

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 13 MARCH 2019** commencing at **9.02am**.

Present:

Ms M Devlin (Chairperson)
His Worship the Mayor Mr AM Sanson
Cr AD Bech
Cr JM Gibb
Cr BL Main [*until 10.18am and from 10.22am until 12.05pm*]

Attending:

Mr GJ Ion (Chief Executive)
Mr TG Whittaker (Chief Operating Officer)
Mrs S O’Gorman (General Manager Customer Delivery)
Mr C Morgan (General Manager Community Growth) – Item 5.1.6
Mr R MacCulloch (Deputy General Manager – Service Delivery)
Mrs LM Wainwright (Committee Secretary)
Ms A Diaz (Chief Financial Officer)
Mr K Abbott (Projects & Innovation Manager)
Mr J Ebenhoh (Planning and Policy Manager) – Item 5.1.6
Mr D MacDougall (Open Spaces Team Leader) – Item 5.1.4
Mr N Barber (Reserves Team, Raglan) – Item 5.1.4
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)

APOLOGIES AND LEAVE OF ABSENCE

Resolved: (Crs Bech/Gibb)

THAT an apology be received from Cr Sedgwick.

CARRIED on the voices

A&R1903/01

CONFIRMATION OF STATUS OF AGENDA ITEMS

Resolved: (Crs Main/Gibb)

THAT the agenda for a meeting of the Audit & Risk Committee held on Wednesday 13 March 2019 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&R1903/02

DISCLOSURES OF INTEREST

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

The Chief Executive advised members of the Committee that he would declare a non financial conflict of interest in item PEX 2.3 [*Risk Assessment of Council Controlled Organisations' draft Statements of Intent*].

CONFIRMATION OF MINUTES

Resolved: (Crs Bech/Main)

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

CARRIED on the voices

A&R1903/03

REPORTS

Strategic Risk Register March 2019

Agenda Item 5.1.1

The report was taken as read. In speaking to the report the following points were highlighted by the Project Management Advisor:

- GAP analysis. Analysis has identified where further work is required to close the gap between the effect of the mitigations and the agreed Risk Appetite;
- Physical space changes at the Ngaruawahia office – congratulations to organisation; and
- Contract management, procurement – work to be carried out on the interdependencies of the new staff roles. An Audit & Compliance Officer has recently been appointed to Service Delivery.

Resolved: (Cr Gibb/His Worship the Mayor)

THAT the report from the Chief Operating Officer be received.

CARRIED on the voices

A&R1903/04

Risk Framework March 2019

Agenda Item 5.1.2

The report was taken as read. In speaking to the report the Project Management Advisor highlighted the following points:

- 3C risk register with internal team for testing;
- External engagement being worked on – other Councils have requested copies of our risk register/framework;
- Case studies are being worked on;
- Risk culture – where is this sitting at the moment? Executive level at this stage. Survey going out in April 2019 on culture to enable a GAP analysis to be prepared;
- Communication of risk appetite is happening within the organisation;
- Risk is discussed monthly at Executive Leadership Team meeting; and
- Education campaign with teams – risk will be part of this education process as it is part of the organisation's day-to-day life.

Resolved: (His Worship the Mayor/Cr Bech)

THAT the report from the Chief Operating Officer be received.

CARRIED on the voices

A&R1903/05

Emerging Risks March 2019

Agenda Item 5.1.3

The report was taken as read and in speaking to the report, the Project Management Advisor highlighted the following points:

- Employee wellbeing – maintaining momentum. Question on whether there are different cultures within the teams at Waikato District Council. A utilisation study has been carried out and project work is currently happening;
- Flexible work arrangements – staff are looking at policy and procedures, including where Council's responsibility and liability sit;
- Zero Harm risk - contractors need to be included in this process;
- Climate change – looking at business resilience risks within the organisation; work is ongoing in this area. Question on the area of waste – this has been captured and is an ongoing project;
- The Solid Waste Team Leader has just been recruited;
- Waste Minimisation Plan has been subscribed to. A Community Resilience Officer is being employed; and
- The Committee endorsed the inclusion of affordable housing as an emerging risk.

Resolved: (Crs Bech/Gibb)

THAT the report from the Chief Operating Officer be received.

CARRIED on the voices

A&R1903/06

Risk Conversations – Open Spaces Team, Wainui Reserve Farm
Agenda Item 5.1.4

The report was taken as read and in speaking to the report, the Open Spaces Team Leader and Reserves Team, Raglan Team Leader highlighted the following points:

- Farming and public activities – aware of risk to public. Public safety is a key concern;
- Trials are being carried out on quad bike scenarios – working with our Zero Harm team;
- Cattle on Wainui Farm - the farm now selects its own cattle which are hand raised;
- No backup person in the Raglan team to cover sickness, annual leave and resignation;
- There is cellphone coverage at the Wainui Reserve if an emergency happens;
- Common sense approach is required when farming. EPERP (satellite tower based) required for safety – Zero Harm team looking into this; and
- Reserve Management Plan for Wainui Reserve is being worked through at this stage. The reserve is a significant regional park and is widely used.

The Committee queried whether someone from a rural background had assessed the risk report as it was felt that there were some missing gaps. It was agreed that this would be further discussed with Cr Main, who volunteered to assist as required.

Resolved: (Cr Main/His Worship the Mayor)

THAT the report from the General Manager Service Delivery be received.

CARRIED on the voices

A&R1903/07

Audit New Zealand Broader Audit Risk Assessment
Agenda Item 5.1.5

The report was taken as read and in speaking to the report, the Chief Operating Officer highlighted the following points:

- Risk assessment, contract management, procurement and asset management had been assessed; and
- Audit NZ outlined the area of risk assessment carried out.

Resolved: (Crs Gibb/Main)

THAT the report from the Chief Operating Officer be received.

CARRIED on the voices

A&R1903/08

Regional/National Strategic Planning Strategic Risk Deep Dive Report
Agenda Item 5.1.6

The report was taken as read and in speaking to the report, the Planning & Policy Manager highlighted the following points:

- There are a number of components with Regional/National Strategic Planning;
- Engagement needs to be carried out in the right way;
- Staying informed and involved, good planning and keeping the organisation's strategic framework tuned up is necessary; and
- District development strategy – culture and empowering people is important. Staff were encouraged to challenge everything as there may be a better way of doing things. This all links into the Gearing for Growth and Greatness process.

Support was given for the recommendations relating to the current strategic risks on page 135 of the Open Agenda.

Resolved: (Cr Bech/His Worship the Mayor)

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

CARRIED on the voices

A&R1903/09

Cr Main withdrew from the meeting at 10.18am and re-entered the meeting at 10.22am during discussion on the above item.

The meeting adjourned at 10.28am and resumed at 10.45am.

Tax Risk Governance Framework
Agenda Item 5.2.1

The report was taken as read and in speaking to the report, the Chief Financial Officer referred to minor changes made to the framework.

Resolved: (Crs Gibb/Bech)

THAT the report from the Chief Operating Officer be received;

AND THAT the Audit & Risk Committee approves the updated Tax Risk Governance Framework.

CARRIED on the voices

A&R1903/10

Internal Audit Programme

Agenda Item 5.2.2

The report was taken as read and in speaking to the report, the Chief Operating Officer highlighted the following points:

- Internal audit is not consultancy;
- The internal audit programme is determined with regard to the Strategic Risk Register; and
- Clear view on internal audit requirements, ensuring that the scope of the internal audits are clearly defined.

Resolved: (Crs Gibb/Main)

THAT the report from the Chief Operating Officer be received;

AND THAT the Audit & Risk Committee provide direction to staff on the development of an updated internal audit programme.

CARRIED on the voices

A&R1903/11

Waikato District Council Zero Harm Safety Management System

Agenda Item 5.3.1

The report was taken as read and in speaking to the report, the Zero Harm Manager highlighted the following points:

- Key points on the strategic plan is being worked on;
- A risk assessment is being carried out on contracts and contractors from a Health & Safety perspective. Education with contractors is required; and
- Managing risk around volunteers. Job safety analysis/suite of tools had been put together with Council's Legal Counsel.

Resolved: (Crs Gibb/Main)

THAT the report from the Chief Executive be received.

CARRIED on the voices

A&R1903/12

Update on Process Audit and Quality Improvement

Agenda Item 5.3.2

The report was taken as read and no questions were raised.

Resolved: (His Worship the Mayor/Cr Gibb)

THAT the report from the Chief Operating Officer be received.

CARRIED on the voices

A&R1903/13

Team Up – Gearing for Growth & Greatness Launch Post Implementation Report
Agenda Item 5.3.3

The report was taken as read and in speaking to the report, the Change Manager highlighted the following points:

- Video showing the Team Up 2019 at Hampton Downs was presented;
- Events coming up:
 - Drop in sessions for staff are planned;
 - April 2019 - placemaking competition;
 - May 2019 - change management training series;
 - Business planning;
 - People leaders design; and
 - Staff survey.

Resolved: (Crs Main/Bech)

THAT the report from the Chief Operating Officer be received.

CARRIED on the voices

A&R1903/14

Updated Future Work Plan and Action List
Agenda Item 5.3.4

The report was taken as read and no questions were raised.

Resolved: (Cr Main/His Worship the Mayor)

THAT the report from the Chief Operating Officer be received.

CARRIED on the voices

A&R1903/15

Aon New Zealand Renewal Report
Agenda Item 5.3.5

The report was taken as read and no questions were raised.

Resolved: (Crs Gibb/Main)

THAT the report from the Chief Operating Officer be received.

CARRIED on the voices

A&R1903/16

2018-19 Annual Report

Agenda Item 5.3.6

The report was taken as read and in speaking to the report, the Acting Corporate Planner Team Leader highlighted the following points:

- The second interim audit will be earlier than usual;
- Annual Report to be presented to the Committee on 18 September 2019; presented to the Council for adoption on 7 October 2019; and
- All issues will be completed by the end of the calendar year.

Resolved: (Crs Bech/Main)

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

CARRIED on the voices

A&R1903/17

Update on Progress against Audit Issues – March 2019

Agenda Item 5.3.7

The report was taken as read and in speaking to the report, Mr Pieterse highlighted the focus from Audit NZ this year will be:

- Revaluation of fair valuations of plant and equipment;
- Development contributions;
- 3 waters – change process;
- Risk of management override of internal controls;
- Bribery & corruption;
- Good practice guidance on communication; and
- Health & Safety.

The Committee requested that Sensitive Expenditure be included as an Audit Issue for the 2018/19 Audit.

Resolved: (Crs Gibb/Bech)

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

CARRIED on the voices

A&R1903/18

EXCLUSION OF THE PUBLIC

Agenda Item 6

Resolved: (Crs Gibb/Bech)

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:

- a. **Confirmation of Minutes dated Wednesday 12 December 2019**

REPORTS

- a. **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)

- b. **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 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)

- c. **Risk Assessment of Council Controlled Organisations' draft Statements of Intent**

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)

d. Register of Members' Interests Elected Members and Senior Staff

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

Section 48(1)(3)(a)(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 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. Committee Time with Audit New Zealand

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

Section 48(1)(a)(d)

AND FURTHER THAT Mr Pieterse (Audit New Zealand) remains in the meeting after the public has been excluded to contribute to the discussion on items in PEX 6 [Public excluded items] in the public excluded section of the meeting.

CARRIED on the voices

A&R1903/19

Resolutions A&R1903/20 - A&R1903/24 are contained in the public excluded section of these minutes.

It was resolved [*Resolution No. A&R1903/22*] during the public excluded section of the meeting that the following resolution be released into open meeting but the report remain confidential and unavailable to the public:

Risk Assessment of Council Controlled Organisations' Draft Statements of Intent
Agenda Item PEX 2.3

“THAT the report from the Chief Operating Officer be received;

AND THAT any Audit & Risk Committee feedback is incorporated in Council's response to the draft Statement of Intents for Council Controlled Organisations;

AND FURTHER THAT the resolution be released into Open Meeting but the report remain confidential and unavailable to the public.”

CARRIED on the voices”

Having resumed open meeting and there being no further business the meeting was declared closed at 12.09pm.

Minutes approved and confirmed this day of 2019.

Margaret Devlin
CHAIRPERSON