
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 5 JULY 2017** commencing at **9.10am**.

Present:

Ms M Devlin (Chairperson)
Cr AD Bech
Cr DW Fulton (Acting for His Worship the Mayor)
Cr JM Gibb
Cr BL Main
Cr JD Sedgwick

Attending:

Cr NMD Smith
Mr GJ Ion (Chief Executive)
Mr TG Whittaker (General Manager Strategy & Support)
Mr T Harty (General Manager Service Delivery)
Ms A Parquist (Acting General Manager Customer Delivery)
Mrs RJ Gray (Council Support Manager)
Ms A Diaz (Finance Manager)
Mrs K Jenkins (Project Management Advisor)
Ms M Russo (Corporate Planner)
Mr A Marais (GIS Team Leader)
Ms M Proctor (Audit Manager Audit New Zealand)
Mr L Pieterse (Director Audit New Zealand)
Ms M Baena-Escamilla (Continuous Improvement Analyst)
Mr K Lockley (Zero Harm Manager)
Mrs G Jones (Legal Counsel)
Mr S Pandey (Asset Management Team Leader, Waters)
Ms J Remihana (Programme Delivery Manager)
Mrs V Jenkins (HR Manager)
Mr K Pavlovich (Compliance and Income Team Leader)
Mr P Storey (Raglan Kopua Holiday Park Board Member)
Ms L Wilkins (Bizworx Consultancy Ltd)
Mr B MacLeod (Raglan Kopua Holiday Park Board Member)
Mr D Sutton (KPMG)
Mr B Nand (KPMG)

APOLOGIES AND LEAVE OF ABSENCE

Resolved: (Crs Sedgwick/Main)

THAT an apology be received from His Worship the Mayor, Mr Sanson.

CARRIED

A&R1707/01

CONFIRMATION OF STATUS OF AGENDA ITEMS

Resolved: (Crs Sedgwick/Gibb)

THAT the agenda for a meeting of the Audit & Risk Committee held on Wednesday 5 July 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 in accordance with Standing Order 9.4 the order of business be changed with agenda item 7, Exclusion of the Public being considered following agenda item 4 and agenda item 5.4 be considered when appropriate.

CARRIED

A&R1707/02

DISCLOSURES OF INTEREST

The Chair, Ms Devlin, advised members of the Committee that there were references to City Care in reports in the agenda. She declared an interest as a Director of City Care. It was also noted that there were no decisions required in respect of City Care.

Cr Gibb advised members of the Committee that she declared a non-financial conflict of interest in item PEX 2.4 [*Contract and Procurement Issues*].

CONFIRMATION OF MINUTES

Resolved: (Crs Bech/Main)

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

CARRIED

A&R1707/03

EXCLUSION OF THE PUBLIC

Agenda Item 7

Resolved: (Crs Gibb/Bech)

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 22 March 2017

REPORTS

a. Raglan Kopua Holiday Camp Park Internal Controls Review

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)

b. Professional Negligence and Weathertight Homes Claims – Six Month Report

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)(i)

c. Register of Members' Interests Elected Members & Senior Staff

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)(i)(ii)(h)(i)(j)

Section 48(1)(a)(d)

d. Contract and Procurement Issues

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)(ii)

Section 48(1)(d)

e. 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)

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

AND FURTHER THAT Mr Storey, Mr MacLeod and Ms Wilkins remain in the meeting after the public have been excluded for agenda item 2.1 [*Raglan Kopua Holiday Camp Park Internal Controls Review*] with speaking rights given to Mr Storey.

CARRIED

A&R1707/04

Resolutions A&R1707/05 – A&R1706/06 are contained in the public excluded section of these minutes.

Having resumed open meeting, the meeting adjourned at 11.15am and resumed at 11.31am.

REPORTS

Waikato District Council's Approach to the Impact of Disruptive Technology – Progress Report
Agenda Item 5.1

The report was received [*A&R1707/02 refers*].

The Asset Management Team Leader, Waters took the report as read and spoke of the workshops that had been held on disruptive technology.

Strategic Risk Update
Agenda Item 5.2

The report was received [*A&R1707/02 refers*].

The Project Management Advisor took the report as read and spoke of reviewing the inherent risk level for cyber security.

A request was made for the impact on Council reputation be considered as part of all the strategic risks.

Procurement and Contract Management Review
Agenda Item 5.3

The report was received [*A&R1707/02 refers*].

The Procurement Manager took the report as read and highlighted the following key issues:

- reviewed and reduced a lot of processes
- improved contract management and contract management systems
- workshops being held for training.

2016/17 Annual Report Risk Assessment
Agenda Item 5.5

The report was received [A&R1 707/02 refers].

The Finance Manager took the report as read and highlighted the following key issues:

- timing risk element for audit of Strada Corporation Limited
- timing of valuation report from the Valuers for parks and reserves assets – this may be delayed owing to health issues of the Valuer. There may be some slippage in our own internal timing but this should not affect the overall final audit process.

Audit Arrangement Letters
Agenda Item 5.6

Tabled:

Audit NZ's letter to His Worship the Mayor regarding the Proposal to conduct the audit of Waikato District Council on behalf of the Auditor-General for the 2017, 2018 and 2019 financial years

The report was received [A&R1 707/02 refers].

The Finance Manager took the report as read and discussion was held.

In response to a question raised, Mr Pieterse confirmed that in conjunction with Council staff, Audit NZ agreed to continue to explore options for further efficiencies. However, the fees proposed were a reasonable reflection of the work required.

WannaCry Cyber Threat Update
Agenda Item 5.4

The report was received [A&R1 707/02 refers].

The GIS Team Leader took the report as read and discussion was held on the following issues:

- prioritising of fire walls etc and communication with staff to be aware of incoming spikes
- patching programme implemented recently giving technical staff appropriate windows and timings to ensure work is carried out
- discussion has been held with security companies. It was agreed that penetration testing would be considered to provide greater insight into the integrity of the system.
- level of engagement with the external environment in which we operate in. Business continuity plan in place. Downer and City Care are aware of challenges and issues.
- risk register – residual risk for cyber security may need to increase to moderate rather than low.
- backup system in place and tests on recovery carried out.

Drinking Water
Agenda Item 5.7

The report was received [A&R1 707/02 refers].

The Compliance Income Team Leader took the report as read. The following issues were discussed:

- basic contingency plans
- emergency management process
- use of social media as part of emergency communications processes
- tracking of maintenance tasks for auditing
- gaps in processes and procedures
- DWA unit – staffing resource

It was noted that Water NZ had published a report, which had been passed on to our Councillors from the first stage of the Havelock North report.

Zero Harm Update
Agenda Item 6.1

The report was received [A&R1 707/02 refers].

The Zero Harm Manager took the report as read and highlighted the following key points:

- positive aspects of report in relation to council being fully subscribed to the Waikato Bay of Plenty LASS contractor prequalification schedule
- replacement of the ACC work practices safety programme that has been trialled under a star safety ranking system
- quarterly report required trends/improvements categorised
- recent staff survey shows increase in confidence in staff with zero harm and welfare and making this a high priority.

Update on Progress Against Audit issues
Agenda Item 6.2

The report was received [A&RI 707/02 refers].

The Corporate Planner took the report as read and highlighted the following key points:

- completed a further 19 issues from the last quarter
- significant progress has been made in the areas of risk management and project management
- progress in procurement and contract management work to move to completed.

Organisational Risk Direction
Agenda Item 6.3

The report was received [A&RI 707/02 refers] and discussion was held.

The Project Management Advisor took the report as read and highlighted the following key points:

- communication being carried out on TedEx Talks regarding risk, gap between tiers and the impact on the organisation
- conversations being held on treatments and risks that staff are responsible for.

The Chair acknowledged that embedding risk as part of day to day business, owned by the business.

Project Lessons Learnt Summary
Agenda Item 6.4

The report was received [A&RI 707/02 refers].

The Project Management Advisor took the report as read and provided a brief overview.

The Chair congratulated management on the report.

The Chair requested that future reports should include the following criteria:

- Delivery against the budget
- Timeline
- Objectives.

Update on Process Audit and Quality Improvement
Agenda Item 6.5

The report was received [A&R1707/02 refers] and discussion was held.

The Continuous Improvement Analyst took the report as read and provided a brief overview.

Updated Future Workplan
Agenda Item 6.6

The report was received [A&R1707/02 refers].

There being no further business the meeting was declared closed at 1.01pm.

Minutes approved and confirmed this day of 2017.

Margaret Devlin
CHAIRPERSON
Minutes/170705A&R