

Agenda for a meeting of the Audit & Risk Committee of the Waikato District Council to be held in Committee Rooms 1 & 2, District Office, 15 Galileo Street, Ngaruawahia on **TUESDAY 31 OCTOBER 2017** commencing at **1.00pm**.

Information and recommendations are included in the reports to assist the Board in the decision making process and may not constitute Council's decision or policy until considered by the Board.

- 1. APOLOGIES AND LEAVE OF ABSENCE**
- 2. CONFIRMATION OF STATUS OF AGENDA**
Representatives from Aon, KPMG and Audit New Zealand will be in attendance.
- 3. DISCLOSURES OF INTEREST**
- 4. CONFIRMATION OF MINUTES**
Meeting held on 22 September 2017 2
- 5. REPORTS**
 - 5.1 Insurance Renewal Process 9
 - 5.2 Risk Appetite 12
- 6. EXCLUSION OF THE PUBLIC** 22

GJ Ion
CHIEF EXECUTIVE
Agenda2017\A&R\171031 A&R OP.docx

Open Meeting

To	Audit & Risk Committee
From	Gavin Ion Chief Executive
Date	9 October 2017
Prepared by	Rose Gray Council Support Manager
Chief Executive Approved	Y
Reference #	GOV1318
Report Title	Confirmation of Minutes

1. EXECUTIVE SUMMARY

To confirm the minutes of the Audit & Risk Committee held on Friday 22 September 2017.

2. RECOMMENDATION

THAT the minutes of the Audit & Risk Committee held on Friday 22 September 2017 be confirmed as a true and correct record of that meeting.

3. ATTACHMENTS

Minutes

MINUTES of a meeting of the Audit & Risk Committee of the Waikato District Council held in the Council Chambers, District Office, 15 Galileo Street, Ngaruawahia held on **FRIDAY 22 SEPTEMBER 2017** commencing at **9.02 am**.

Present:

Ms M Devlin (Chairperson)
His Worship the Mayor Mr AM Sanson
Cr AD Bech
Cr JM Gibb
Cr BL Main [*until 10.51am*]
CR JD Sedgwick [*until 12.00pm*]

Attending:

Cr SD Lynch
Cr NMD Smith
Mr GJ Ion (Chief Executive)
Mr T Whittaker (General Manager Strategy & Support)
Mrs W Wright (Committee Secretary)
Ms A Diaz (Finance Manager)
Mr K Abbott (Organisational Planning & Project Support Team Leader)
Mrs K Jenkins (Project Management Advisor)
Ms M Proctor (Audit Manager Audit New Zealand)
Mr L Pieterse (Director Audit New Zealand)
Mr D Sutton (KPMG)
Mr C Budge (Director Forensic KPMG Advisory)
1 Member of Staff

APOLOGIES AND LEAVE OF ABSENCE

All members were present

CONFIRMATION OF STATUS OF AGENDA ITEMS

Resolved: (Crs Main/Gibb)

THAT the agenda for a meeting of the Audit & Risk Committee held on Friday 22 September 2017 be confirmed and all items therein be considered in open meeting with the exception of those items detailed at agenda item 7 which shall be discussed with the public excluded;

AND THAT all reports be received;

AND FURTHER THAT all Councillors present that are not elected to the Committee will be given speaking rights for the duration of the meeting;

AND FURTHER THAT in accordance with Standing Order 9.4 the order of business be changed with agenda item 7, Exclusion of the Public being considered the first items and other items be considered as appropriate during the course of the meeting.

CARRIED on the voices

A&R1709/01

EXCLUSION OF THE PUBLIC

Agenda Item 7

Resolved: (His Worship the Mayor/Cr Bech)

THAT the report of the Chief Executive be received;

AND THAT the public be excluded from the meeting to enable the Audit & Risk Committee to deliberate and make decisions on the following items of business:

Confirmation of Minutes dated Wednesday 5 July 2017

REPORTS

a. Fraud Declaration

The general subject of the matter to be considered while the public is excluded, the reason, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 are as follows:

Reason for passing this resolution to withhold exists under: Ground(s) under section 48(1) for the passing of this resolution is:

Section 7(2)(a)

Section 48(1)(a)(d)

b. Contract Management – Service Delivery

The general subject of the matter to be considered while the public is excluded, the reason, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 are as follows:

Reason for passing this resolution to withhold exists under: Ground(s) under section 48(1) for the passing of this resolution is:

Section 7(2)(a)(f)(i)(ii)(g)

Section 48(1)(3)(a)(i)(ii)(d)

c. KPMG Investigation

The general subject of the matter to be considered while the public is excluded, the reason, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 are as follows:

Reason for passing this resolution to withhold exists under: Ground(s) under section 48(1) for the passing of this resolution is:

Section 7(2)(b)(i)(ii)

Section 48(1)(3)(d)

d. Audit of Contracts

The general subject of the matter to be considered while the public is excluded, the reason, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 are as follows:

Reason for passing this resolution to withhold exists under: Ground(s) under section 48(1) for the passing of this resolution is:

Section 7(2)(b)(i)(ii)

Section 48(1)(3)(d)

e. Register of Members' Interest – Elected Members and Senior Staff

The general subject of the matter to be considered while the public is excluded, the reason, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 are as follows:

Reason for passing this resolution to withhold exists under: Ground(s) under section 48(1) for the passing of this resolution is:

Section 7(2)(f)(h)(i)(j)

Section 48(1)(3)(a)(d)

f. Committee Time with Audit New Zealand

This resolution is made in reliance on section 48(1)(a) and 48(2)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by sections 6 or 7 of that Act which would be prejudiced by the holding of the whole or the relevant part(s) of the proceedings of the meeting in public are as follows:

Reason for passing this resolution to withhold exists under: Ground(s) under section 48(1) for the passing of this resolution is:

Section 7(2)(f)(g)(h)(i)(j)

Section 48(1)(a)(d)

AND FURTHER THAT Ms Devlin (Chair), Mr Pieterse and Ms Procter (Audit New Zealand) remain in the meeting after the public has been excluded to chair/facilitate the discussion on items in PEX 7 [Public excluded items] in the public excluded section of the meeting.

CARRIED

A&R1709/02

Resolutions A&R1709/03 – A&R1709/06 are contained in the public excluded section of these minutes.

Having resumed open meeting the committee considered items in the following order:

DISCLOSURES OF INTEREST

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

CONFIRMATION OF MINUTES

Resolved: (Crs Sedgwick/Gibb)

THAT the minutes of a meeting of the Audit & Risk Committee held on Wednesday 5 July 2017 be confirmed as a true and correct record of that meeting.

CARRIED on the voices

A&R1709/09

REPORTS

Audit & Risk Committee Key Achievements

Agenda Item 5.1

The report was received [A&R1709/01] and taken as read.

2016-2017 Annual Report Audit

Agenda Item 5.2 in conjunction with Agenda Item 5.3

The report was received [A&R1709/01] and discussion was held. The Mayor complimented all the teams involved in the completion of the Annual Audit and the production of the 2016-2017 Annual Report.

Audit New Zealand requested to be updated on anything they should be made aware of in respect of Subsequent Events or Fraud since the completion of the audit. The Committee advised that to the best of their knowledge there were no changes to the disclosures already provided.

Resolved: (His Worship the Mayor/Cr Sedgwick)

THAT from a risk assessment perspective the Audit & Risk Committee recommend to Council that the 2016/17 Annual Report be adopted.

CARRIED on the voices

A&R1709/10

Raglan Kopua Holiday Camp Charter
Agenda Item 5.4

The report was received [A&R1709/01] and discussion was held. The General Manager Strategy & Support advised that the Charter had been well-received by the Raglan Kopua Board. It was agreed that 3 months will be given to initiate the recommendations in the report towards self-governance.

As the next stage in the process, the Charter will be submitted to the Policy & Regulatory Committee for approval.

Cr Sedgwick retired from the meeting during discussion on the above item.

Interim Management Report for Year Ended 30 June 2017
Agenda Item 5.5

The report was received [A&R1709/01] and discussion was held.

Zero Harm Update
Agenda Item 6.1

The report was received [A&R1709/01] and taken as read.

September Update on Progress against Audit Issues
Agenda Item 6.2

The report was received [A&R1709/01] and taken as read.

KPMG Waikato LASS Internal Audit Insights Panel Session
Agenda Item 6.3

The report was received [A&R1709/01] and taken as read.

Strategic Risk Update
Agenda Item 6.4

The report was received [A&R1709/01] and taken as read.

Organisation Risk Direction
Agenda Item 6.5

The report was received [A&R1709/01] and taken as read.

Update on Process Audit and Quality Improvement
Agenda Item 6.6

The report was received [A&R/1709/01] and taken as read.

Updated Future Workplan
Agenda Item 6.7

The report was received [A&R/1709/01] and taken as read.

More comprehensive updates on the above reports will be given at the meeting scheduled for 13 December 2017.

There being no further business the meeting was declared closed at 12.16pm.

Minutes approved and confirmed this day of 2017.

Margaret Devlin
CHAIRPERSON
Minutes2017/A&R/170922/A&R

Open Meeting

To	Audit & Risk Committee
From	Tony Whittaker General Manager Strategy & Support
Date	16 October 2017
Prepared by	Alison Diaz Finance Manager
Chief Executive Approved	Y
Reference #	GOV1318 / 1834329
Report Title	Insurance Renewal Process

1. EXECUTIVE SUMMARY

This report provides information pertaining to the 01 November 2017 insurance renewal process.

A representative from Aon New Zealand will be in attendance to provide an update on the renewal process and key market signals.

2. RECOMMENDATION

THAT the report from the General Manager Strategy & Support be received.

3. BACKGROUND

Council's insurance programme is renewed annually on 01 November, with Aon requiring the underlying asset schedules by the end of August each year in order to seek market interest.

The following table summarises the policies that the Council currently holds (in place until 31 October 2017) under the Waikato Local Authority Shared Services ("WLASS") arrangement:

Policy	Coverage	Policy Limits
Material damage (excluding fire)	All risks including earthquake, but excluding fire occasioned by or through or in consequence of any natural disaster	\$150 million (shared)

Policy	Coverage	Policy Limits
Material damage – Fire	Fire, including fire occasioned by or through or in consequence of any natural disaster	\$25 million (shared)
Material damage natural catastrophe insurance	Above and below ground infrastructural assets damage resulting from natural catastrophe	\$6,000,000 per loss (primary layer contracts provide for recovery of 100% of the costs of loss or damage to declared assets) \$35,000,000 per loss (for anything that falls outside the primary layer cover, these insurance contracts provide for the recovery of 40 per cent of the cost of loss or damage to declared assets)
Business interruption	Consequential loss resulting from physical loss or damage to any property used by the Insured	\$12.5 million (shared) \$1.54 million WDC specific
Boiler explosion	Boiler explosion risks normally excluded under the Material Damage – excluding fire policy	\$156,750 WDC specific
Forestry	Declared forests against loss to trees including harvested trees awaiting transportation caused by fire, hail strike, malicious damage and impact	\$487,900 WDC specific
Motor vehicle	Unforeseen and unintended damage to own vehicle; third party liability	Asset value declared \$3.99 million
Marine hull	Accidental loss to the vessels insured	\$45,280 WDC specific \$2 million third party limit
Aviation airport owners and operators liability	Legal liabilities arising in connection with the ownership, operation and management of an airport as a result of an accident	\$5 million WDC specific
Employers liability	Liability arising out of claims made by employees for injuries outside the scope of Accident Compensation legislation	\$1 million
Statutory liability	Covering defence costs and fines arising out of an allegation or breach of any Act of Parliament other than an “excluded” Act	\$1 million

Policy	Coverage	Policy Limits
Crime	Direct financial loss sustained by the Insured arising from or in conjunction with any single act or series of related, continuous or repeated acts discovered during the policy period or applicable Discovery Period	\$2 million
Cyber Liability	Covering security and privacy, data recovery, loss of income, crisis management, and liabilities associated with cyber attacks	\$2 million per event
Personal accident	Covering insured persons for benefits in respect of injury as a result of an accident	\$100,000 per Insured Person
Public Liability	Legal liability arising out of an occurrence in connection with the business	\$50 million
Professional Indemnity	Legal liability arising by reason of any negligent act, error or omission	\$50 million

4. DISCUSSION

Material damage, infrastructure and vehicle schedules have been updated and forwarded to Aon to secure cover for the period 01 November 2017 to 31 October 2018.

Aon has indicated that Material Damage rates have had the largest movement with an increase of 15%. However, there is potential for each WLASS Council to opt for a higher deductible to reduce final Material Damage premiums. This decision can be made post-renewal period if the Audit & Risk Committee support the premium differential. In practice, some service areas struggle to fund the current \$10,000 excess (such as community halls) and have in prior years requested consideration of a lower level deductible.

The infrastructure cover has had no change to the rate and any increases will be due to increases in the underlying asset values. Employers Liability, Crime and Marine Hull premiums are expected to stay static with a small increase in the Statutory Liability premiums.

Increases are expected for Commercial Motor, Public and Professional Liability premiums but have not yet been quantified as negotiations are ongoing.

5. ATTACHMENTS

NIL

Open Meeting

To	Audit & Risk Committee
From	Tony Whittaker General Manager Strategy & Support
Date	09 October 2017
Prepared by	Katja Jenkins Project Management Advisor
Chief Executive Approved	Y
Reference #	GOV1318 / 1817438
Report Title	Risk Appetite

I. EXECUTIVE SUMMARY

As part of the Organisational Risk Awareness project and with a view to increasing Councils risk management maturity, KPMG facilitated a risk appetite workshop with the Executive Leadership Team (“ELT”) on 07 October 2017. The purpose of the workshop was to provide opportunity for the ELT to give some robust consideration to their risk appetite.

The outcomes of the workshop were captured in a first cut draft document that requires further refinement. The document, as presented today to the Audit & Risk Committee (“ARC”), aims to initiate discussions that will help to establish consensus on Councils risk appetite. These discussions will inform the final document which will be used to communicate risk appetite to the organisation.

2. RECOMMENDATION

THAT the report from the General Manager Strategy & Support be received.

3. ATTACHMENTS

Waikato District Council Risk Appetite Statement Document (Draft)

Waikato District Council

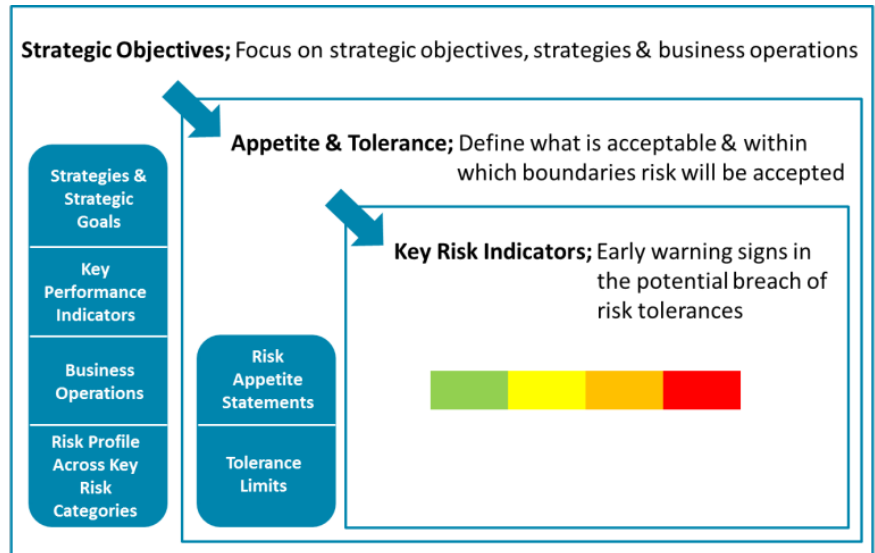
Risk Appetite Statement



Katja Jenkins
10/3/2017

Risk appetite is the conscious decision about which risks, and how much of each, the organisation is willing to take on. Councils risk appetite reflects our business model, our risk capacity, our internal risk management capabilities and our culture. Our appetite for risk is influenced by a number of factors including (but not limited to) the business environment, our people, our community needs and wants, our business systems and our policies. Having a clearly defined risk appetite gives clarity to the wider organisation about the nature and degree of risks that can be taken with our strategic, operational and project work.

Defining risk appetite is intimately linked to defining the overall strategy of an organisation and is therefore a task for the Executive Leadership Team and Council through the Audit & Risk Committee.



Benefits of Communicating Organisational Risk Appetite

CLARITY	<ul style="list-style-type: none"> • Clarify & communicate ELT & Councils expectations on the amount of risk the organisation is willing to take and accept • Align understanding of risk strategies across the organisation
GOVERNANCE	<ul style="list-style-type: none"> • Delegate authority at the operational level to proactively manage & monitor risks within agreed timeframes • Define clear reporting & escalation thresholds & protocols to ELT & ARC
CONTROLS & ASSURANCE	<ul style="list-style-type: none"> • Enhance risk oversight & assurance by providing robust means to assume acceptable risk types and levels • Optimise risk management & control adequacy & effectiveness for key risks ensuring early actions are taken before risks materialise
RISK CULTURE	<ul style="list-style-type: none"> • Encourage consistent & desired risk behaviours across the organisation • Involve stakeholders alongside the business to implement good risk management practices

Defining and articulating risk appetite has a positive influence on our culture and behaviour. It gives our people an improved understanding of what risk management means to their roles and helps them to apply effective risk management practices.

Risk appetite is a key component of effectively communicating risk expectations and ensuring a common approach across the three identified 'lines of defence';

- those managing risk
- those setting and overseeing the risk management practices, and,
- risk assurance providers

Discrepancies between the Councils agreed risk appetite and residual risk levels determine whether more controls are required to appropriately manage a risk or whether there is space for more opportunity to be sought.

Waikato District Councils Risk Appetite Statement

Waikato District Council aspires to be a recognised leader in creating a district that prides itself on economic excellence, local participation and sustainable communities. Council's activities are funded by district rates payments and through other funding sources and initiatives.

The organisations strategic direction can be summarised as:

Community Outcomes

- Sustaining Our Environment

Waikato District is a community that believes in environmental sustainability; Council will pursue and promote related ideas and manage regulatory process to safeguard and improve the district.

- Providing value for money

Residents/Ratepayers get value for money because Council finds innovative ways to deliver strategic, timely and fit for purpose infrastructure and services at the most effective cost.

- Supporting Our communities

Council considers the well-being of all the people in the district during the planning and delivery of Council activities. As such, Council will support and plan for the development of complete and connected communities.

- Building Our Economy

Council aims to attract diverse enterprise/business; creating jobs and opportunities for the districts communities, and, to continue to support existing industry. Support will be provided to others who leverage our location to ensure tourism brings benefits to a range of people in the districts communities.

- Working Together

Council will work with communities to collectively focus on the right things at the right time.

Corporate Outcomes

- One highly engaged team

In the midst of a diverse and rapidly changing community the organisation operates as one team working together across projects and disciplines; supporting, challenging and inspiring each other. Together, the Executive, Management and Staff can achieve more for the community and are proud of everyone's contribution to making Waikato District Council a great place to work.

- Partnering in a proud and thriving economy

Waikato district is home for young and old, from tangata whenua to those just arrived, the district fosters pride of place for generations. Our people excel and our elders are connected. Business, both urban and rural, is thriving and quality jobs are plentiful. Council co-design decisions with the community and is actively interested in the future. The district is excited and proud of the future we are building.

- Effortless customer experiences

Engage. Educate. Enforce. From the simplest interactions to working together in complex situations Council empowers customers with knowledge, value their time and enforces regulation with consistency and transparency. Council's interactions ensure that customers understand that they are our focus.

Council is driven by the corporate and community objectives and recognises that the body of work to achieve these objectives is comprehensive. Internally there is a significant change focus driven by the strategies to deliver on the commitments that have been made. To facilitate achievement of Council's objectives the organisations internal focus is based on effective planning, successful community engagement and on making the right decisions to ensure Council is 'doing the right thing' to meet the community's needs.

Council is willing to take well defined risks at a low to moderate level where it will result in the achievement of strategic objectives; such aspects include projects, strategic, and operational areas. Council understands that the successful achievement of its objectives is significantly supported by its perceived reputation with its customers. Accordingly, Council is not willing to accept risks that would adversely impact its reputation.



Where the organisation is determined to adopt strategies, initiatives or actions that could exceed the stated risk appetite, the Executive Leadership Team and Council, through its Audit & Risk Committee, would expect to be fully consulted prior to those activities commencing.

The risk appetite statements in this document are for Council itself and any partners, contractors or participating associates. Further detail on individual material areas of risk are set out subsequently in this document.





Waikato District Council - Risk Appetite Statement



Risk Appetite and Statement

RISK	RISK APPETITE	RISK APPETITE STATEMENTS	POTENTIAL KEY RISK INDICATOR
CUSTOMER: Strategic	Moderate 	Council has a moderate risk appetite for strategic risk. The organisation seeks opportunities to enhance the value it delivers to its customers. Lack of action in the strategic forum can impact Councils ability to remain relevant to its customers, specifically in time of increased growth. Therefore, Council is willing to take a moderate amount of risk in achieving objectives through key strategic investment such as digital transformation, economic development, and innovation (within constraints of policy).	<ul style="list-style-type: none"> • Delays in launch/progressing key strategic initiatives
CUSTOMER: Reputation/ Image	Low 	Council has a low risk appetite for risks that may adversely impact the organisations reputation, image and branding. Being a public sector the risk appetite is driven by Council and the Executives desire to make our communities feel trust in Council and for our customers to understand that we have their best interests at heart. We want our customers to view us as experts whose purpose is to provide for them. For this reason, Council and the Executive prefer to make decisions on items that may impact reputation or community relationships.	<ul style="list-style-type: none"> • Media response • Complaints/Compliments
CUSTOMER: Environmental		Council has a XXX risk appetite for environmental risk. Why? Council is a community that believes in environmental sustainability and is willing to pursue and promote environmental initiatives to improve the district such as the 'Zero Waste' target introduced in 2016. Councils planning controls, for buildings, transport, infrastructure and recreation, along with service provision, assist in protecting cultural heritage and the natural and physical environment and monitoring activities to ensure compliance with legislation.	



Waikato District Council - Risk Appetite Statement

<p>FINANCE: Finance</p>	<p>Moderate</p> 	<p>Council has a moderate risk appetite for financial risk. With consideration to financial risks related to the financial management of WDC and the ability to fund Council activities and operations now, and into the future Council aims for a change of approach to be more proactive rather than reactive (we need to spend to achieve; not because poor process has resulted in overspend, but because it is the right way to do things and we are getting value for that money). Council is willing to accept greater financial investment as a way of delivering better outcomes and making hard decisions around finances for the future (we need technically based conversations).</p>	<ul style="list-style-type: none"> • Variance to budget <ul style="list-style-type: none"> ○ Opex ○ Capex
<p>INTERNAL PROCESS: Operational</p>	<p>Moderate</p> 	<p>Council has a moderate risk appetite for operational risk. Continuity of services and availability of accurate and timely information to Council and the Executive is considered a key approach. Poor operational risk management can damage Council's reputation and cause financial loss.</p> <p>Through our operations we do have some tolerance for risk to ensure that we are delivering services efficiently to our customers and, both currently and in the future, allowing opportunity for innovation. Our diverse environment necessitates some operational risk such as those associated with geotechnical and specific asset management. Councils approach to operational risk is that we need to be 'good enough' to ensure continuity of essential services with consideration to value for money and likely future growth.</p>	<ul style="list-style-type: none"> • Business continuity/IMT • Operational KPIs (number required through BU/GM reports)



Waikato District Council - Risk Appetite Statement

<p>INTERNAL PROCESS: Projects</p>	<p>Moderate</p> 	<p>Council has a moderate risk appetite for project risk. The diverse nature of the organisation requires it to undertake big projects to continue to effectively deliver services to the community. In the interest of achieving our long term objectives and with consideration to the growth in our district it may be necessary to take some project risks to enable us to develop our district and grow the economy. We want to move away from concentrating on the time and cost of projects and instead focus on delivering the right solutions. Consideration therefore on the degree of project risk that may be taken should be given in light of potential reputational damage and loss of customer trust and confidence.</p>	<ul style="list-style-type: none"> • Number of failures of benefits realised through key projects • Project KPI's (RAG reports)
<p>INTERNAL PROCESS: Compliance</p>	<p>Low – Moderate</p> 	<p>Council has a low to moderate risk appetite for non-compliance with regulation and internal policy. As a local government body Council is subject to regulatory changes. The risk appetite is driven by Council and the Executive having a strong desire to be compliant with regulatory requirements to ensure that customers, staff and Council are appropriately protected from exposure to liability. Council takes the approach of 'Engage; Educate; Enforce'. Subsets of the risk appetite can be defined as follows:</p> <ul style="list-style-type: none"> • H&S – Low • Legislation – Low • Corporate – Low • By-laws – Moderate • Consenting – Moderate/Low 	<ul style="list-style-type: none"> • Number of non-compliances identified through the compliance programme • Instance of non-compliance raised by a regulatory body • New/Changed legislation • Training or other KPIs

Waikato District Council - Risk Appetite Statement

<p>INTERNAL PROCESS: Fraud</p>	<p>Low</p> 	<p>Council has a low risk appetite for internal or external fraud. As a tax payer funded organisation, even a minor fraud incident or suspected fraud will result in the loss of customer trust and confidence. The biggest risk of internal fraud is through the delegation and procurement process.</p>	<ul style="list-style-type: none"> ● Identified incident of fraud by Councillor, Executive, Staff or Partner ● Number of control breakdowns identified through audit and compliance programme ● Lead Indicator – Whistleblowing events
<p>INTERNAL PROCESS: Growth</p>		<p>Council has a XXX risk appetite for risk associated with growth. Why? Growth rate in the Waikato district is expected to surpass Hamilton and match Auckland's over the next 26 years. Providing affordable housing, essential services and social infrastructure for the increasing population has a number of challenges including added pressure on Council staff to manage increasing workloads that deliver planning and consenting requirements. In order for Council to facilitate development they are willing to look at new and innovative ways of providing services. Exploring beneficial partnerships, providing incentive for local businesses and supporting and promoting social initiatives such as place making and environmental programmes all contribute.</p>	
<p>ENABLERS: Cyber Security & IT Dependence</p>	<p>Low – Moderate</p> 	<p>Council has a low to moderate risk appetite for cyber security breach. Due to growing dependency on technology and increasing threat of attacks, the organisation believes that ongoing attention is required to manage IT-related risks. Despite this, with a future view, Council still wants to actively look for opportunities to use technology to improve customer services. It is likely however that a major cyber security breach or exposure will adversely impact customer trust and confidence. Additionally, Councils increased reliance on technology requires the business to maintain confidence in the technical capability of existing equipment, tools, software, hardware and technical performance from a business continuity perspective.</p>	<ul style="list-style-type: none"> ● Number of security incidents caused by malicious software ● Number of audit findings where recommendations have been accepted but not remediated/ have become over-due

Waikato District Council - Risk Appetite Statement

<p>ENABLERS: Zero Harm</p>	<p>Low</p> 	<p>Council has a low risk appetite for zero harm risk. Employee wellbeing is a top priority. Council works hard to uphold safe practices and is committed to invest to review and improve safety practices and performance. We aspire to be better than good enough.</p>	<ul style="list-style-type: none"> • Number of zero harm incidents (including near miss) • Lead KPI - TRIFFR
<p>ENABLERS: People & Culture</p>	<p>Low</p> 	<p>Council has a low risk appetite people and culture risks. These include risk relating to attracting and retaining key staff and risk associated with the culture and conduct of staff, including our partnerships. Council recognises that human capital (with consideration to people's knowledge, skills, attitude and behaviours) is a critical asset and key to achieving the organisations long term objectives. Our current environment demonstrates that there is significant competition for talent and a nationwide resource deficiency in many of the business areas that provide essential services for our customers. This shortage however will not see the organisation compromising on its commitments to the values that ensure a complaint, healthy, and productive workplace culture. Council is willing to invest in attracting, developing and retaining talent with the right skill sets and competencies, and will maintain a robust succession plan for key positions to ensure leadership continuity.</p>	<ul style="list-style-type: none"> • Staff turn-over • Decline in staff engagement survey • Number of internal complaints and investigations • Whistleblowing • Bullying

Notes – For Consideration:

- For the KRIs; Look through existing GM and Council reporting to pick up any other potential relevant data sources. Consider amount (not too many) as it may become unworkable.

Open Meeting

To	Audit & Risk Committee
From	Gavin Ion Chief Executive
Date	24 October 2017
Prepared by	Rose Gray Council Support Manager
Chief Executive Approved	Y
Reference #	GOV1301
Report Title	Exclusion of the Public

I. EXECUTIVE SUMMARY

To exclude the public from the whole or part of the proceedings of the meeting to enable the Audit & Risk Committee to deliberate and make decisions in private on public excluded items.

2. RECOMMENDATION

THAT the report of the Chief Executive be received;

AND THAT the public be excluded from the meeting to enable the Audit & Risk Committee to deliberate and make decisions on the following items of business:

Confirmation of Minutes dated Friday 22 September 2017

REPORTS

a. KPMG Contract Spend Review

The general subject of the matter to be considered while the public is excluded, the reason, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 are as follows:

Reason for passing this resolution to withhold exists under: **Ground(s) under section 48(1) for the passing of this resolution is:**

Section 7(2)(b)(ii), (i)

Section 48(1)(3)(d)

AND FURTHER THAT Ms Devlin (Chair), Mr Pieterse and Ms Procter (Audit New Zealand), and representatives from KPMG remain in the meeting after the public has been excluded to chair/facilitate the discussion on items in section PEX 6 [*Public excluded items*] in the public excluded section of the meeting.

3. ATTACHMENTS

Nil