

**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 on **WEDNESDAY 22 MARCH** commencing at **1.06pm**.

**Present:**

Ms M Devlin (Chairperson)  
Cr AD Bech  
Cr JM Gibb  
Cr BL Main  
Cr JD Sedgwick *[until 3.00pm]*

**Attending:**

Mr GJ Ion (Chief Executive)  
Mr TG Whittaker (General Manager Strategy & Support)  
Mr R MacCulloch (Acting General Manager Customer Delivery)  
Mr M Willcock (Chief Information Officer)  
Mrs RJ Gray (Council Support Manager)  
Ms A Diaz (Finance Manager)  
Mr K Lockley (Zero Harm Manager)  
Mr S Pandey (Asset Management Team Leader, Waters)  
Mr K Abbott (Organisational Planning & Project Support Team Leader)  
Ms M Baena-Escamilla (Continuous Improvement Analyst)  
Mr K Pavlovich (Compliance Income Team Leader)  
Ms M Russo (Corporate Planner)  
Ms K Jenkins (Project Management Advisor)  
Ms M Proctor (Audit Manager Audit New Zealand)  
Mr L Pieterse (Director Audit New Zealand)

**APOLOGIES AND LEAVE OF ABSENCE**

**Resolved: (Crs Main/Bech)**

**THAT an apology be received from and leave of absence granted to His Worship the Mayor and for early departure for Cr Sedgwick.**

**CARRIED on the voices**

**A&R1703/01**

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

**Resolved: (Crs Bech/Gibb)**

**THAT the agenda for a meeting of the Audit & Risk Committee held on 22 March 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.**

**CARRIED on the voices**

**A&R1703/02**

## **DISCLOSURES OF INTEREST**

The Chair declared an interest in references in the public excluded section of the meeting containing the Waikato Regional Airport Statement of Intent.

## **CONFIRMATION OF MINUTES**

**Resolved: (Crs Gibb/Bech)**

**THAT the minutes of a meeting of the Audit & Risk Committee held on 19 December 2016 be confirmed as a true and correct record of that meeting.**

**CARRIED on the voices**

**A&R1703/03**

## **REPORTS**

**KPMG Waikato LASS Internal Audit Insights Panel Session**  
Agenda Item 5.1

The report was taken as read. The General Manager Strategy & Support provided an overview of the first panel session facilitated by KPMG, advising that this will be work in progress in terms of how effective these will be for future sessions. Topics of common interest where work had been done were contract management, procurement and risk management.

**Resolved: (Crs Sedgwick/Gibb)**

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

**CARRIED on the voices**

**A&R1703/04/1**

Waikato District Council's Approach to the Impact of Disruptive Technology  
Agenda Item 5.2

The report was taken as read. The Asset Management Team Leader, Waters, provided an overview of the report. He identified that staff are addressing the question of disruptive technology and he is proposing to run a number of workshops in the near future.

Issues discussed included;

- Internet
- aging population
- changing demographics
- Broadband rollout
- Education
- Asset Management Plans – redundant/stranded assets

A request was made that an update be provided quarterly.

**Resolved: (Crs Sedgwick/Main)**

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

**CARRIED on the voices**

**A&R1703/04/2**

Conflicts of Interest  
Agenda Item 5.3

It was agreed to circulate the report attachment to the Councillors as a reminder of best practice in respect of conflicts of interest.

**Resolved: (Crs Sedgwick/Gibb)**

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

**CARRIED on the voices**

**A&R1703/04/3**

Update on Process Audit and Quality Improvement  
Agenda Item 5.4

The report was taken as read. The Continuous Improvement Analyst spoke of where the focus had been, and with the new risk process the changes that will be made. Staff turnover is a challenge. The continual refreshing and retraining of staff as internal auditors is being carried out.

The General Manager Strategy & Support advised that Council is starting to be recognised as a leader from a risk management perspective and can be proud of the good work being done. The Chair endorsed this comment recognising the milestones having been made.

The Chair was pleased to see a reduction in draft processes. She advised that the new Drug & Alcohol Policy should apply to everyone in the organisation including Councillors as this represented best practice.

**Resolved: (Crs Bech/Gibb)**

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

**CARRIED on the voices**

**A&R1703/04/4**

Drinking Water  
Agenda Item 5.5

The report was taken as read. The Compliance Income Team Leader advised of the journey from not meeting drinking water standards in 2013 to now managing to improve the position in terms of compliance and moving into the future where there is nothing stopping Council having a fully compliant network.

Issues discussed included:

- water treatment stations in the district and mechanisms
- inclusion of Ngaruawahia in the LTP
- mobile UVs
- working with the public health sector on tanker operators for tank supply
- the development of a back flow policy

It was noted that the risk had reduced significantly with work programmes Council had recently completed around the plants. It was also noted that the recent weather bomb had little impact on water treatment plants in the district.

The Chair requested that the report on Havelock North be provided to the committee once received by Council.

**Resolved: (Crs Sedgwick/Main)**

**THAT the report of the General Manager Service Delivery be received.**

**CARRIED on the voices**

**A&R1703/04/5**

Zero Harm Update  
Agenda Item 6.1

The report was taken as read. The Zero Harm Manager spoke of key highlights:

- the introduction of the Safety Manager Bware reporting system and training
- drug and alcohol tests being implemented on 1 April 2017
- workshops with community committees and community boards have been held on zero harm processes, new legislation and due diligence
- driving cars is the greatest risk and was encouraging to report the statistics on speeding have decreased since the last reporting period. Safety conversations have been held with suppliers who collect vehicles for servicing around excessive speeds. Driver training is offered to staff.

The Zero Harm Manager outlined the considerations in relation to the role of the Executive Leadership Team and Councillors as officers.

The Chief Executive spoke of a health and safety leadership survey report provided by Deloitte and are about to hold a mock trial in relation to health & safety legislation for people leaders.

**Resolved: (Crs Bech/Gibb)**

**THAT the report from the Chief Executive be received.**

**CARRIED on the voices**

**A&R1703/04/6**

Update on Progress Against Audit Issues  
Agenda Item 6.2

The report was taken as read. The General Manager Strategy & Support provided a brief overview and advised that a framework was now in place to focus on actions and priorities across the organisation. He considered the team across the organisation was working together as a group and was collectively getting buy-in and heading in the right direction.

Issues discussed included:

- number of audit issues
- segregation of duties
- IT policy reviews
- delegation levels
- random audits
- fraud risk workshops

- preferred suppliers

The Chair highlighted the number of actions and demonstrates the need to focus on priorities, and the importance of what will add value. She also noted the progress being made.

**Resolved: (Crs Sedgwick/Gibb)**

**THAT the report of the General Manager Service Delivery be received.**

**CARRIED on the voices**

**A&R1703/04/7**

Annual Report 2016/2017

Agenda Item 6.3

The report was taken as read. The Corporate Planner spoke of the high level time frames for the annual report confirming that the final audit is scheduled for the end of August. It will be presented to the committee in September for support and final adoption by Council in October.

The Director Audit New Zealand brought to the attention of the members the areas of audit focus as identified in the report. These included the impact of growth on infrastructure, staff, resource consents, development contributions and waters impact on performance.

The committee confirmed that there were no other areas of focus to be included within the scope of the 2016/17 audit plan.

In response to a question from the Chair, staff confirmed that the timetable for the Annual Report 2016/17 should be achieved.

**Resolved: (Crs Gibb/Bech)**

**THAT the report from the General Manager Service Delivery be received.**

**CARRIED on the voices**

**A&R1703/04/8**

Strategic Risk Update

Agenda Item 6.4

The report was taken as read. The Project Management Advisor highlighted the large amount of work carried out in this area and identified treatments that need to be put in place from an operational level. There has been a high level of progress since the last committee meeting. The strategic risk register will now be presented to Council. KPMG has been engaged to assist with the risk appetite review.

Issues discussed included:

- changes in ranking

- risk appetite
- Council committees
- risk mitigation
- cyber security
- Council partnerships review mechanism
- Principals Group
- review of service providers

**Resolved: (Crs Bech/Gibb)**

**THAT the report from the General Manager Strategy & Support be received;**

**AND THAT the Audit & Risk Committee approves the provision of the updated Strategic Risk Register to Council.**

**CARRIED on the voices**

**A&R1703/04/9**

Cr Sedgwick retired from the meeting at 3.00pm following discussion and voting on the above item.

Organisational Risk Direction  
Agenda Item 6.5

The report was taken as read. The Project Management Advisor provided an overview.

Issues discussed were:

- activity management plans
- risk management
- reporting to Executive Leadership Group
- workshops and training
- high level of support

It was agreed progress had been made in this area.

**Resolved: (Crs Gibb/Bech)**

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

**CARRIED on the voices**

**A&R1703/04/10**

Updated Future Work Plan  
Agenda Item 6.6

**Resolved: (Crs Main/Gibb)**

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

**CARRIED on the voices**

**A&R1703/04/1**

**EXCLUSION OF THE PUBLIC**

Agenda Item 7

**Resolved: (Crs Bech/Gibb)**

**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:**

- a. **Confirmation of Minutes dated 19 December 2016**

**REPORTS**

- a. **Risk Assessment of Council Controlled Organisations' Draft Statements of Intent**

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

**Section 7(2)(b)(i)**

**Section 48(1)(3)(d)**

- b. **Register of Interest**

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



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

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

**c. Fraud Declaration**

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

**Section 7(2)(a)**

**Section 48(1)(a)(d)**

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

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

**Section 48(1)(a)(d)**

**AND FURTHER THAT** representatives of Audit New Zealand remain in the meeting after the public has been excluded to facilitate the discussion on item 3.4 [*Committee Time with Audit NZ*] in the public excluded section of the meeting.

**CARRIED on the voices**

**A&R1703/05**

*Resolutions A&R1703/06 – A&R1703/08 are contained in the public excluded section of these minutes.*

Having concluded the public excluded meeting, the following item was released into open meeting:

**REPORTS (CONTINUED)**

**Risk Assessment of Council Controlled Organisations' Draft Statements of Intent**  
**Agenda Item PEX 3.1**

It was resolved [*Res No A&R1703/07/1*] 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/Main)*

*THAT the report form the General Manager Strategy & Support be received;*

*AND THAT any Audit & Risk Committee feedback be incorporated in Council's response to the draft Statement of Intents for Council Controlled Organisations;*

*AND FURTHER THAT the recommendation be released into open meeting but the report remain confidential and unavailable to the public.*

*CARRIED on the voices*

*A&R1703/07/1'*

There being no further business the meeting was declared closed at 3.52pm.

Minutes approved and confirmed this                      day of                      2017.

Margaret Devlin  
**CHAIRPERSON**