
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 **FRIDAY 8 JULY 2016** commencing at **9.00am**.

Present:

Ms M Devlin (Chairperson)
His Worship the Mayor Mr AM Sanson [from 10.00am]
Cr JC Baddeley
Cr JM Gibb
Cr WD Hayes

Attending:

Mr GJ Ion (Chief Executive)
Mr TG Whittaker (General Manager Strategy & Support)
Mrs RJ Gray (Council Support Manager)
Ms A Diaz (Finance Manager)
Mr K Abbott (Organisational Planning & Project Support Team Leader)
Mr V Ramduny (Strategy & Planning Manager)
Mrs K Jenkins (Project Management Advisor)
Mr J Hudson (Database Administrator)
Mr A Kuyper (Project Management Advisor)
Mr N Kotze (Audit Manager Audit New Zealand)
Mr K Lockley (Zero Harm Manager)
Ms M Baena-Escamilla (Continuous Improvement Analyst)
Mr A Ketley (Executive Director AON Risk Solutions)
Mr G McIntosh (Tonkin + Taylor)

APOLOGIES AND LEAVE OF ABSENCE

Resolved: (Crs Gibb/Baddeley)

THAT an apology be received from and leave of absence granted to **Cr Sedgwick;**

AND THAT an apology for lateness be received from **His Worship the Mayor.**

CARRIED on the voices

A&R1607/01

It was noted that Mr Pieterse (Director Audit New Zealand) was unable to attend the meeting and had emailed the Chair in advance of the meeting.

CONFIRMATION OF STATUS OF AGENDA ITEMS

Resolved: (Crs Baddeley/Hayes)

THAT the agenda for a meeting of the **Audit & Risk Committee** held on **Friday 8 July 2016** be confirmed and 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 THAT in accordance with **Standing Order 3.7.2** the order of business be changed to consider reports in the public excluded section when appropriate.

CARRIED on the voices

A&R1607/02

DISCLOSURES OF INTEREST

There were no disclosures of interest noted.

CONFIRMATION OF MINUTES

Resolved: (Crs Gibb/Hayes)

THAT the minutes of a meeting of the **Audit & Risk Committee** held on **Wednesday 23 March 2016** be confirmed as a true and correct record of that meeting.

CARRIED on the voices

A&R1607/03

MATTERS ARISING FROM THE MINUTES

There were no matters arising from the minutes.

REPORTS

Strategic Risk Register Update
Agenda Item 6.1

It was noted that representatives from KPMG were unable to attend the meeting today and therefore an additional Audit & Risk Committee meeting would be scheduled for further discussion on the strategic risk review and other issues.

The report was taken as read. The Project Management Advisor briefly outlined the WDC Organisational Risk Management Awareness project.

Resolved: (Crs Baddeley/Hayes)

THAT the report from the **General Manager Strategy & Support** be received;

AND THAT the committee support the conduct of a risk maturity assessment being carried out.

CARRIED on the voices

A&R1607/04/1

Project Management Audit Report
Agenda Item 6.2

The report was taken as read. The General Manager Strategy & Support spoke of an additional piece of work being completed to assess Council's current project management tool relative to best practice. It was noted that the current project management framework had delivered the majority of 'Our Plan' projects during the year.

Audit NZ agreed that good practice was being addressed.

The Chair advised of the importance of the document received from Deloitte's noting good project management. It is a staged approach with accreditation to flow through and indicate who has the necessary skills for the project.

The Chair spoke of the need to have a strong management culture in the business and understand the issues such as risk, and health and safety. An action plan needs to be put in place to address issues to be completed.

Resolved: (Crs Hayes/Gibb)

THAT the report from the General Manager Strategy & Support be received.

CARRIED on the voices

A&R1607/04/2

Contract Management - Review
Agenda Item 6.3

The report was taken as read. The Procurement Manager provided an overview regarding recent activity, being interviews with stakeholders and training programmes. He wanted to see an increase in staff participation in these training programmes.

It was suggested that a working group be formed to review the templates in place. A relatively broad based team is required that may also include staff from other councils.

Mr Kotze advised that this is a typical project and going forward encourages Councils to work together.

The Chair advised that good contract management will add important value to Council and staff should avoid over complicating templates and work towards best practice.

Resolved: (Crs Baddeley/Gibbs)

THAT the report from the General Manager Strategy & Support be received.

CARRIED on the voices

A&R1607/04/3

Draft Anti-Fraud and Corruption Strategy
Agenda Item 6.4

The report was taken as read. The Finance Manager spoke of issues arising with a culture shift when implementing a strategy that deals with money and the importance of understanding the process.

Resolved: (Crs Hayes/Gibb)

THAT the report from the General Manager Strategy & Support be received.

CARRIED on the voices

A&R1607/04/4

Update on Progress Against Final Management Report for Year Ended 30 June 2015
Agenda Item 7.1

The report was taken as read. The Corporate Planner noted a reduction in outstanding issues since the last management report.

Mr Kotze advised that there had been no issues with the control environment and testing that had been carried out during the recent internal audit.

Resolved: (Crs Hayes/Gibb)

THAT the report from the General Manager Strategy & Support be received.

CARRIED on the voices

A&R1607/04/5

His Worship the Mayor entered the meeting at 10.00am following discussion on the above item and was not present when voting took place.

2015/16 Annual Report Risk Assessment
Agenda Item 7.2

The Finance Manager provided a brief overview of the report advising there were no issues, but she was aware of a medium risk around the contract management system. She highlighted the timing risks with Strada Corporation Limited for the audit timeframes.

It was noted that the Annual Report was in the process of being written with internal resources. The committee will receive a copy of the annual report for review and comment in due course.

Resolved: (Cr Baddeley/His Worship the Mayor)

THAT the report of the General Manager Strategy & Support be received.

CARRIED on the voices

A&R1607/04/6

Update on Internal Audit and Quality Improvement
Agenda Item 7.3

The report was taken as read, The Continuous Improvement Analyst provided a brief overview. When questioned she advised that the organisation was making good progress on documenting processes, and the Service Delivery group were currently working on many processes. She advised that the Scada Treatment Plant audit had now been closed.

The Chair noted the business continuity processes that were being created (eg Scada – exposed reputational wise), and that the crisis management framework had been presented to the Executive Team. The Chair requested an updated internal audit status activity report be provided to the next meeting.

Resolved: (Crs Gibb/Baddeley)

THAT the report from the General Manager Strategy & Support be received.

CARRIED on the voices

A&RI 607/04/7

Cyber (Information & Communication Technologies) Security Risk Assessment Update
Agenda Item 7.4

The report was taken as read. The Project Management Advisor provided a brief overview.

The Database Administrator provided an overview of expanding the disaster recovery backup system and expressed concerns with the speed of the network between the offices of Ngaruawahia and Tuakau owing to the geographic situation.

The Chair acknowledged the business continuity testing included for the alternate site, and requested a further update once this had progressed.

Resolved: (Crs Baddeley/Gibb)

THAT the report from the General Manager Strategy & Support be received.

CARRIED on the voices

A&RI 607/04/8

Zero Harm Programme Update
Agenda Item 7.5

The report was taken as read. The Zero Harm Manager recognised Council having achieved Tertiary Status regarding the ACC WSMP programme. The Zero Harm Manager provided an overview on the protocol in place with the Alliance, draft Drug & Alcohol Testing Policy and contractors' information being included in the Council matrix.

Resolved: (Crs Gibb/Hayes)

THAT the report from the Chief Executive be received.

CARRIED on the voices

A&RI 607/04/9

The meeting was adjourned at 10.34am and resumed at 10.51am.

Exclusion of the Public

Agenda Item 8

Resolved: (Crs Baddeley/Hayes)

THAT the report of the Chief Executive – *Exclusion of the Public* – be received;

AND THAT Ms Devlin, (Chair), Mr Kotze (Audit New Zealand Representative) Mr Kettle (AON), and Mr McIntosh (Tonkin + Taylor) remain in the meeting to facilitate discussion on confidential report items;

AND FURTHER THAT the public be excluded from the meeting during discussion on the following items of business:

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)(i)(ii)(g)

Section 48(1)(a)(i)(ii)(b)(i)(ii)(d)

Reports:

a. Waikato District Earthquake Loss Modelling

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)(i)(ii)(g)(h)(i)(j)

Section 48(1)(a)(i)(ii)(b)(i)(ii)(c)(d)

b. Cash Handling Internal Audit Recommendation 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)(f)(i)(ii)(g)(h)(i)(j)

Section 48(1)(a)(i)(ii)(b)(i)(ii)(c)(d)

CARRIED on the voices

A&RI 607/05

Resolutions A&R1607/06 – A&R1607/07 are contained in the public excluded section of these minutes.

REPORTS Continued...

Zero Harm Guide Checklist Responses
Agenda Item 7.6

The Chair encouraged Councillors to ask questions regarding the culture of health & safety systems that are in place and to look, post elections, at attending a site visit where a near-miss may have been identified. Standards need to be reinforced and rechecked on a yearly basis. Councillors are included on the list for H&S response teams.

Resolved: (Crs Baddeley/Hayes)

THAT the report from the Chief Executive be received.

CARRIED on the voices

A&R1607/08/1

Updated Future Work Plan
Agenda Item 7.7

The General Manager Strategy & Support agreed to update the work plan to reflect issues from the Health & Safety discussion.

Resolved: (Crs Baddeley/Gibb)

THAT the report from the General Manager Strategy & Support be received.

CARRIED on the voices

A&R1607/08/2

Audit Arrangements Letter
Agenda Item 7.8

Resolved: (Crs Hayes/Baddeley)

THAT the report from the General Manager Strategy & Support be received.

CARRIED on the voices

A&R1607/08/3

Payroll System Review
Agenda Item 7.9

Good progress is being made with attention placed in this important area.

Mr Kotze advised that this review is part of the interim audit process.

The General Manager Strategy & Support agreed to report back on the reliance from Datacom regarding the controlled environment. It was noted that Council still approves the sign off of the payroll even though it is processed by Datacom.

Resolved: (Crs Gibb/Hayes)

THAT the report from the Acting General Manager Strategy & Support be received.

CARRIED on the voices

A&RI607/08/4

Exclusion of the Public

Agenda Item 3.1

Resolved: (Crs Baddeley/Hayes)

THAT the public be excluded from the meeting during discussion on the following items of business:

Confirmation of Minutes dated 23 March 2016.

REPORTS

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

Section 7(2)(f)(i)(h)(i)(j)

Section 48(1)(a)(d)(i)(j)

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

Section 7(2)(a)(f)(i)

Section 48(1)(a)(i)(b)(i)(ii)(d)

c) Committee Time with Audit NZ – Management Excluded

