



MINUTES of a meeting of the Audit & Risk Committee of the Waikato District Council held in Committee Rooms 1 and 2, District Office, 15 Galileo Street, Ngaruawahia on **WEDNESDAY 23 MARCH 2016** commencing at 1.00pm.

Present Ms M Devlin (Chairperson)
 His Worship the Mayor Mr AM Sanson *[from 1.32pm]*
 Cr JC Baddeley
 Cr J Gibb
 Cr WD Hayes
 Cr J Sedgwick

Attending Mr GJ Ion (Chief Executive)
 Mr TG Whittaker (General Manager Strategy & Support)
 Ms S Duignan (General Manager Customer Delivery)
 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 L Pieterse (Director Audit New Zealand)
 Mr K Lockley (Zero Harm Manager)
 Mr M Wilson (Aon representative)
 Mr S Ketley (Aon representative)

A&RI 603/01 APOLOGIES AND LEAVE OF ABSENCE

Resolved: (Crs Hayes/Sedgwick)

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

CARRIED on the voices

A&RI603/02

CONFIRMATION OF STATUS OF AGENDA ITEMS

A&RI603/02/1

Resolved: (Crs Gibb/Baddeley)

THAT the agenda for a meeting of the **Audit & Risk Committee** held on **Wednesday 23 March 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 the Public Excluded section be considered following **Agenda Item 5** [*Matters Arising from the Minutes*];

AND FURTHER THAT in Accordance with **Standing Order 3.7.2** the order of business in public excluded be changed with agenda item **3.5** [*Waikato District Earthquake Loss Estimate*] being considered as the first item.

CARRIED on the voices

A&RI603/03

DISCLOSURES OF INTEREST

The Chair did not consider that Cr Sedgwick had a conflict of interest in items within agenda item 7.4 [*Strategic Risk Register Update*].

The Chair advised members of the Committee that she would declare a conflict of interest in agenda item 3.3 public excluded [*Risk Assessment of Council Controlled Organisations' Statement of Intent: Waikato Regional Airport limited Draft Statement of Intent*].

A&RI603/04

CONFIRMATION OF MINUTES

Resolved: (Crs Sedgwick/Hayes)

THAT the minutes of a meeting of the **Audit & Risk Committee** held on **Thursday 10 December 2015** be confirmed as a true and correct record of that meeting.

CARRIED on the voices

A&RI603/05

MATTERS ARISING FROM THE MINUTES

There were no matters arising from the minutes.

EXCLUSION OF THE PUBLIC

Resolved: (Crs Gibb/Baddeley)

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

I Risk Assessment of Council Controlled Organisations' Statement of Intent

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 protected by section 6 or 7 of that Act which would be prejudiced by the holding of the relevant part of the proceedings of the meeting in public is as follows:

That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information where the withholding of the information is necessary to:

- a. Protect members, or officers, or employees of any local authority, or any persons to whom section 2(5) of the Local Government Official Information and Meetings Act 1987 applies, from improper pressure or harassment;**
- b. Protect the privacy of natural persons, including that of deceased natural persons;**
- c. Prevent the disclosure or use of official information for improper gain or improper advantage;**

AND THAT the exclusion of the public from the whole or relevant part of the proceedings of the meeting is necessary to enable the local authority to deliberate in private on its decision or recommendation in any proceedings before the local authority where a right of appeal lies to any Court or Tribunal against the final decision of the local authority in those proceedings;

AND FURTHER THAT the Chair Ms Margaret Devlin, Mr Kotze and Mr Pieterse representing Audit New Zealand, and Mr Ketley and Mr Wilson representatives from Aon remain in the meeting after the public has been excluded to facilitate discussion on items in this section.

CARRIED on the voices

Resolutions A&RI 603/07 – A&RI 603/08 are contained in the public excluded section of these minutes.

A&R1603/09

REPORTS

A&R1603/09/1

Update on Risk Management Actions, Progress on Mitigations and Direction of Travel of Risk

Agenda Item: 6.1

The General Manager Strategy & Support provided a verbal update on the process to procure a LASS internal audit provider. He advised that a workshop would be facilitated to revise the internal audit programme with the committee, Executive Team and external provider once the discussion has been confirmed.

Audit New Zealand representatives supported the process and were encouraged by the project management work.

A&R1603/09/2

Annual Report 2015/2016 Project Update

Agenda Item: 6.2

The Corporate Planner advised the timetable for adoption of the Annual Report and Summary had been brought forward one week.

Mr Pieterse considered milestones were aligned and agreed with the signing of the report in early October. He advised that staff would need to work towards clearance with the tight timelines this year owing to the timing of the local authority elections. Areas that require extra audit emphasis were development contributions, investment in subsidiaries, revaluation of property, plan and equipment, and to capture areas in the Alliance and how it is operating.

Resolved: (Crs Hayes/Sedgwick)

THAT the report of the General Manager Strategy & Support Annual Report 2015/2016 Project Update – be received.

CARRIED on the voices

His Worship the Mayor entered the meeting [1.32pm] during discussion on the above item and was present when voting took place.

A&R1603/09/3

ICT Security Risk Assessment

Agenda Item: 6.3

The General Manager Strategy & Support advised that the full report included in the agenda responds to the concerns raised at the December 2015 meeting.

From a practical resource capacity perspective the highest level risks only are being addressed now with the balance being addressed once the new IM Manager is in place.

It was noted that the recruitment process of securing a new IM Manager will

be in place by the end of March 2016.

Resolved: (Crs Baddeley/Gibb)

THAT the report of the General Manager Strategy & Support – ICT Security Risk Assessment - be received.

CARRIED on the voices

A&R1603/09/4

Zero Harm Update
Agenda Item: 7.1

Tabled: Health & Safety Guide Checklist

The Zero Harm Manager read his report to the members.

The Chief Executive advised that staff had been working hard with the current health and safety programme to ensure readiness for the impending legislation change on 4 April 2016.

The Chief Executive advised that staff continue to scrutinise and carry out due diligence on an ongoing basis.

A joint community board workshop was held recently in which the opportunity was provided to give the members a general briefing of the new legislation.

The Chief Executive advised that zero harm is becoming part of Council's everyday life. Staff are encouraged to question wherever possible to ensure vigilance.

For Executive Team members and 3rd tier managers a KPI will be included in the next financial year on having safety conversations with staff.

The Chair advised that the new legislation will be evolving and we need to keep moving forward because it is about the safety culture of the organisation.

The Chair tabled a checklist and asked that this be completed to ensure Council is ready for the new legislation.

Resolved: (Crs Sedgwick/Gibb)

THAT the report of the General Manager Strategy & Support – Zero Harm Update – be received.

CARRIED on the voices

A&R1603/09/5

Update on Internal Audit & Quality Improvement
Agenda Item: 7.2

The Organisational & Project Support Team Leader took the report as read and highlighted the training that 8 staff had completed to become certified internal auditors.

The Chair requested a further update be provided to the next meeting on progress.

Resolved: (Crs Hayes/Sedgwick)

THAT the report of the General Manager Strategy & Support – *Update on Internal Audit and Quality Improvement* - be received.

CARRIED on the voices

A&R1603/09/6

Update on Progress Against Final Management Report for Year Ended 30 June 2015
Agenda Item: 7.3

The Corporate Planner spoke of the outstanding matters in the final audit [item 3.1] as having been resolved. Audit New Zealand advised that they will review these matters as part of the interim audit in May/June 2016 to provide closure.

The General Manager Strategy & Support raised the matter of electronic purchase orders (EPO) and as part of the software there is a contract management module which can be considered following the roll out of the EPO.

The General Manager Strategy & Support will provide an update on the timing of undertaking condition assessments of general property, given current budget constraints.

Resolved: (Crs Hayes/Sedgwick)

THAT the report of the General Manager Strategy & Support *Update on Progress Against Final Management Report for Year Ended 30 June 2015* be received.

CARRIED on the voices

A&R1603/09/7

Strategic Risk Register Update
Agenda Item: 7.4

The Project Manager Advisor took the report as read and highlighted key issues. Currently work is being carried out on the strategic risk register including zero harm and natural disasters. A number of processes have now

been linked to Promapp.

Following a discussion on the frequency of reviews for zero harm it was agreed this frequency may need to be modified.

The Project Manager Advisor confirmed that the current risk register accurately reflects the risk profile of the business.

Mr Pieterse advised that Audit New Zealand does look at systems as part of an audit but were not involved in the treatment of cyber security.

Resolved: (Crs Sedgwick/Gibb)

THAT the report of the General Manager Strategy & Support – Strategic Risk Register Update - be received.

CARRIED on the voices

A&R1603/09/8

Update – Proposed Local Government Risk Agency
Agenda Item: 7.5

Discussion was held on the current 60/40 cost sharing arrangement and the Chief Executive advised that the likelihood of the Government continuing with this arrangement was very low which will have implications for councils and CCOs. However, as discussed earlier in the meeting Council was well prepared having already put in place a primary layer of \$10M.

The Chair advised that this may give Council an opportunity of looking at insurance and risk profiles. This also underpins the importance of good asset management systems.

Resolved: (Crs Sedgwick/Hayes)

THAT the report of the General Manager Strategy & Support – Update – Proposed Local Government Risk Agency – be received.

CARRIED on the voices

A&R1603/09/9

Project Management Update
Agenda Item: 7.6

The General Manager Strategy & Support advised that a provider had been selected to perform the project management internal audit and this work would commence on 4 April 2016.

The outcome of this audit will be used as part of a change management process.

It was noted that an updated report would be provided to the next meeting.

Resolved: (Crs Hayes/Sedgwick)

THAT the report of the General Manager Strategy & Support – Project Management Update - be received.

CARRIED on the voices

A&R1603/09/10

Future Work Plan
Agenda Item: 7.7

Resolved: (Crs Gibb/Hayes)

THAT the report of the General Manager Strategy & Support – Future Work Plan – be received.

CARRIED on the voices

A&R1603/10

EXCLUSION OF THE PUBLIC

Resolved: (Crs Gibb/Sedgwick)

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

- 1. Confirmation of Public Excluded Minutes dated 10 December 2015**
- 2. Register of Members and Staff Interests**
- 3. Fraud Declaration**
- 4. Risk Assessment of Council Controlled Organisations' Statement of Intent**
- 5. Cash Handling Internal Audit**
- 6. Payroll Project Closure**
- 7. Committee Time with Audit NZ.**

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Protect members, or officers, or employees of any local authority, or any persons to whom section 2(5) of the Local Government Official Information and Meetings Act 1987 applies, from improper pressure or harassment;

Protect the privacy of natural persons, including that of deceased

