

**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 **TUESDAY 12 JUNE 2018** commencing at **9.02am**.

**Present:**

Ms M Devlin (Chairperson)  
His Worship the Mayor Mr AM Sanson [*from 9.05am until 10.30am*]  
Cr AD Bech  
Cr JD Sedgwick

**Attending:**

Cr S Lynch  
Mr GJ Ion (Chief Executive)  
Mr TG Whittaker (General Manager Strategy & Support)  
Mrs S O’Gorman (General Manager Customer Support)  
Mrs LM Wainwright (Committee Secretary)  
Ms AM d’Aubert (Consents Manager)  
Mr S Thompson (Financial Operations Team Leader)  
Ms A Diaz (Finance Manager)  
Mrs L Shirley (Zero Harm Manager)  
Mrs V Jenkins (Human Resources Manager)  
Ms M May (Animal Control Team Leader)  
Mr R MacCulloch (Regulatory Manager)  
Mr W Gauntlett (Consents Technical Team Leader)  
Ms S Quinn (Acting Procurement Manager)  
Ms M Baena-Escamilla (Continuous Improvement Analyst)  
Ms M Russo (Corporate Planner)  
Mr K Abbott (Organisational Planning & Project Support Manager)  
Mr L Pieterse (Director Audit New Zealand)

**APOLOGIES AND LEAVE OF ABSENCE**

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

**THAT an apology be received from Cr Gibb and Cr Main.**

**CARRIED on the voices**

**A&R1806/01**

Mr Pieterse advised the Committee that he needed to leave at 11.30am. He also advised that Committee Time with Audit New Zealand would not be required.

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

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

**THAT the agenda for a meeting of the Audit & Risk Committee held on Tuesday 12 June 2018 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**AND FURTHER THAT the Committee resolves that the following item be withdrawn from the agenda:**

- **Item No. PEX 2.7 – Committee Time with Audit New Zealand.**

**CARRIED on the voices**

**A&R1806/02**

## **DISCLOSURES OF INTEREST**

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

## **CONFIRMATION OF MINUTES**

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

**THAT the minutes of a meeting of the Audit & Risk Committee held on Thursday 29 March 2018 be confirmed as a true and correct record of that meeting.**

**CARRIED on the voices**

**A&R1806/03**

## **REPORTS**

**Update on Project Brief for Natural Hazards - RMA Changes 2017**

Agenda Item 5.1

The report was received [*A&R1806/02 refers*] and discussion was held.

The report was taken as read and the Consents Manager highlighted the following points:

- Meeting held between Waikato District Council and Hamilton City Council. Waikato Regional Council was not present. Hamilton City Council have a better understanding of the work involved and are now happy with the process and are more confident to proceed. Waikato Regional Council are interested in being “around the table” but not necessarily involved. The Consents Manager to contact Hauraki, Waipa and Otorohanga Councils to get an indication as to whether they wish to be involved in the process. Areas of expertise will need to be brought in. Cr Sedgwick to provide suggestions to the Consents Manager.

- The Committee confirmed that they were satisfied with the progress being made in this area.

His Worship the Mayor entered the meeting at 9.05am during discussion on the above item.

#### Tax Risk Management Update

##### Agenda Item 5.2

The report was received [A&R/806/02 refers] and discussion was held.

The report was taken as read and the Financial Operations Team Leader highlighted the following points:

- Compliance with holiday pay legislation. We are engaged with PwC to assess the likely exposure.
- The Finance Manager advised that legal advice is being sought on higher duties and accommodation allowances. Datacom has provided assurance in respect of compliance with the holiday pay legislation. Assurance from Datacom has been through email conversations. The Committee requested more formal assurance.

#### MyTax Strategy Review

##### Agenda Item 5.3

The report was received [A&R/806/02 refers] and discussion was held.

The report was taken as read and the Financial Operations Team Leader highlighted the following points:

- Rolling reviews with PwC. Key processes to be put into Promapp. It was noted in the report – that business and tax assessment KPI's should be developed. Clarification is required from PwC as to the purpose and benefits of such KPIs. Overall a positive commentary from PwC received. The Committee supported the recommendation that the model is revisited in 3 to 4 years.

#### Final Risk Appetite Statement

##### Agenda Item 5.4

The report was received [A&R/806/02 refers] and discussion was held.

The report was taken as read and the Manager Strategy & Support advised that all councillors have now received the Risk Appetite Statement.

The Committee requested that the commentary in respect of Fraud and Zero Harm be changed to reflect the stated position of zero risk appetite for either of these risks.

## Fraud Prevention Policy Review

### Agenda Item 5.5

The report was received [A&R1806/02 refers] and discussion was held.

The report was taken as read and the Finance Manager highlighted the following points:

- The policy is due for review in June but is still relevant at this stage and is accurate in terms of what is being done. Cr Sedgwick asked for clarification on whether personal devices could be included under a fraud investigation? At this stage they do not. Does this need to be captured? Suggestion that employment contracts may be the place to capture this. The General Manager Strategy & Support will investigate this further.
- Audit NZ felt the policy had covered most areas and that personal devices must be covered. IM policy is in place for this eg. working from home but it is taken on a case by case basis and access is via citrix. Personal devices – ensure our policy is robust and understand that people do work from home and how we are mitigating risk. Policy will be reviewed by P&R – extend policy temporarily until it has been reviewed. Seek understanding from IM as to controls over our system.

## 2017/18 Annual Report Risk Assessment

### Agenda Item 5.6

The report was received [A&R1806/02 refers] and discussion was held.

The report was taken as read and the Finance Manager highlighted the following points:

- Biggest concern around the annual report is the continuity of staffing eg. Service Delivery. A risk area is the loss of institutional knowledge. Sensitive expenditure will be looked at by Audit NZ. Historical processes may need to be looked at.
- Strada is moving in the right direction however slower than Council would like. Further work is required on the financial statements for the period 31 March 2018. The first payment has been received in respect of the quarry transaction. Mr Dallas Fisher resigned from Strada on 31<sup>st</sup> May and Gavin Ion has now been appointed by Council. The General Manager Strategy & Support will follow up with Audit NZ as to whether or not an audit is required for Strada.

## Risk and Assurance Forum

### Agenda Item 5.7

The report was received [A&R1806/02 refers] and discussion was held.

The report was taken as read and the General Manager Strategy & Support highlighted the following points:

- Discussions on what other Audit & Risk committees are doing.
- Training and Development – this will be discussed further at the September committee meeting.

## Waikato District Council Zero Harm Safety Management System

### Agenda Item 6.1

The report was received [A&R1806/02 refers] and discussion was held.

The report was taken as read and the Zero Harm Manager highlighted the following points:

- Good level of progress is being made. A request has been made for another resource – 6 month administrator required.
- Work is being carried out on risk management processes.
- Access to apps to log safety conversations, near misses etc. is now available and resources from other councils and organisations is being looked at eg. farming sector.
- Identified risk eg. asbestos which is tracking well. Asbestos – we have 300 buildings we are responsible for and we have a plan in place. When we do work on our buildings an inspection will take place at that time.
- Developed bowtie controls.
- Benchmarks – what is an appropriate benchmark for this organisation? How do we measure up against other councils? The Zero Harm Manager meets with a H&S forum and they are starting to work on this. Business Leaders Forum is developing benchmarking with Worksafe.
- Committee members were asked to provide feedback following their visit to the Dog Pound later today.

## Strategic Risk Deep Dive: People & Culture

### Agenda Item 6.2

The report was received [A&R1806/02 refers] and discussion was held.

The General Manager Strategy & Support advised that the A&R Committee oversees progress and mitigation of the agreed 12 key strategic risks. One of the learnings from the Risk and Assurance Forum was greater focus on the strategic risks. The Committee supported this approach and requested the General Manager Strategy & Support develop a work programme around this. It was emphasised that the Deep Dive should provide insights into the risks and mitigations and hence the agenda timing should facilitate this.

The report was taken as read and the Human Resources Manager highlighted the following points:

- The staff survey has been launched and the results will be available in 3 weeks. These results are shared with the whole organisation and the Chief Executive shares the results with council. An area of concern with Cr Sedgwick is that “people don’t want to work at council”. Current work is being done on lifting the Waikato District Council profile.
- Cr Bech advised that we have a problem with attrition and retention of staff – something is broken. Residual risk assessment is 9 – is this an accurate assessment of the risk? The Chief Executive advised that council have invested in leadership. It was agreed that the residual risk assessment would be reviewed following the completion of the survey.

The meeting adjourned at 10.30am and resumed at 10.48am.

His Worship the Mayor retired from the meeting at 10.30am following discussion on the above item.

### Risk Conversations

#### Agenda Item 6.3

The report was received [A&R1806/02 refers] and discussion was held.

The report was taken as read and the General Manager Strategy & Support highlighted the following points:

- This item gives the committee an opportunity to meet and hear from staff who are dealing with risk each day and to discuss the appropriate controls that are in place and any issues that need to be addressed.

The Animal Control Team Leader and the Regulatory Manager highlighted the following points:

- Animal control is a high risk area of council. Critical items now have a hazard register and controls are in place. There is “always risk”. The document in the agenda is the first attempt with more work to be done on it. The document needs to be kept alive and the first item on the team’s weekly agenda is zero harm. The Animal Control Team Leader has fortnightly meetings with the Animal Control team asking the same zero harm question. The Regulatory Manager is comfortable with the training, procedures and equipment provided to staff.
- One staff member at the pound on their own is a huge risk. The committee will visit the pound this afternoon and view measures that have been put in place. Harm register eg. noise – staff to wear earmuffs and hearing checks are ongoing.
- Storage of firearms – when a firearm is in vehicle, there is significant risk of it being snatched. Officers cannot leave the vehicle if there is a firearm inside. The vehicle also must be locked. Vehicle windows are tinted. Firearms must be in a bag and ammunition in a separate safe. Firearms are never loaded during transportation.

### Incident Management Debrief: Huntly East Mines

#### Agenda Item 6.4

The report was received [A&R1806/02 refers] and discussion was held.

The report was taken as read and the Consents Technical Team Leader highlighted the following points:

- This is a great scenario to use for the IMT process. It was identified that the team needs to be pulled together earlier. Work is needed to better understand risk.
- Who has the responsibility for development of this land?

- If we are granting consents we must be cautious. Hazard notices will be put on building consents. Are appropriate mitigations in place? There must be clear messaging on our website. The Organisational Planning & Project Support Manager and Customer Support Manager are working on Plan B as a civil defence agency and council.

#### Update on Process, Audit and Quality Improvement

##### Agenda Item 6.5

The report was received [A&R/806/02 refers] and discussion was held.

The report was taken as read and the Continuous Improvement Analyst highlighted the following points:

- Non conformance need to be addressed.
- People are starting to take more responsibility for their processes.

#### Update on Progress against Audit Issues – June 2017

##### Agenda Item 6.6

The report was received [A&R/806/02 refers] and discussion was held.

The report was taken as read and the Corporate Planner highlighted the following point:

- There are 20 outstanding issues that need to be addressed.

The results are a significant improvement from the previous report and the team was congratulated.

#### Updated Future Workplan

##### Agenda Item 6.7

The report was received [A&R/806/02 refers] and discussion was held.

The report was taken as read and the General Manager Strategy & Support highlighted the following points:

- Deep dive – did this hit the mark with the committee? A suggestion that maybe we refocus the meeting to accommodate this. Councillors need to do more site visits as Cr Sedgwick does not feel that Council are meeting requirements.

## **EXCLUSION OF THE PUBLIC**

Agenda Item 7

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

**THAT** the report from 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 Thursday 29 March 2018**

### **REPORTS**

#### **a. Contract Spend 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:

<b>Reason for passing this resolution to withhold exists under:</b>	<b>Ground(s) under section 48(1) for the passing of this resolution is:</b>
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**Section 7(2)(b)(ii)(i)**

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

#### **b. Procurement Manager 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:

<b>Reason for passing this resolution to withhold exists under:</b>	<b>Ground(s) under section 48(1) for the passing of this resolution is:</b>
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**Section 7(2)(b)(ii)(i)**

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



**c. Raglan Kopua Holiday Park Internal Controls Review Update**

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)(a)**

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

**d. Fraud and Corruption Risk Management Update**

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)(b)(ii)(i)**

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

**f. Register of Members' Interest – Elected Members and 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 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)

**g. 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), remain in the meeting after the public has been excluded to chair the discussion on items in PEX 7 [Public Excluded items] in the public excluded section of the meeting.**

**CARRIED on the voices**

**A&R1806/04**

*Resolutions A&R1806/05 - A&R1806/07 are contained in the public excluded section of these minutes.*

There being no further business the meeting was declared closed at 12.11pm

Minutes approved and confirmed this    day of    2018.

Margaret Devlin  
**CHAIRPERSON**