Audit and Risk Committee

OPEN MINUTES

Date: Friday, 9 November, 2018, 9 am
Location: Council Chamber
Waikato Regional Council
401 Grey Street
Hamilton East

Members Present: H Stevens - Chairman
G Naylor - Independent member
Cr J Hennebry
Cr H Vercoe
Cr B Simcock
Cr A Livingston - Ex officio

Staff Present: V Payne - Chief Executive Officer
C McLay - Director Resource Use
M Garrett - Chief Financial Officer
K Bennett - Manager CE's Office
J Becker – Manager Finance
S McLeay – Democracy Advisor
1. **Apologies**

There were no apologies.

**SECTION A: UNDER DELEGATION FOR THE INFORMATION OF COUNCIL**

2. **Confirmation of Agenda**

AR18-59
Moved by: Cr Hennebry
Seconded by: Cr Livingston

**RESOLVED**

THAT the agenda of the Audit and Risk Committee of 9 November 2018, as circulated and subject to changes in item order as set out in these meeting minutes, be confirmed as the business for the meeting.

The motion was put and carried

3. **Disclosures of Interest**

There were no disclosures of interest noted.

4. **Matters arising from previous meetings minutes**

Presented by the Chief Financial Officer (M Garrett) to receive the minutes of the open section of the meeting of the Audit and Risk Committee held on 10 August 2018 and to review the actions and matters arising from previous Audit and Risk Committee meetings.

During discussion, concern was raised that there had been a delay in the implementation of the flood protection communication initiative. Reassurance was provided that the initiative would commence as soon as possible. This was likely to be late spring or early summer 2018.

AR18-60
Moved by: Cr Livingston
Seconded by: G Naylor

**RESOLVED**

THAT the report ‘Matters arising from previous meetings minutes’ (Doc #12751007 dated 10 July 2018) and the minutes of the open section of the previous meeting, be received.

The motion was put and carried
5. **Risk Management Activity and Key Projects Update**

Presented by the Manager Office of the CE (K Bennett) to provide an update on Council’s risk management activities and key project risks.

During discussion, the following was noted:

- The off-track status of CORP 8.1 on page 27 of the agenda would not have an impact on Project Reboot.
- The health and safety section of the report included comment on Council's management of staff stress as previously requested.
- There was a single personal safety device available for Councillor use.
- The Pulse survey showed positive trends including reports of more manageable workloads.
- Key areas for improvement and recommendations arising from the LGNZ Excellence program required follow up action.
- Fundraising was still underway for the Fish Passage Project. The purpose of the Project was to show that tangible progress had been made towards resolving the issue including retrofitting pumps where necessary. Fish passage challenges were not unique to Council. Funding had come from organisations including Tainui and Waikato River Authority. Solutions included the creation of alternative passing routes for eels and fish.
- The level of transport complaints reflected a tail in resolution created by difficulties GoBus had encountered achieving complaint closure. Some of current complaints were caused by industrial action.
- Net promoter scores were particularly useful when used to compare trends with other organisations.
- It was positive to see the promotion of good farming practices. Good farming practice was an industry agreed minimum. Included 21 principles. The practices were consistent with the nitrogen reference point.

**AR18-62**

**Moved by:** G Naylor  
**Seconded by:** Cr Vercoe

**RESOLVED**

THAT the report 'Risk Management Activity and Key Projects Update' (Doc #13142912 dated 29 October 2018) be received.

The motion was put and carried

Cr Livingston left the meeting at 9:26 am.

Cr Livingston joined the meeting at 9:30 am.

Cr Simcock joined the meeting at 9:48 am.
6. **Audit Management Report for the year ended 30 June 2018**

Presented by the Manager Corporate Planning (N Hubbard) to outline the results from the audit of Council’s 2017/18 Annual Report covered in the Audit Management Report. J Williams from Audit New Zealand attended.

AR18-61
Moved by: Cr Vercoe
Seconded by: G Naylor

**RESOLVED**

THAT the report ‘Audit Management Report for the year ended 30 June 2018’ (Doc #13240812 dated 24 October 2018) be received.

The motion was put and carried

7. **Annual tax update and PAYE audit outcome**

The Manager Finance (J Becker) to present the Annual Tax Update report prepared by PwC for the year to 30 June 2018, together with the findings from the PAYE compliance review undertaken.

During discussion, the Finance Team was commended for a positive report from Price Waterhouse Coopers.

AR18-63
Moved by: Cr Vercoe
Seconded by: G Naylor

**RESOLVED**

THAT the report ‘Annual tax update and audit outcome’ (Doc # 13276354 dated 29 October 2018) and the ‘PAYE compliance assessment’ (Doc # 13286299) be received.

The motion was put and carried

8. **Policy Review Schedule Update**

Presented by Senior Legal Advisor (S Jones) to provide an update on Council policies due for review/renewal this quarter.

AR18-64
Moved by: H Stevens
Seconded by: Cr Livingston
RESOLVED

THAT the report 'Policy Review Schedule Update' (Doc #13144036 dated 29 October 2018) be received.

The motion was put and carried

Following this item at 10.28 the meeting adjourned for morning tea and resumed at 10.41am.

9. Internal Audit Programme Update

Presented by the Manager Office of the CE (K Bennett) to provide a status update on the internal audit program. Representatives from KPMG were in attendance.

AR18-65
Moved by: G Naylor
Seconded by: Cr Hennebry

RESOLVED

THAT the report 'Internal Audit Programme Update' (Doc # 13141432 dated 29 October 2018) be received.

The motion was put and carried

10. Waikato Regional Council flood protection asset risk management

Presented by the Acting Director Integrated Catchment Management (G Ryan) to provide an overview of the work areas currently underway to manage the risk associated with the flood protection assets managed by Council, and in particular the progress that has been made since the last report (May 2018).

During discussion, the following was noted:

- The new roles of Reliability Engineer and Maintenance Planner would provide much needed assistance to the operational teams.
- Context must be considered when decisions were made about dam improvements.
- Council was responsible for dam maintenance across the North Island.
- Dams were categorized on the basis of risk associated with the impact of failure.

AR18-66
Moved by: Cr Simcock
Seconded by: Cr Hennebry
RESOLVED

THAT the report 'Waikato Regional Council flood protection asset risk management' (Doc # 13249600 dated 24 October 2018) be received.

The motion was put and carried

11. Resolutions to exclude the public

AR18-67

Moved by: Cr Henneby
Seconded by: G Naylor

Recommended that the public be excluded from the following part/s of the meeting:

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:

<table>
<thead>
<tr>
<th>General subject of each matter to be considered</th>
<th>Reason for passing this resolution in relation to each matter</th>
<th>Ground(s) under section 48(1) for the passing of this resolution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal Audit Programme Update</td>
<td>Good reason to withhold exists under section 6 or 7.</td>
<td>That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists. section 48(1)(a)</td>
</tr>
<tr>
<td>Corporate Systems Replacement Project Update</td>
<td>Good reason to withhold exists under section 6 or 7.</td>
<td>That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists. section 48(1)(a)</td>
</tr>
<tr>
<td>Hamilton Accommodation Tristram Precinct Project Update</td>
<td>Good reason to withhold exists under section 6 or 7.</td>
<td>That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists. section 48(1)(a)</td>
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<td>Insurance programme update</td>
<td>Good reason to withhold exists under section 6 or 7.</td>
<td>That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists. section 48(1)(a)</td>
</tr>
<tr>
<td>Potential Liability Claims</td>
<td>Good reason to withhold exists under section 6 or 7.</td>
<td>That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists. section 48(1)(a)</td>
</tr>
<tr>
<td>Public excluded minutes of the meeting of the Audit and Risk Committee held on 10 August 2018</td>
<td>Good reason to withhold exists under section 6 or 7.</td>
<td>That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists. section 48(1)(a)</td>
</tr>
</tbody>
</table>

This resolution is made in reliance on sections 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by sections 6 and 7 of that Act, which would be prejudiced by the holding of the relevant part of the proceedings of the meeting in public are as follows:
<table>
<thead>
<tr>
<th>Item description</th>
<th>Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>‧ Hamilton Accommodation Tristram Precinct Project Update · Insurance programme update · Potential Liability Claims · Public excluded minutes of the meeting of the Audit and Risk Committee held on 10 August 2018</td>
<td>Protect information where the making available of the information: (i) would disclose a trade secret; or (ii) would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information (section 7(2)(b)).</td>
</tr>
<tr>
<td>‧ Public excluded minutes of the meeting of the Audit and Risk Committee held on 10 August 2018</td>
<td>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 (i) would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied; or (ii) would be likely otherwise to damage the public interest (section 7(2)(c)).</td>
</tr>
<tr>
<td>‧ Public excluded minutes of the meeting of the Audit and Risk Committee held on 10 August 2018</td>
<td>Avoid prejudice to measures that prevent or mitigate material loss to members of the public (section 7(2)(e)).</td>
</tr>
<tr>
<td>‧ Potential Liability Claims · Public excluded minutes of the meeting of the Audit and Risk Committee held on 10 August 2018</td>
<td>Maintain legal professional privilege (section 7(2)(g)).</td>
</tr>
</tbody>
</table>
The motion was put and carried

The meeting moved into public excluded session at 11.10am.

The meeting returned to open session at 12.45am

The Chair noted that this was the last meeting that the Chief Financial Officer (M Garrett) would attend in that role and thanked him on behalf of the Committee for his valuable contribution to date. The Manager Finance (J Becker) was congratulated on her new role as Chief Financial Officer and welcomed. Cr Livingston thanked the Chair for his contribution to the Committee.

The meeting was closed at 12.56pm.