report going to council in February 2022.
- New recording mechanism of uncontrolled hazards – lots of things that were categorized as near misses rather than uncontrolled hazards. Customer delivery team is prolific at reporting these, which is good, 10 received this week from this team – mainly regard to face mask use.
- Trying to drive our leaders to have more risk based conversations with their teams and capture it within Bware, whereas the focus has been around personal wellbeing rather than some of the risks they have.
- Discussion around emerging area of concern with return to work after working at home, then hybrid model and back to the office – people need to be work ready – not reflected in the report.
- Still a piece of work around managing working remotely to ensure their home is safe and another refresher induction was sent out to staff that were coming back into the office.
- A quantum move in how WDC staff work remotely, therefore what are we looking to manage risk of more people working remotely in environments we can't really control but we are responsible to ensure they are working in a safe environment.
- Developed an assessment tool for staff to utilise to self assess their home work environment and working with the Comms team to roll these out as we didn't primarily have to deal with these issues pre-covid.
- Concern raised around team resourcing and mental wellbeing with extra workload. Focussing on assessments and a lot of other work having to be put aside – ELT provide great support to the team and check in with our wellbeing.

- Some targets may not be met due to capacity restraints within teams.

Recognised Agency Surveillance Report for Waikato District Council
Agenda Item 6.7

The report was received [A&R21/2/02] and taken as read. The following discussion was held:

- The Chairperson acknowledged the positive feedback received in the audit.
- Annual audit we undertake with an MPI representative and appreciate recognition from committee in regard to this feedback.

Final Audit New Zealand Management Report for Year Ended 30 June 2021
Agenda Item 6.8

The report was received [A&R21/2/02] and taken as read. The following discussion was held:

- Items raised through audit this year:
 1. Sensitive expenditure policy (refer item below).
 2. Fourteen of previous audit recommendations were implemented or closed off.
 3. Eight (8) recommendations were still open, with work underway to address these
- Key changes for the government rules of sourcing will pose some very particular challenges, nothing in report indicates how we are going to comply with these new rules.
- Staff participated as a sector in the intent to roll out new rules to local government, however only government agencies were mandated to do this. From a practice perspective there are certain rules we are picking up from our strategy preparation.
- Audit NZ would like us to comply irrespective of mandating, we are still mindful of the items they would like us to comply with and do take a lens toward social procurement and how we might engage with Maaori and Pasifika owned entities.
- The Chairperson spoke to Audit NZ who reported no concerns – credit to CFO and team that they were comfortable to debate issues that were appropriate, which is a really important component of the constructive tension that should always exist between management and the auditors.
- Managed the remote audit work programme really well by the Finance team, they continue to be interested in call out response times and will look at reviewing further.
- Cyber security, health and safety, government sourcing and the journey that the Committee were on.
- In general there was really good feedback to the Finance team for this audit and congratulations to the staff involved.

Unconfirmed

Sensitive Expenditure Policy Review

Agenda Item 6.9

The report was received [A&R21 | 2/02] and taken as read. The following discussion was held:

- Audit NZ had not reviewed the policy but recommended changes through the audit process that Council should tighten up in the existing policy.
- Complied with the OAG advice regarding cash gifts, which was always our intention and incorporated a majority of the recommendations from the audit.
- Next year's audit would have a table which shows changes as per the recommendations and reasons for those recommendations that were not implemented.

Resolved: (Crs Bech/Gibb)

THAT the Audit & Risk Committee's endorsement of the revised Sensitive Expenditure Policy is noted for the February 2022 Policy & Regulatory meeting.

CARRIED

A&R21 | 2/05

Future Annual Work Programme 2022

Agenda Item 7.2

The report was received [A&R21 | 2/02] and taken as read. The following discussion was held:

- Consequently a result of the adoption/updated terms of reference.

Resolved: (Crs Sedgwick/Gibb)

THAT the Audit & Risk Committee adopts the Future Annual Work Programme for 2022.

CARRIED

A&R21 | 2/06

Quality and Governance Assurance Report – December 2021

Agenda Item 7.1

The report was received [A&R21 | 2/02] and taken as read. The following discussion was held:

- Ten (10) weeks of no overdue processes for which our Continuous Improvement Analyst is very proud and has also spoken at a sector event sharing the insights of our process as others are interested in how this has been achieved.
- Risk Advisor leaving and Resilience Manager position had been broadened to incorporate the risk portfolio.

- Noted that internal audit resourcing risks were identified – traditional approach is a coalition from across the organisation, but a new resource will also be engaged to assist the Resilience Manager in the future.

Register of Interests – Elected and Appointed Members

Agenda Item 7.3

The report was received [A&R2112/02] and taken as read. The following discussion was held:

- Chairperson requested any guidelines that should be taken into account before we decide on this matter.
- The issue was raised of inconsistency that whilst the registers are on Community Board agendas they were not on Standing Committee agendas.
- It was noted that historically they were on Community Board agendas as many were allocating local funding, which provided transparency for the boards as to whether a member had a conflict.
- The declaration item would cover this, which was included in all agendas. There will always be a requirement to have a register which is updated annually and could possibly be held on the website for transparency to the public.
- Driven in the past by good practice – would still be good to have a register (noted that this is a legislative requirement) – audited action annually.

Resolved: (Crs Bech/Gibb)

THAT the Audit & Risk Committee notes the registers of interests and confirms:

- a) That the elected members interest registers be removed from community board agendas, but the declaration item remains to enable members to still declare any interest at each meeting.**

CARRIED

A&R2112/07

ACTION: Democracy team to continue sending declaration forms out annually and updating the register, but remove the actual registers from all agendas.

ACKNOWLEDGEMENT OF STAFF MEMBER LEAVING

- Cr Bech added personal thanks to the Risk Advisor who was leaving Council – her passion, professionalism and contribution to this area had really assisted both the Committee and organisation to move in the right direction in this area. Very sorry to see Risk Advisor go as they had energised this area and taken other staff along for the journey.

Unconfirmed

EXCLUSION OF THE PUBLIC

Agenda Item 8

Resolved: (CrsGibb/Sedgwick)

- a) **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 2.1 Fraud Declaration		
Item number 2.2 Fraud and Corruption Risk Management Update		
Item number 2.3 Register of Members' Interests – Staff		
Item number 2.4 Committee time with Audit NZ (management excluded)		

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 2.1 Fraud Declaration	7(2)(a)	To protect the privacy of natural persons, including that of deceased natural persons.
Item 2.2 Fraud and Corruption Risk Management Update	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— (ii) would be likely otherwise to damage the public interest;
Item 2.3 Register of Members' Interests – Staff	7(2)(a)	To protect the privacy of natural persons, including that of deceased natural persons.
Item number 2.4 Committee time with Audit NZ (management excluded)	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.

CARRIED

A&R2112/08

Resolutions A&R2112/09 – A&R2112/11 are contained in the public excluded section of these minutes.

CLOSING COMMENTS

Having resumed open meeting the Chairperson acknowledged the Risk Advisor further on her work for and with the committee, and extended seasons wishes to members and staff, hoping for a happier and healthier 2022.

There being no further business the meeting was declared closed at 11.40pm

Minutes approved and confirmed this _____ day of
2021.

Peter Stubbs
CHAIRPERSON

