

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 **MONDAY 17 SEPTEMBER 2018** commencing at **9.01am**.

Present:

Ms M Devlin (Chairperson)
Cr AD Bech
Cr JM Gibb
Cr BL Main
Cr JD Sedgwick

Attending:

Cr SD Lynch
Mr GJ Ion (Chief Executive)
Mr TG Whittaker (Chief Operating Officer)
Mrs S O’Gorman (General Manager Customer Delivery)
Mrs RJ Gray (Council Support Manager)
Ms A Diaz (Finance Manager)
Mr K Abbott (Organisational Planning & Project Support Manager)
Mrs K Jenkins (Project Management Advisor)
Ms M Russo (Acting Corporate Planning Team Leader)
Mr L Pieterse (Director Audit New Zealand)
Mrs L Shirley (Zero Harm Manager)
Mr M Ali (KPMG)
Mr A Siew (KPMG)
Mr T Pipe (Regulatory Manager)
Mr C Birkett (Monitoring Tam Leader)
Ms S Quinn (Acting Procurement Manager)

APOLOGIES AND LEAVE OF ABSENCE

Resolved: (Crs Main/Sedgwick)

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

CARRIED on the voices

A&R1809/01

It was noted that Ms Proctor, (Audit Manager Audit New Zealand) was unable to attend this meeting.

CONFIRMATION OF STATUS OF AGENDA ITEMS

Resolved: (Crs Gibb/Main)

THAT the agenda for a meeting of the Audit & Risk Committee held on Monday 17 September 2018 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;

AND THAT all reports be received;

AND FURTHER THAT the committee resolves that the following item be added to the public excluded agenda and considered as appropriate during the course of the meeting:

- **Staff Survey;**

AND FURTHER THAT in accordance with Standing Order 9.4 the order of business be changed with agenda item 5.3.1 [*Waikato District Council Zero Harm Safety Management System*] to be considered following agenda item 5.1.4 [*Zero Harm Strategic Risk Deep Dive Report*] and agenda item 5.2.1 [*Draft 2017/2018 Annual Report*] be considered following agenda item 5.2.2. [*2017/2018 Annual Report Audit*].

CARRIED on the voices

A&R1809/02

DISCLOSURES OF INTEREST

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

CONFIRMATION OF MINUTES

Resolved: (Crs Bech/Sedgwick)

THAT the minutes of a meeting of the Audit & Risk Committee held on Tuesday 12 June 2018 be confirmed as a true and correct record of that meeting

CARRIED on the voices

A&R1809/03

REPORTS

Strategic Risk Register September 2018

Agenda Item 5.1.1

The report was taken as read [A&R1809/02 refers].

It was agreed a report will be provided to the December 2018 meeting with an update against the Gearing for Growth and Greatness Plan. The report will include a review of the current risk status against the Council's risk appetite.

It was also agreed that an update on the Corporate Plan would be provided at the December 2018 committee meeting.

Mitigations are currently being reviewed with the Chief Operating Officer.

Resolved: (Crs Gibb/Bech)

THAT the Audit & Risk Committee approves the inclusion of the following risk to the Strategic Register: District Growth - Waikato District experiences significant business and community disruption due to district growth exceeding planned growth forecasts.

CARRIED

A&R1809/04

Risk Framework September 2018

Agenda Item 5.1.2

The report was taken as read [A&R1809/02 refers]. In speaking to the report the Project Management Advisor provided an overview on the calculating risk scores tables, technical aspects, political and environmental portfolios.

Emerging Risks

Agenda Item 5.1.3

The report was taken as read [A&R1809/02 refers]. In speaking to the report, the Project Management Advisor provided a brief overview and agreed to include the Regional Council initiative on healthy rivers. The issue of social/more affordable housing was raised in the context of the growth agenda and potential social issues including neglect.

Zero Harm Strategic Risk Deep Dive Report

Agenda Item 5.1.4

The report was taken as read, [A&R1809/02 refers], and in speaking to the report, the Zero Harm Manager highlighted the following points indicating this is the first of this type of report for this meeting:

- a change of focus is required with a greater level of detail and understanding of the causes, threats of the risk manifesting and how other risks are treated, ensuring

treatments in place are the right treatments for risk. A more methodical process will be workshopped with the Councillors on mitigations with greater focus around critical risks.

- agreed to include harassment and bullying in the development of the Bowties.
- the Zero Harm team shares bulletins, zero harm moments etc with staff and the safety action team includes representatives across Council. Success is recognised and celebrated across the organisation.
- agreed to capture issues raised by staff with the safety action team to show trends.

Waikato District Council Zero Harm Safety Management System Agenda Item 5.3.1

The report was taken as read, [A&R1809/02 refers], and in speaking to the report, the Zero Harm Manager highlighted the following points:

- safety engagement conversation data.
- agreed to look at critical risk, and if the risk can be eliminated.

Risk Conversations - Monitoring Agenda Item 5.1.5

The report was taken as read, [A&R1809/02 refers], and the Monitoring Team Leader and Regulatory Manager were in attendance to provide an overview of the hazards and risks identified, legislation requirements, and answered questions of the committee.

2017/2018 Annual Report Audit Agenda Item 5.2.2

The report was taken as read, [A&R1809/02 refers], and in speaking to the report, the Finance Manager highlighted the following points:

- roading valuation issue.
- lease receivables note 6, added to a statement schedule.
- risk review not adjusted because of a timing issue around business as usual and change of approach in the sector.
- Holiday Pay Act liability – higher duties allowance.

The Chief Executive agreed to discuss a potential joint regional response to the Holiday Act consultation, which would be coordinated by LASS.

Draft 2017/2018 Annual Report
Agenda Item 5.2.1

Tabled: Financial Statements

The report was taken as read, [A&R1809/02 refers], and in speaking to the report, the Finance Manager noted that the draft financials are still a work in progress.

Observations from a risk perspective were raised as follows:

- reputational risk.
- rates remissions detail analysis trend.
- cattle – financial and reputational risk.
- wastewater supply – impact on depreciation.
- landfill aftercare costs.
- property plant maintenance – roading.
- vested and finding assets.

It was agreed that an update will be provided to the December 2018 meeting.

Audit & Risk Committee Key Achievements
Agenda Item 5.2.3

The report was taken as read [A&R1809/02 refers].

Insurance Renewal Process 2018
Agenda Item 5.2.4

The report was taken as read, [A&R1809/02 refers], and in speaking to the report, the Chief Operating Officer highlighted the following points:

- increase in premiums.
- new area of liability could impact on Councils with whole building counterfeit sign offs becoming an emerging trend. The General Manager Customer Delivery agreed to review and ensure the correct processes are in place around certification.
- to investigate what level of due diligence can be done and what does it mean for the risk profile.

Update on Process, Audit and Quality Improvement
Agenda Item 5.3.2

The report was taken as read [A&R1809/02 refers]. A request was made by the Committee to include the Sexual Harassment Policy in the Harassment and Bullying Policy and be considered as a priority policy.

Update on Progress Against Audit Issues – September 2018
Agenda Item 5.3.3

The report was taken as read [A&R1809/02 refers].

Audit & Risk Committee Annual Self Review
Agenda Item 5.3.4

The report was taken as read, [A&R1809/02 refers], and in speaking to the report, the Committee Chair provided feedback from the self-review questionnaire highlighting the following key themes:

- how can we be more proactive, not being in receive mode.
- using external advisors.
- focus for 2018/19 procurement contract.
- Consultants versus employees.
- Health and Safety.
- Staff turnover.
- Internal accountability.
- Timelines.
- Exit interviews and learnings.

Updated Future Work plan

Agenda Item 5.3.5

The report was taken as read [A&R1809/02 refers]. Risk appetite is to be the priority review at the December 2018 meeting.

EXCLUSION OF THE PUBLIC

Agenda Item 6

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:

Confirmation of Minutes dated Tuesday 12 June 2018

