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Minutes for a meeting of the Risk & Assurance Committee of the Waikato District Council to be held in Council Chambers Galileo Street, Ngaaruawaahia on **THURSDAY, 31 AUGUST 2023** commencing at **9.30am**.

**Present:**

Mr P Stubbs (Chairperson)  
Cr J Gibb (Deputy Chairperson) – *from 9.41am*  
Her Worship the Mayor, Mrs JA Church  
Cr C Eyre  
Cr M Raumati

**Attending:**

Cr V Reeve

Mr C Susan, Audit NZ  
Ms K Maccown, Audit NZ

Mr G Ion (Chief Executive) – *from 10.30am*  
Mr G King (Chief Information Officer)  
Mr C Morgan (General Manager, Community Growth)  
Mr R MacCulloch (General Manager Service Delivery)  
Mr K Abbott (Executive Manager, Projects & Innovation)  
Mrs L Shirley (Zero Harm Manager) – *from 10.03am*  
Mr V Ramduny (Strategic Initiatives & Partnerships Manager)  
Mr W Durning (Strategic Mayoral Manager)  
Ms A McPhee (Innovation & Improvement Manager)  
Ms K Newell (Resilience Manager)  
Ms T McDowell (Senior Audit & Assurance Advisor)  
Mr N Johnson (Advocacy & Investment Advisor) – *until 10.42am*

Ms E Saunders (Senior Democracy Advisor)

The meeting was opened with a karakia.

## **APOLOGIES AND LEAVE OF ABSENCE**

Resolved: (Crs Raumati/Eyre)

That the Risk & Assurance Committee accepts the apologies from:

- a. Cr P Thomson for non-attendance.

**CARRIED**

**R&A2308/01**

## **CONFIRMATION OF STATUS OF AGENDA**

Resolved: (Crs Raumati/Eyre)

**THAT** the agenda for a meeting of the Risk & Assurance Committee held on Thursday, 31 August 2023 be confirmed:

- a. all items therein be considered in open meeting, with the exception of those items detailed at agenda item 8 which shall be discussed with the public excluded; and
- b. all reports be received.

**CARRIED**

**R&A2308/02**

## **DISCLOSURES OF INTEREST**

There were no disclosures of interest.

## **CONFIRMATION OF MINUTES**

Resolved: (Her Worship the Mayor, Mrs JA Church/Cr Eyre)

**THAT** the minutes for a meeting of the Audit & Risk Committee held on Monday, 19 June 2023 be confirmed as a true and correct record.

**CARRIED**

**R&A2308/03**

## **ACTIONS REGISTER**

The report was received [*R&A2308/02 refers*] and the following discussion was held:

- Project Delivery reporting to Infrastructure Committee – how often will this report be going to the Infrastructure Committee? It was confirmed that it would be going to every meeting moving forward.

## **REPORTS**

### Chief Financial Officer Report

#### Agenda Item 6.1

The report was received [*R&A2308/02 refers*], and the following discussion was held:

- The Chairperson updated the Committee on the ongoing conversations that he had been having with Audit NZ.
- The Chairperson had a very constructive discussion with the Auditor NZ prior to the meeting and it was noted that the Chief Operating Officer; the Chief Financial Officer and the Finance Manager have done a good job mitigating the scale of the increases. The Audit NZ position is the scope of the audit is fixed.
- Audit NZ have committed to an open book exercise at the end of the audit which is a very good initiative, and the increase will be staged in a small way.
- Greater investment in technology – the office of the Auditor General is making a good investment in the coming years – Chair appreciates the input of Audit NZ through this process.
- There is a meeting with the office of the Auditor General on 7 September 2023.

### Strategic Risk Register & Emerging Risks

#### Agenda Item 6.2

The report was received [*R&A2308/02 refers*], and the following discussion was held:

- The Executive Manager, Projects & Innovation introduced two (2) new staff members; Mrs Tracey McDowell (Senior Audit & Assurance Advisor) and Mr Gopikrishna Mohanarangam (Senior Risk Advisor).
- There is a risk prioritisation lens being applied to the internal audit programme which the new staff are working through. A commitment has been made to bring this to the meeting in December 2023.
- There had been a request for committee involvement in the prioritisation and it was confirmed that committee members were happy to be part of this and further noted that it was great to see the new recruits on board.

- A question was raised in relation to the Residents Satisfaction Survey – have we got enough people on the ground to give effect (measure) the new KPIs for engagement. It was noted that the actual implementation of these is still being worked through, but the project team are engaging with community groups.
- There were further discussions around the Communications Strategy with the departure of the current Executive Manager, Communications & Marketing, however the Chief Operating Officer advised that the Executive Leadership Team were talking to an external consultant who has 30 years of experience in local government communications, and they have already given some interesting insights.
- It was further confirmed that the Communications Consultant is already onboard, and the intention is to have the strategy completed in the coming weeks before the current Executive Manager, Communications & Marketing leaves the organisation.
- A question was raised in relation to Inflationary & Affordability Pressures (page 36 of the agenda) and what impact this would have from an affordability point of view. It was noted that Council are not experts but staff understand this Long-Term Plan (LTP) will be challenging and the consultation that precedes the LTP will encompass known risks.
- It was further noted that one of the unhelpful issues in our LTP cycle is that the first year of the LTP rating term is also the first year the district-wide rating valuations impact rates. This means it is difficult to engage with ratepayers such that they understand the impact of LTP decisions on their rates.

### Government Policy & Legislative Reform – Deep Dive Agenda Item 6.3.1

The report was received [*R&A2308/02 refers*], and the following discussion was held:

- It was noted by the Community Growth General Manager that being close to the Government Elections provides some unknowns at this time. The three Government Reform initiatives are: Local Government Reform; Resource Management Act Reform and the Three Waters Reform but we will have to wait and see what happens with these after the election.
- Mr W Durning (Strategic Mayoral Manager) was introduced to the Committee and a brief overview of his role was provided.
- It was noted that whilst it is uncertain times with the election pending, we need to be aware of the changes that are happening and be ready to take advantage of any opportunities that arise along with being aware of any quick changes that may be required.
- It was noted the report stated that total rest is required and it was confirmed that it should read “total reset”.
- What does a total reset mean? It was noted that one of the unknowns at this stage is what happens with Three Waters Reform but Council just has to react to whatever happens, likewise with the Local Government Reform and the Resource Management Act reform as a new government, if elected, might have a different view than the current government.

- It was further noted that Council needed to be ready for a coalition government rather than a majority party being in government. There were challenges that any government would face coming in and it would not be prudent to wait too long. Waikato District are geographically situated amongst large economies (both Auckland and Hamilton) and it was advised that Council needed to be geared for growth and then as our political partners come together we are ready to engage and react to any situation.

### Business Resilience – Deep Dive Agenda Item 6.3.2

The report was received [*R&A2308/02 refers*], and the following discussion was held:

- The Executive Manager, Projects & Innovation gave a brief overview of the report and outlined what this risk meant.
- It was noted that resourcing and prioritisation is really at the heart of our strategic risks, and it was noted by the Chairperson that he would like to hear from the Executive Manager, People & Capability around recruitment particularly in regards to retention of staff as it was one thing to outline risks but if you haven't got the people on the floor it is really hard to maintain progress.
- It was noted that a Deep Dive on Recruitment & Retention was planned for March 2024 but could always be brought forward to December 2023 if that was possible.
- A discussion was had regarding the organisational culture within Council which impacts our ability to not only attract staff but also retain the existing staff – it would be worth exploring what our culture is with the Deep Dive in December 2023 too.
- A question was raised in regard to robust testing – what are the methodologies used for this? How do we test this and what information are you hoping to extract from this testing? The Executive Manager, Projects & Innovation spoke to this and provided the Committee with a brief explanation of testing and how this is undertaken.
- A question was raised in relation to the emerging risk that is Artificial Intelligence/Technology and whether as a Council these conversations were happening at all? The Chief Information Officer confirmed that conversations were taking place and a brief outline was given. A further brief update was provided on what is happening within the technology space
- It was noted that the Control Type for a few of the risks listed was “Lack of Planning” – is this something that the Committee or Council should be worried about? Is this a Systemic problem? The Chairperson noted that it is a systemic problem and if we did not have an internal audit function then we run the risk of things dropping off the radar or work not being prioritised. Staff noted that the reference to ‘lack of planning’ was simply the description of the risk. These risks were being managed and mitigations were in place.

The meeting adjourned at 10.42am and resumed at 11:57am.

## WDC Zero Harm Safety Management System (ZHSMS) Review & Waikato District Zero Harm Update

### Agenda Item 6.4 and Agenda Item 6.5

The reports were received [*R&A2308/02 refers*] and taken together. The following discussion was held:

- The Zero Harm Manager provided a brief overview of the reports and some key highlights for the Committee.
- A question was raised in relation to the Council Staff Survey – do all Council staff participate in this survey? The survey noted in the report is an internal survey and that 77% of staff took part in this survey.
- It was noted by the Committee that the work-place bullying figures were quite concerning – what strategies or work was being undertaken to look at this issue? It was noted that from an Executive Leadership Team (ELT) perspective they were also very concerned with this theme in the survey. It was also quite surprising to existing staff that this theme came up in the survey. ELT have followed up the general staff survey with a pulse survey to ask more specific questions about key concerns arising from the survey and around 900 quantitative pieces of information has been provided by staff to enable a better understanding of what any actual concerns are.
- It was further advised that an education piece with staff on what bullying was and what it was not was important? A performance management conversation with your manager might be viewed by some staff as bullying for example. Council has robust processes in place to provide staff with support so it was just a matter of reminding staff what those processes and the support mechanisms that were available.
- Row 6.1.2 (page 86) – Implementation of a critical risk framework that has a process in place for monitoring and measuring critical control effectiveness. It was advised that Council had an independent auditor come in to review the Critical Safety Risk Management Framework along with the ‘Working With Animals’ risk control plan. The Zero Harm manager spoke to the picture on Page 90 and gave the Committee a brief overview of the work that was undertaken.
- It was noted that what Council now have is a very good audit of the critical control risks.
- A concern was raised by the Chairperson that the theory often does not reflect the actual physical job that was done on the ground. The Committee wondered whether the theory that had been conducted actually filters down to the people on the ground doing the job on a daily basis – is it too theory heavy and not practically driven? Staff explained the review was undertaken with the relevant Animal Control staff along with their Team Leader and the benefit of having them involved in the process is that they know all the different risks and hence it is very practical.
- It was further noted that of the 27 different Promapp processes that speak to handling dogs, the control effectiveness testing is undertaken on the job.
- The Zero Harm Manager advised that up until about 3 or 4 months ago there was no documented process for Council staff “managing threatening/abusive or unreasonable customer phone calls”. A question was raised as to whether Council really needed a process that says “Hang up if someone is being abusive to me”. Staff advised such a process empowers staff and provides them permission to not tolerate behaviour that is threatening or even to start a job if it does not feel safe.

- The Zero Harm Manager advised that some of the conversations with front counter staff lately centred around different scenarios like “What to do if a gunman enters the building or library?” Do staff take cover themselves first and foremost or secure the site for other people that may be present? It was asked if these conversations and processes being done in conjunction with the People & Capability team? It was thought that this sort of process would have been done as part of staff induction rather than having a separate process for Zero Harm.
- The Chief Operating Officer gave an example of the Council On-road driving process for staff and what expectations sit with that and why it is relevant to focus on key risks notwithstanding we might expect staff to manage those risks as a matter of course.
- It was noted that what was not in this report was the communication strategy (Page 90 & 91 particularly). Has the opportunity been lost to communicate this focus and expectation to our Community Boards and Committees along with the wider community? Council wanted to keep our staff safe and we should communicate this with our communities so they know what our story is and what our health & safety expectations are.
- It was noted that staff often engage with our communities via events and these events are well publicised and promoted on all the Council communication channels. Hence the messages regarding expectations of staff safety in our communities is important.

**ACTION:** Communications Strategy required that tells our story to the wider community and community boards or committees so we can bring our people on the journey with us.

- It was also confirmed the Council Procurement Strategy includes a key focus on ensuring suppliers meet Councils health and safety expectations.

### Risk & Assurance Committee Key Achievements

#### Agenda Item 7.1

The report was received [*R&A2308/02 refers*], and the following discussion was held:

- The Chief Operating Officer provided a brief overview of how this report links to ensuring the committee has delivered on the Terms of Reference.

### Risk & Assurance Committee – Performance & Strategy and Infrastructure Committee Updates

#### Agenda Item 7.2

The Chairperson provided a verbal report on this item and the following discussion was held:

- A brief update on Capital Project Delivery and Long Term Plan risks was provided to the Committee. It was noted that the Chairperson had met with the Chairpersons of Infrastructure and Performance & Strategy Committees along with Audit NZ as it was noted that both Infrastructure and Performance & Strategy Committees have oversight of these activities and projects and hence have oversight of risks in these areas. it was accepted that the reports needed to be broadened to include a more comprehensive risk assessment.

- It was advised that the preference of the Chairperson was that the reporting lines remain as they currently are to those Committees but that the Risk & Assurance Committee be copied into those reports. Given the timing of the respective Committees one of the reports would be circulated via email.
- Audit New Zealand were happy with this arrangement.

### Quality & Governance Assurance Update Agenda Item 8.1

The report was received [*R&A2308/02 refers*], and the following discussion was held:

- The Innovation & Improvement Manager provided a brief overview of the report and some key highlights to the Committee. It was noted that there were aspects of this report that were repetitive from other reports and work to refine them has already commenced.
- A question was raised in regard to Innovation Initiatives – how are these celebrations measured? It was noted by the Committee that this was a great result in relation to the efficiency time savings. It was noted that better visibility of the successes is a focus of staff.

### Future Work Plan Update Agenda Item 8.2

The report was received [*R&A2308/02 refers*], and the following discussion was held:

- The sequencing of the deep dives is to be included on the future plan.
- The Committee requested input into the Zero Harm site visits in future. The Chief Operating Officer advised that the December Committee visit was scheduled already but would seek member feedback for next years programme.

**ACTION:** The Chief Operating Officer will seek suggestions from Committee members for next year's programme of Zero harm site visits..

### Register of Interests – Elected & Appointed Members Agenda Item 8.3

The report was received [*R&A2308/02 refers*], and the following discussion was held:

- Appreciation of the Democracy Manager for reflecting the changes in the spreadsheet – much easier to read when the updates are highlighted.
- Community Boards and Committees – if we are collecting that information then it needs to be up to date. It was noted that this information was currently being updated,



## **EXCLUSION OF THE PUBLIC**

**Resolved: (Crs Raumati/Gibb)**

**THAT the Risk & Assurance Committee exclude the public from the following parts of the proceedings of this meeting.**

- a. The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:**

<b>General subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Ground(s) under section 48(1) for the passing of this resolution</b>
<b>Item number PEX 2 Confirmation of Minutes Item PEX 3.1 Fraud Declaration Item PEX 3.2 Register of Interests - Senior Staff Item PEX 3.3 Audit NZ Time with Committee</b>	<b>Good reason to withhold exists under Section 6 or Section 7 Local Government Official Information and Meetings Act 1987</b>	<b>Section 48(1)(a)</b>

**This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:**

Item No.	Section	Interest
Item PEX 3.1 Fraud Declaration	7(2)(a)  7(2)(c)(ii)	To protect the privacy of natural persons, including that of deceased natural persons.  To protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information—  (ii) would be likely otherwise to damage the public interest.
Item PEX 3.2 Register of Members' Interests – Senior Staff	7(2)(a)	Protect the privacy of natural persons, including that of deceased natural persons.
Item PEX 3.3 Committee Time with Audit New Zealand	7(2)(c)(ii)	To protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest.

b. confirm that Ms Macown and Mr Susan from Audit NZ be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of audit requirements for Waikato District Council. This knowledge, which will be of assistance in relation to the matter to be discussed, is relevant to that matter to inform and advise the Committee members.

**CARRIED**

**R&A2308/04**

*Resolutions R&A2308/05 to R&A2308/06 are contained in the public excluded section of these minutes.*

The meeting was closed with a karakia.

There being no further business, the meeting was declared closed at 11.58am.

Minutes approved and confirmed this day of .....2023.

Mr P Stubbs  
**CHAIRPERSON**

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