

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 **TUESDAY 31 OCTOBER 2017** commencing at **1.00pm**.

Present:

Ms M Devlin (Chairperson)
His Worship the Mayor, Mr AM Sanson *[from 1.02pm until 2.04pm]*
Cr AD Bech
Cr BL Main
Cr JD Sedgwick

Attending:

Cr D Fulton
Cr S Lynch
Cr L Thomson
Mr GJ Ion (Chief Executive)
Mr TG Whittaker (General Manager Strategy & Support)
Mr T Harty (General Manager Service Delivery)
Mrs RJ Gray (Council Support Manager)
Ms A Diaz (Finance Manager)
Mr C Clarke (Roading Manager)
Ms J Remihana (Programme Delivery Manager)
Mr K Pavlovich (Acting Waters Manager)
Ms A Hampton (Parks and Reserves Manager)
Mr R Java (Procurement Manager)
Mr K Abbott (Organisational Planning & Project Support Team Leader)
Mrs K Jenkins (Project Management Advisor)
Mr L Pieterse (Director Audit New Zealand)
Mr M Wilson (AON)
Ms D Macdonald (AON)
Mr D Sutton (KPMG)
Mr A Siew (KPMG)

APOLOGIES AND LEAVE OF ABSENCE

Resolved: (Crs Sedgwick/Main)

THAT an apology be received from Cr Gibb.

CARRIED

A&R1710/01

CONFIRMATION OF STATUS OF AGENDA ITEMS

Resolved: (Crs Sedgwick/Bech)

THAT the agenda for a meeting of the Audit & Risk Committee held on Tuesday

31 October 2017 be confirmed and all items therein be considered in open meeting with the exception of those items detailed at agenda item 6 which shall be discussed with the public excluded.

CARRIED

A&R1710/02

DISCLOSURES OF INTEREST

There were no disclosures of interest.

CONFIRMATION OF MINUTES

Resolved: (Crs Bech/Main)

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

CARRIED

A&R1710/03

His Worship the Mayor entered the meeting at 1.02pm following discussion and voting on the above item.

REPORTS

Insurance Renewal Process

Agenda Item 5.1

Tabled: Power Point Presentation from AON

The report was taken as read. The Finance Manager provided a brief overview of the report and introduced Mr Wilson from AON. The General Manager Strategy & Support spoke of the LASS agreement with other councils. Mr Wilson spoke to a power point presentation that included discussion and updates on the following issues:

- Market Update – Pricing is now at the bottom of the cycle with increases expected.
- Renewal Update Local Covers – Looking at about 20% increase in premium for motor rates, potential increase in liability premiums with defect issues, looking at other options such as excess levels
- Emerging Risks – Increase in claims from councils in relation to building defects, concerns with counterfeit materials. AON is working with the Senior Leadership

Team and other Waikato councils to keep abreast of issues, currently have cover for building defect issues, increase in premium up 20% from last year.

- Any other business
 - o new rates from 1 November – to ensure continuity of cover confirmation will be reported back to the General Manager Strategy & Support
 - o increase in premiums are market driven
 - o counterfeit materials – any discussion on these would be reported back to Council through the Audit & Risk committee from a risk perspective
 - o continuity of cover ensuring no gaps
 - o increase in excess – once the impact on premiums is known, further work will be carried out on the option to increase the excess levels. The impact of potential increases in excess levels on community facilities will be taken into account as part of this work.

The Chair summarised as follows:

- the insurance would be renewed on the increased premiums
- a schedule of the current and new premiums to be circulated to the Committee
- review of the excess levels as part of an overall review of cost management. The impact of any increases in the excess levels on community facilities to be taken into account as part of this review.

Resolved: (Crs Sedgwick/Main)

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

CARRIED

A&R1710/04

Risk Appetite
Agenda Item 5.2

The report was taken as read and the Project Management Advisor explained the work carried out to develop risk maturity.

Mr Sutton led the discussion on the process of the draft content of the risk appetite statement and highlighted the following:

- low appetite for risk, best practice in health and safety compliance, procurement areas
- high risk appetite taking more opportunities, being agile, moving forward, getting a balance

- risk appetite should support the strategies, judgement, professionalism, and guidance

Discussion was held on the following:

- setting of risks for areas
- clarification of risk appetites and confirming the assessed and non-assessed risks. Levels of comfort and judgement required.

Following discussion, it was agreed to workshop this item with all Councillors and staff involved to reach an agreed position on the risk areas. It was agreed there was support within the Committee for the principles and concepts in the report. It was also agreed that the risk appetite and agreement is important to move the business forward, making sure the importance is not lost through rushing discussion and to give everyone the opportunity to provide input. The Chair noted that this was an excellent piece of work to build on.

Resolved: (Crs Bech/Sedgwick)

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

AND THAT a workshop be organised on the risk appetite for Council with time allocated for this issue prior to the next meeting in December 2017 and that the Councillors agree what the risk appetite is for the Council.

CARRIED

A&R1710/05

EXCLUSION OF THE PUBLIC

Agenda Item 6

Resolved: (Crs Bech/Main)

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 22 September 2017**

REPORTS

- 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 (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.

CARRIED

A&R1710/06

Resolutions A&R1710/7 – A&R1710/9 are contained in the public excluded section of these minutes.

Having resumed open meeting and there being no further business the meeting was declared closed at 2.29pm.

Minutes approved and confirmed this day of 2017.

Margaret Devlin
CHAIRPERSON