

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 **WEDNESDAY 12 DECEMBER 2018** commencing at **9.02am**.

Present:

Ms M Devlin (Chairperson) *[until 11.32am and from 11.50am]*
His Worship the Mayor Mr AM Sanson
Cr AD Bech
Cr JM Gibb
Cr JD Sedgwick *[until 11.32am and from 11.42am]*

Attending:

Cr S Lynch
Cr N Smith
Mr GJ Ion (Chief Executive)
Mrs S O’Gorman (General Manager Customer Support)
Mrs LM Wainwright (Committee Secretary)
Ms A Diaz (Chief Financial Officer)
Mr M Willcock (Chief Information Officer)
Mr K Abbott (Organisational Planning & Project Support Manager)
Mr M Balloch (Building Quality Manager)
Mr K Pavlovich (Waters Manager)
Mrs K Jenkins (Project Management Advisor)
Ms M Russo (Acting Corporate Planning Team Leader)
Mrs M Baena-Escamilla (Continuous Improvement Analyst)
Mr L Pieterse (Director Audit New Zealand)
Mrs L Shirley (Zero Harm Manager)
Mr D Sutton (KPMG)
Mr A Siew (KPMG)

APOLOGIES AND LEAVE OF ABSENCE

Resolved: (His Worship the Mayor/Cr Sedgwick)

THAT an apology be received from Cr Main.

CARRIED on the voices

A&R1812/01

CONFIRMATION OF STATUS OF AGENDA ITEMS

Resolved: (His Worship the Mayor/Cr Gibb)

THAT the agenda for a meeting of the Audit & Risk Committee held on Wednesday 12 December 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.

CARRIED on the voices

A&R1812/02

DISCLOSURES OF INTEREST

The Chair, Ms Devlin, advised members of the Committee that a Watercare item was on the agenda. She had not received the papers in respect of this item and would vacate the Chair and leave the meeting when this item was discussed.

Cr Gibb advised members of the Committee that she would declare a non financial conflict of interest in item 5.1.3 [*Emerging Risks December 2018 – District Plan portion*].

Cr Sedgwick advised members of the Committee that she would declare a non financial conflict of interest in item 5.1.3 [*Emerging Risks December 2018 – District Plan portion*].

CONFIRMATION OF MINUTES

Resolved: (Crs Gibb/Bech)

THAT the minutes of a meeting of the Audit & Risk Committee held on Monday 17 September 2018 be confirmed as a true and correct record of that meeting.

CARRIED on the voices

A&R1812/03

REPORTS

Strategic Risk Register
Agenda Item 5.1.1

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

- Economic Development Strategy overdue. A report will come back to the March Audit and Risk Committee meeting which will update the mitigations and current level of activity in managing this risk.
- Focus is needed in the right areas to ensure delivery rather than a “scatter gun” approach. The Committee requested that the areas of key influences need to be identified.

Resolved: (Crs Bech/Sedgwick)

THAT the Audit & Risk Committee approves the proposed changes to the Strategic Register.

CARRIED on the voices

A&R1812/04

Risk Framework
Agenda Item 5.1.2

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

- Review has been carried out with the Executive Team.
- Questions as to whether the balance is right. Monthly meetings held with Executive Team which reviews this issue.
- How to deliver the risk message and culture within the change process.
- Creating a safe environment for discussions and taking appropriate risks is being encouraged.

Resolved: (Crs Sedgwick/Gibb)

THAT the report from the Chief Operating Officer be received.

CARRIED on the voices

A&R1812/05

Emerging Risks
Agenda Item 5.1.3

Cr Gibb declared a conflict of interest, withdrew from the table and did not speak to, or vote on this item.

Cr Sedgwick declared a conflict of interest, withdrew from the table and did not speak to, or vote on this item.

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

- Coverage of emerging and current risks is well reported.
- Further discussion is required in 2019 re: Healthy Rivers – deep dive on this issue.
- Worksafe now also looking at Wellbeing.
- Staff working from home – is this risk fully understood?

Resolved: (His Worship the Mayor/Cr Bech)

THAT the report from the Chief Operating Officer be received.

CARRIED on the voices

A&R1812/06

Risk Appetite Review

Agenda Item 5.1.4

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

- Living, thriving, connected communities to be incorporated into the risk appetite statement.
- Transparency and awareness is lifting in the organisation.
- Council has processes in place to help identify, discourage and minimise risk of fraud.
- Importance of a consistent message.

Resolved: (His Worship the Mayor/Cr Gibb)

THAT the report from the Chief Operating Officer be received;

AND THAT the Audit & Risk Committee notes the proposed changes to the Organisational Risk Appetite Statements and the final document be distributed to Councillors before the March meeting.

CARRIED on the voices

A&R1812/07

Risk Conversations

Agenda Item 5.1.5

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

- Is there a risk of Councillors logging into home computers to change passwords? The citrix server mitigates this risk.
- Risk of mobility being reviewed. Upgrade of firewall and VPN to enable staff to utilise laptops and work from home. The Chief Information Officer considers appropriate controls are in place and KPMG is comfortable with this.

Resolved: (Crs Sedgwick/Bech)

THAT the report from the Chief Operating Officer be received.

CARRIED on the voices

A&R1812/08

Insurance Renewal 2018

Agenda Item 5.3.1

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

- Insurance premium increases. It was noted that this was replicated throughout the country.
- Cyber insurance is in place – report from Aon to be received in due course.

Resolved: (Crs Gibb/Bech)

THAT the report from the Chief Operating Officer be received.

CARRIED on the voices

A&R1812/09

Final Management Report for Year Ended 30 June 2018

Agenda Item 5.3.2

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

- Audit New Zealand Management Report to Council is the final version not draft as shown. The final report is to be emailed to Committee members.
- 4 new issues have been raised in the final audit.
- Audit NZ advised there were no key issues in respect of the final Management Report.

Resolved: (Crs Bech/Gibb)

THAT the report from the General Manager Community Growth be received.

CARRIED on the voices

A&R1812/10

Update on Process, Audit and Quality Improvement

Agenda Item 5.3.3

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

- 8 non compliances identified – what does it do to the risk profile?
- Staff policies are for staff only not elected members.

Resolved: (Crs Sedgwick/Bech)

THAT the report from the Chief Operating Officer be received.

CARRIED on the voices

A&R1812/11

Update on Progress against Audit Issues

Agenda Item 5.3.4

The report was taken as read.

The CEO advised that the remaining 10 outstanding issues were proving difficult to address. This is being discussed with the SLT.

Resolved: (Crs Sedgwick/Bech)

THAT the report from the General Manager Community Growth be received.

CARRIED on the voices

A&R1812/12

2017/18 Annual Report risk observation update

Agenda Item 5.3.5

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

- Animal welfare and farming practices need to be clarified.
- Farm management needs to have appropriate protocols in place for handling animals.

Resolved: (Cr Gibb/His Worship the Mayor)

THAT the report from the Chief Operating Officer be received.

CARRIED on the voices

A&R1812/13

Update on Our Plan – Gearing for Growth & Greatness

Agenda Item 5.3.6

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

- Structure and readiness.
- Reduction in risk.
- Ability to attract staff is improving.
- Exit interviews.

Resolved: (Cr Sedgwick/His Worship the Mayor)

THAT the report from the Chief Operating Officer be received.

CARRIED on the voices

A&R1812/14

Fraud Prevention Policy Review

Agenda Item 5.3.7

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

- Cyber prevention.

Resolved: (Crs Sedgwick/Gibb)

THAT the report from the Chief Operating Officer be received.

CARRIED on the voices

A&R1812/15

Project Closure Report - Enterprise Cash Receipting
Agenda Item 5.3.8

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

- A good report showing learnings. It was also noted that the potential negative impact of non cash handling had been well managed.

Resolved: (Cr Bech/His Worship the Mayor)

THAT the report from the Chief Operating Officer be received.

CARRIED on the voices

A&R1812/16

Office Lockdown Event September 2018
Agenda Item 5.3.9

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

- Good responses from MBIE and the Police.
- MBIE were involved as the complaint was about the building consent process.
- Good team in place to deal with these types of situations.

Resolved: (Crs Gibb/Sedgwick)

THAT the report from the General Manager Customer Support be received.

CARRIED on the voices

A&R1812/17

Risk & Assurance Forum Action Outcomes
Agenda Item 5.3.10

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

- Staff turnover and engagement.

Resolved: (His Worship the Mayor/Cr Bech)

THAT the report from the Chief Operating Officer be received.

CARRIED on the voices

A&R1812/18

Updated Future Work Plan and Action List
Agenda Item 5.3.11

The report was taken as read.

Resolved: (Crs Sedgwick/Gibb)

THAT the report from the Chief Operating Officer be received.

CARRIED on the voices

A&R1812/19

EXCLUSION OF THE PUBLIC

Agenda Item 6

Resolved: (His Worship the Mayor/Cr Gibb)

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 17 September 2018**

REPORTS

- a. **Waikato District Council Zero Harm Safety Management System**

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)(f)(i)(g)(h)(i)(j)

Section 48(1)(3)(d)

- b. **Waters Social Franchise Model Strategic Deep Dive Report**

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)(f)

Section 48(1)(3)(d)

c. KPMG Procurement and Contract Management 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 Ground(s) under section 48(1) for the withhold exists under: passing of this resolution is:

Section 7(2)(b)(ii)(i)

Section 48(1)(3)(d)

d. Procurement Manager Report

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

Section 7(2)(b)(ii)(i)

Section 48(1)(3)(d)

e. Fraud Declaration

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 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. Register of Interests

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 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)

