

**MINUTES** for a meeting of the Audit & Risk Committee of the Waikato District Council held via Audio Visual Conference on **THURSDAY, 6 APRIL 2022** commencing at **9.30am**.

**Present:**

Mr P Stubbs (Chairperson)  
His Worship the Mayor, AM Sanson  
Cr AD Bech  
Cr JA Church  
Cr JM Gibb  
Cr JD Sedgwick

**Attending:**

Mr C Susan, Audit NZ  
Ms K Maccown, Audit NZ

Mr TG Whittaker (Chief Operating Officer)  
Ms A Diaz (Chief Financial Officer)  
Mrs S O’Gorman (General Manager Customer Delivery)  
Mrs E Edgar (Communications, Marketing & Engagement Manager)  
Mrs V Jenkins (People & Capability Manager)  
Mr R MacCulloch (General Manager, Service Delivery)  
Mr G King (Chief Information Officer)  
Mr C Bailey (Finance Manager)  
Mr K Abbott (Projects & Innovation Manager)  
Mrs K Jenkins (Risk Advisor)  
Mrs L Shirley (Zero Harm Manager)  
Ms K Newell (Resilience Manager)  
Ms D Dalbeith (Business Improvement Analyst)  
Mrs GJ Kanawa (Democracy Team Leader)

**APOLOGIES AND LEAVE OF ABSENCE**

There were no apologies and all members were present.

## **CONFIRMATION OF STATUS OF AGENDA ITEMS**

**Resolved: (Mr Stubbs/Cr Sedgwick)**

**THAT the Audit & Risk Committee:**

- a) **confirms the agenda for the meeting of the Audit & Risk Committee held on Thursday, 6 April 2022;**
- 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&R2204/01**

## **DISCLOSURES OF INTEREST**

There were no disclosures of interest.

## **CONFIRMATION OF MINUTES**

**Resolved: (Mr Stubbs/Cr Sedgwick)**

**THAT the minutes of the meeting for the Audit & Risk Committee held on Thursday, 16 December 2021 be confirmed as a true and correct record.**

**CARRIED**

**A&R2204/02**

## **ACTION REGISTER**

Agenda Item 5

The register was received [A&R2204/01] and the following discussion was held:

- Maturity of Committee – remove from register.
- CompyWith – remove from register.
- Members interests – remove from register.
- Only leave those items that are continuing in process.
- Good to see residual risk to risk appetite information, looking forward to seeing trend analysis rolled across to other risks.

## **REPORTS**

### Chief Financial Officer Report

#### Agenda Item 6.1

The report was received [A&R2204/01] and taken as read. The following discussion was held:

- In relation to geopolitical events no greater impact on budget to 30 June, the main impacts on budgets were supply chain issues with COVID-19.
- Not reforecasting budgets as there will be an element of work not deliverable due to the supply chain issues.
- No material risk increases with geopolitical events as it is something that will affect the nation as a whole rather than our district directly.

### Strategic Risk Register & Emerging Risks Report for April 2022

#### Agenda Item 6.2

The report was received [A&R2204/01] and taken as read. The following discussion was held:

- New Risk Advisor starts on 7 April, noted spelling error in his name, David Tisdall is the new advisor.
- Government reform – where does this feed into as we know we have a lot of work caused by these reforms as we try to respond to the government documents but is it recorded as a risk? The reforms were in the previous report, however at the time of writing this report there were no further updates, so the most up to date emerging risks were placed in the report. As further information becomes available it would be included in future reports and is noted as political and strategic risks being high.
- Inflationary pressure endemic across the board, with rates postponement and remission have the numbers moved considering the current climate? Rate remission requests were no different from previous years, what we are seeing is an increase to rate rebate schemes and increase in the value of penalties as payments are a little behind from last year. Excellent payment history reducing.
- Zero harm for people, low rather than zero, but we have no appetite for zero harm? Practical perspective low is achievable but zero is not, however aspiration is still zero.
- Affordability and community expectations – where we started has morphed to the description in 2022 and moved away from original ideas of them. Affordability of what we can provide and deliver as part of the Long Term Plan (LTP) – changed to community wants and now is misaligned.
- The new comment reflect conversations from the Council workshop in December, noting that things will always change based on what is occurring regarding the pandemic and other geopolitical pressures/government reforms etc. There will always be quite a large gap between community expectations versus what we can deliver and affordability.

- Council will utilise a floating line methodology – what is this? We have an overall budget, with prioritised projects within that budget, if a project comes in at a higher cost it may push projects with a lower risk below the floating line to the following year.

Zero Harm Management Framework Review  
Agenda Item 6.3

Zero Harm Safety Management System Audit 2021 Post Implementation Report  
Agenda Item 6.4

Items 6.3 and 6.4 were taken together.

The reports were received [A&R2204/01] and both taken as read. The following discussion was held:

- Key points from the management review outlined in the Executive Summary of the report. This is the second time we have reviewed the management system against the ISO4501 Standard.
- Recommendation was to move the timing of these reviews to March for future years to allow for programming of the following year, noting that in future all recommendations will be incorporated into the zero harm framework review report (future state).
- System is very comprehensive and stays on track from a delivery perspective with the current plan. Audit to be done annually and will not have two papers going forward.
- Did we have an existing system ourselves and we have moved to a new standard? Previously, ACC workplace safety management programme was utilised (an external audit by ACC which provided for reduced ACC levies). This was based on an ANZ standard 4801 but now superseded by EU world standard ISO4501, which was the first international standard for health and safety.
- New standard is more focussed on risk management and holistic approach which talks about the organisation understanding the context in which it operates, both internally and externally to the organisation. Much broader in approach and provides you with a much better outcome.
- Report stated that top management could not demonstrate that it had taken overall accountability which is of concern and we need some active mitigations, not passive. Process meant that at the time of interviews the management may not have been able to present the information/proof at the time.
- Audit had been done regarding identifying the issue and we have put mitigations in place to deal with the issue.

**ACTION:** Annual internal audit carried out in March of each year, work programme to be updated to reflect change.

- The Committee would prefer to see trends and actionable insights over multiple data points.
- Acknowledgement required for the customer service business unit for being continually active and committed to utilising the management reporting system.

**ACTION:** Zero Harm Manager to send team vision and purpose to the Chairperson.

- There were sixty two (62) controls for working with dangerous animals and do the staff working in this area know all of those controls? Some of those controls do not influence or need to be known by the staff on the ground, but need to be in the overall structure.

### Waikato District Council Zero Harm Update Agenda Item 6.5

The report was received [A&R2204/01] and taken as read. The following discussion was held:

- The risk reduction timeline was a great innovation, however just by reading the timeline how you reach the assessment? Analysed each treatment to determine how effective they were at managing the risks, then altered where necessary to make more effective and measurable.
- System that was worked out was the effectiveness score, to determine whether it was very effective, moderate etc. Then a further score was provided for in place, partially in place or not commenced.
- Business Improvement Analysts then applied numeric figures against them which we could see the amount of very effective treatments in place versus what residual risk was left. This information was presented to the December 2021 meeting.
- Annual update to be provided with full numerical analysis.

**ACTION:** Chairperson will refer back to the December 2021 papers to ascertain more clarity.

**ACTION:** Annual analysis to be provided to ensure we remain on track.

## Strategic Communications at WDC – Current issues, risks, and opportunities

### Agenda Item 6.6

The report was received [A&R2204/01] and taken as read. The following discussion was held:

- The Communications, Marketing and Engagement Manager provided a background on her experience, mainly in the UK Government and Not For Profit sector.
- How do we change the perception and expectation of Council, rather than focusing on the negative narrative.
- We often consult but do not truly engage with communities, vision is to have an ongoing conversation with our communities in a clear manner.
- What we currently do is very transactional and we need to move to a relational type approach and recognise the emotional aspect that decisions of Council have on our communities.
- Dog control bylaw and policy a good example of where we “consulted” but did not give an opportunity for the community to engage in the discussion before we put a Statement of Proposal out. There is also an inherent lack of trust with a number of issues being increasingly hijacked on social media.
- All of us have a responsibility to protect our brand and reputation – continual pendulum of maintaining and building reputation.
- Agree to approach and there are some areas where we can improve.
- Community Boards and Community Committees provide an opportunity for us to reach these communities as they are continually engaged within the community space.
- Endorsement from this committee to make this area a priority.
- Brand management – a number of our documents look different so not easily recognised that it is a Council process.
- Councillors need some training in regard to social media platforms to keep telling the story and facts not be reactive or emotive. This will be captured as part of the induction training after elections.
- Community boards to work with council as a team rather than against council (both elected members and staff).
- Executive Leadership had supported the Communications team with a new structure and additional resource, currently engaging with affected parties in the team and moving forward to be more proactive.
- Demarcation lines were still being worked on to free the Manager up to ensure she is not working in the business so much but has the ability to provide advice to the team and provide a strategic overview to the organisation.
- We have a tendency to react and give airtime to the one (1) percent who are vocal, need to be careful not to just listen to this vocal aspect.
- Reputation is one of our key risks – useful to schedule an appropriate time a follow up report.

**ACTION:** Further update to be provided on progress in six months (as part of emerging risk report).

**ACTION:** Social media training to be included in the induction programme for elected members following the elections.

Committee Performance Evaluation  
Agenda Item 6.7

The report was received [A&R2204/01] and taken as read. The following discussion was held:

- Intent is to hold up a mirror on this Committee to see if it can do any better. Following discussions with KPMG this paper had been developed to undertake a 360 degree review.
- Also reaching out to other Audit & Risk Committees across the region to ascertain if there are any other best practices we could utilise.

**ACTION:** Democracy Team to undertake the survey once Chief Operating Officer and Chairperson has identified all recipients.

**Resolved: (Mr Stubbs/Cr Gibb)**

**That the Audit & Risk Committee approves:**

- a. **the following as its continuous improvement strategy:**
  - i. **undertake a 360-degree feedback survey (Attachment I);**
  - ii. **KPMG to annually observe a committee meeting to assess effectiveness;**
  - iii. **the Chair and Chief Operating Officer participate in regional meetings of the Audit & Risk Committee representatives to discuss best practice; and**
- b. **the attached Committee Evaluation Questionnaire (Attachment I).**

**CARRIED**

**A&R2204/03**

Quality & Governance Assurance Update  
Agenda Item 7.1

The report was received [A&R2204/01] and taken as read. The following discussion was held:

- Interested to hear about innovation and ideas forum as fundamentally risk and return are two sides of a coin, therefore would like the forum to provide a presentation to the committee on the work they are doing.

**ACTION:** Innovation and Ideas Forum to provide presentation to future meeting of Audit & Risk Committee.

## Insurance Policy / Premium Confirmation

### Agenda Item 7.2

The report was received [A&R2204/01] and taken as read. The following discussion was held:

- Have we modelled self insuring as opposed to covering? Council did do a piece of work in last quarter of 2021 to look at different mechanisms for insurance for material damage, an assessment is done at the time where we cover damage ourselves, rather than claim insurance.
- We could not self insure in the public indemnity/liability area but do everything we can by ensuring our assets are well built and have resilience in storm events. The level of excess determines what level of self insurance we undertake.
- We do have a good driver behaviour policy, which means lower premiums too.

## Updated Future Work Plan

### Agenda Item 7.4

The report was received [A&R2204/01] and taken as read. The following discussion was held:

- On track to hold a zero harm site visit in June.
- Strategic Risk Deep Dives programme are referenced by “TBC” in the work programme.

## Register of Interests – Elected and Appointed Members

### Agenda Item 7.5

The report was received [A&R2204/01] and taken as read. No further discussion was held.

## **EXCLUSION OF THE PUBLIC**

### Agenda Item 8

**Resolved: (Mr Stubbs/Cr Church)**

**THAT the Audit and Risk Committee:**

**a) exclude the public 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
<p><b>Item number PEX 1 Confirmation of Minutes</b></p> <p><b>Item PEX 2 Action Register</b></p> <p><b>Item PEX 3.1 Fraud Declaration</b></p> <p><b>Item PEX 3.2 Risk Assessment of Council Controlled Organisations Statements of Intent</b></p> <p><b>Item PEX 3.3 Comply With Legal Compliance Survey Results</b></p> <p><b>Item PEX 3.4 Cyber Security - 360 Degree Security Review &amp; Threat Assessment</b></p> <p><b>Item PEX 3.5 Register of Members' Interests – Senior Staff</b></p> <p><b>Item PEX 3.6 Committee Time with Audit New Zealand</b></p>	<p><b>Good reason to withhold exists under Section 6 or Section 7 Local Government Official Information and Meetings Act 1987</b></p>	<p><b>Section 48(1)(a)</b></p>

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:

<b>Item No.</b>	<b>Section</b>	<b>Interest</b>
<b>Item 1 Confirmation of Minutes</b>		<b>Refer to the previous Public Excluded reason in the agenda for this meeting.</b>
<b>Item 2.1 Fraud Declaration</b>	<b>7(2)(a)</b>	<b>To protect the privacy of natural persons, including that of deceased natural persons.</b>
	<b>7(2)(c)(ii)</b>	<b>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.</b>
<b>Item 2.2 Risk Assessment of Council Controlled Organisations Statements of Intent</b>	<b>7(2)(f)(i)</b>	<b>To maintain the effective conduct of public affairs through free and frank expression of opinion</b>
<b>Item 2.3 Comply With Legal Compliance Survey Results</b>	<b>6(a)</b>	<b>To protect the maintenance of the law.</b>
<b>Item 2.4 Cyber Security - 360 Degree Security Review &amp; Threat Assessment</b>	<b>7(2)(c)(ii)</b>	<b>To protect information that is subject to an obligation of confidence and to protect the public.</b>
	<b>7(2)(j)</b>	<b>To prevent use of the information for improper gain or advantage.</b>

Item No.	Section	Interest
Item 2.5 Register of Members' Interests – Senior Staff	7(2)(a)	Protect the privacy of natural persons, including that of deceased natural persons.
Item 2.6 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.

- b. THAT Ms Macown and Mr Susan from Audit NZ be permitted to remain at this 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&R2204/04**

*Resolutions A&R2204/05 – A&R2204/09 are contained in the public excluded section of these minutes.*

There being no further business the meeting was declared closed at 11.50am.

Minutes approved and confirmed this \_\_\_\_\_ day of \_\_\_\_\_ 2022.

Peter Stubbs  
**CHAIRPERSON**