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## **Audit and Risk Committee**

### **OPEN MINUTES**

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Minutes of a meeting of the Audit and Risk Committee held in the Council Chambers, Auckland Town Hall, 301-305 Queen Street, Auckland on Tuesday, 22 July 2014 at 1.30pm.

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#### **PRESENT**

<b>Chairperson</b>	Cr Sir John Walker, KNZM, CBE	
<b>Deputy Chairperson</b>	Cr Dr Cathy Casey	
<b>Members</b>	Cr Cameron Brewer	Until 2.36pm, Item 12
	Cr Bill Cashmore	Until 3.51pm, Item C1
	Cr Sharon Stewart, QSM	
	Mr Roy Tiffin, FCA	

#### **APOLOGIES**

Ex-officio	Mayor Len Brown	For absence on Council business
Ex-officio	Deputy Mayor Penny Hulse	For absence on Council business
Member	Cr Penny Webster	For absence on Council business

#### **ALSO PRESENT**

Cr Calum Penrose  
Cr John Watson  
Cr George Wood

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**1 Apologies**

Resolution number AUD/2014/22

MOVED by Chairperson JG Walker, seconded by Cr WB Cashmore:

**That the Audit and Risk Committee:**

- a) **accept the apologies from Mayor LCM Brown, Deputy Mayor PA Hulse and Cr MP Webster for absence on Council business and from Cr C Brewer for early departure.**

**CARRIED**

**2 Declaration of Interest**

There were no declarations of interest.

**3 Confirmation of Minutes**

Resolution number AUD/2014/23

MOVED by Deputy Chairperson CM Casey, seconded by Cr WB Cashmore:

**That the Audit and Risk Committee:**

- a) **confirm the ordinary minutes of its meeting, held on Tuesday, 15 April 2014, including the confidential section, as a true and correct record.**

**CARRIED**

**4 Petitions**

There were no petitions.

**5 Public Input**

There was no public input.

**6 Local Board Input**

There was no local board input.

**7 Extraordinary Business**

There was no extraordinary business.

**8 Notices of Motion**

There were no notices of motion.

**9 Office of the Auditor-General**

Lyn Provost, Controller and Auditor-General and Sarah Lineham, Sector Manager – Local Government attended and spoke to the Office of the Auditor-General's report on Watercare Services Limited: Review of Service Performance issued in May 2014 as well as other upcoming audit work.

Resolution number AUD/2014/24

MOVED by Chairperson JG Walker, seconded by Cr SL Stewart:

**That the Audit and Risk Committee:**

- a) **receive the information provided by the Auditor-General and Sarah Lineham.**

**CARRIED**

**10 Auditor-General's Report on Watercare Services Limited : Review of Service Performance**

Resolution number AUD/2014/25

MOVED by Chairperson JG Walker, seconded by Member R Tiffin:

**That the Audit and Risk Committee:**

- a) **receive the update on the Auditor-General's report on Watercare Services Limited : Review of Service Performance.**
- b) **request a report to the CCO Governance and Monitoring Committee on the implementation of the Auditor-General's recommendations, including a timeline for action.**

**CARRIED**

**11 2014 Annual accounts**

Resolution number AUD/2014/26

MOVED by Chairperson JG Walker, seconded by Member R Tiffin:

**That the Audit and Risk Committee:**

- a) **approve the pro forma 2014 annual accounts.**

**CARRIED**

**12 Interim 2014 audit management letter**

Resolution number AUD/2014/27

MOVED by Chairperson JG Walker, seconded by Member R Tiffin:

**That the Audit and Risk Committee:**

- a) **receive the report.**
- b) **note the responses to the issues identified by Audit New Zealand.**

**CARRIED**

*Cr C Brewer left the meeting at 2.36pm.*

**13 Outstanding audit report issues**

Resolution number AUD/2014/28

MOVED by Chairperson JG Walker, seconded by Cr WB Cashmore:

**That the Audit and Risk Committee:**

- a) receive the report.

**CARRIED**

**14 Update on the introduction of International Public Sector Accounting Standards**

Resolution number AUD/2014/29

MOVED by Chairperson JG Walker, seconded by Deputy Chairperson CM Casey:

**That the Audit and Risk Committee:**

- a) receive the report
- b) note the work undertaken to introduce the public sector reporting standards and the impact on Council's reported financial performance.

**CARRIED**

**15 Audit and Risk Committee Oversight of Council Controlled Organisation Risk**

Resolution number AUD/2014/30

MOVED by Chairperson JG Walker, seconded by Cr WB Cashmore:

**That the Audit and Risk Committee:**

- a) receive this report.
- b) request each Council Controlled Organisation (CCO) to provide a copy of its annual audit management letter to this committee at its September meeting.
- c) request the attendance of CCO chief finance officers to this committee at its September meeting as determined by the committee chairperson, external member Roy Tiffin and the Governance Director after reviewing the audit management letters.
- d) request staff report back on progress on a permanent solution for the Audit and Risk Committee to have greater oversight of CCO risks to its December meeting.

**CARRIED**

**16 Update on Risk Management Activities**

Resolution number AUD/2014/31

MOVED by Chairperson JG Walker, seconded by Deputy Chairperson CM Casey:

**That the Audit and Risk Committee:**

- a) **receive the Update on Risk Management Activities report.**

**CARRIED**

**17 Review of business processes relating to elected members**

Resolution number AUD/2014/32

MOVED by Chairperson JG Walker, seconded by Cr WB Cashmore:

**That the Audit and Risk Committee:**

- a) **note the findings of the review of business processes relating to elected members undertaken by Democracy Services and Local Board Services.**

**CARRIED**

**18 Consideration of Extraordinary Items**

There was no consideration of extraordinary items.

**19 Procedural motion to exclude the public**

Resolution number AUD/2014/33

MOVED by Chairperson JG Walker, seconded by Cr SL Stewart:

**That the Audit and Risk Committee:**

- a) **exclude the public from the following part(s) of the proceedings of this meeting.**
- b) **agree that Francis Caetano, Audit Director, Audit New Zealand be permitted to remain for Confidential Items C1 to C3 after the public has been excluded, because of his knowledge of matters being discussed, which will help the Audit and Risk Committee in its decision-making.**

**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 follows.**

**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:**

### C1 Update on Internal Audit Activities

Reason for passing this resolution in relation to each matter	Particular interest(s) protected (where applicable)	Ground(s) under section 48(1) for the passing of this resolution
The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	<p>s7(2)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.</p> <p>In particular, the report contains financial and operational information and details of Internal Audit activity which if released may jeopardise the effective delivery of Internal Audit services.</p>	<p>s48(1)(a)</p> <p>The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>

### C2 Update on Integrity and Investigation Activities

Reason for passing this resolution in relation to each matter	Particular interest(s) protected (where applicable)	Ground(s) under section 48(1) for the passing of this resolution
The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 6.	<p>s6(a) - The making available of the information would be likely to prejudice the maintenance of the law, including the prevention, investigation, and detection of offences and the right to a fair trial.</p> <p>In particular, the report contains financial and operational information regarding investigations which if released may jeopardise the effective delivery of Integrity services.</p>	<p>s48(1)(a)</p> <p>The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 6.</p>

### C3 Selection of Second External Appointee

Reason for passing this resolution in relation to each matter	Particular interest(s) protected (where applicable)	Ground(s) under section 48(1) for the passing of this resolution
The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	<p>s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.</p> <p>In particular, the report contains personal information relating to the appointment of a committee member.</p>	<p>s48(1)(a)</p> <p>The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>

The text of these resolutions is made available to the public who are present at the meeting and form part of the minutes of the meeting.

**CARRIED**

3.25pm The public was excluded.

Resolutions in relation to the confidential items are recorded in the confidential section of these minutes and are not publicly available.

4.05pm The public was re-admitted.

**RESTATEMENTS**

It was resolved while the public was excluded:

**C1 Update on Internal Audit Activities**

**That the Audit and Risk Committee:**

- c) agree that the Update on Internal Audit Activities report remain confidential.

**C2 Update on Integrity and Investigation Activities**

**That the Audit and Risk Committee:**

- b) agree that the Update on Integrity and Investigation Activities report remain confidential.

**C3 Selection of Second External Appointee**

**This item was deferred to the Governing Body meeting on 31 July 2014.**

4.05 pm

The Chairperson thanked Members for their attendance and attention to business and declared the meeting closed.

CONFIRMED AS A TRUE AND CORRECT RECORD  
AT A MEETING OF THE AUDIT AND RISK  
COMMITTEE HELD ON

**DATE:**.....

**CHAIRPERSON:**.....