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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 Room 1, Level 26, 135 Albert Street, Auckland on Tuesday, 15 December 2015 at 10.02am.

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#### **PRESENT**

**Chairperson** Cr Bill Cashmore  
**Deputy Chairperson** Mr Paul Conder, CA  
**Members** Cr Cameron Brewer  
Cr Linda Cooper, JP  
Cr Sharon Stewart, QSM  
Mr Roy Tiffin, FCA  
Cr Penny Webster

#### **ABSENT**

Mayor Len Brown, JP  
Cr Ross Clow  
Deputy Mayor Penny Hulse  
Cr Sir John Walker, KNZM, CBE

#### **ALSO PRESENT**

Cr Dick Quax  
Cr Wayne Walker  
Cr George Wood

#### **IN ATTENDANCE**

Lyn Provost, Auditor-General  
Sarah Lineham, Sector Manager Local Government, Office of the Auditor-General  
Athol Graham, Associate Director, Audit New Zealand  
Robert Sutherland, Audit Manager, Audit New Zealand

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**1 Apologies**

Resolution number AUD/2015/50

MOVED by Chairperson W Cashmore, seconded by Cr C Brewer:

**That the Audit and Risk Committee:**

- a) **accept the apologies from Mayor LCM Brown, Deputy Mayor PA Hulse and Cr JG Walker for absence.**

**CARRIED**

**2 Declaration of Interest**

There were no declarations of interest.

**3 Confirmation of Minutes**

Resolution number AUD/2015/51

MOVED by Chairperson W Cashmore, seconded by Cr SL Stewart:

**That the Audit and Risk Committee:**

- a) **confirm the ordinary minutes of its meeting held on Tuesday, 15 September 2015, 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 briefing**

Lyn Provost, Auditor-General and Sarah Lineham, Sector Manager Local Government, Office of the Auditor-General were in attendance to speak to this item. They were supported by Athol Graham, Associate Director, Audit New Zealand and Robert Sutherland, Audit Manager, Audit New Zealand.

Resolution number AUD/2015/52

MOVED by Chairperson W Cashmore, seconded by Cr MP Webster:

**That the Audit and Risk Committee:**

- a) **receive the information provided by the Auditor-General and the Sector Manager Local Government, Office of the Auditor-General.**

**CARRIED**

**10 Final Management Report on the audit of Auckland Council for the year ended 30 June 2015**

Resolution number AUD/2015/53

MOVED by Chairperson W Cashmore, seconded by Member P Conder:

**That the Audit and Risk Committee:**

- a) **note the responses to the issues identified by Audit New Zealand in their final management report on the audit of Auckland Council for the year ended 30 June 2015.**

**CARRIED**

*Cr W Walker left the meeting at 10.53am.*

**11 Auckland Council group pro forma half year financial statements and approval of accounting policies for 31 December 2015**

Resolution number AUD/2015/54

MOVED by Cr MP Webster, seconded by Member R Tiffin:

**That the Audit and Risk Committee:**

- a) **adopt the accounting policies contained within the group pro forma financial statements for the preparation of the 31 December 2015 half year Auckland Council Group financial statements.**
- b) **delegate to Mr Roy Tiffin and/or Mr Paul Conder, to approve any amendments required to the format of the financial statements resulting from consultation with Audit New Zealand.**

**CARRIED**

*Cr D Quax left the meeting at 11.28am.*

**12 Update on Enterprise Risk Management and Insurance Activities**

Resolution number AUD/2015/55

MOVED by Chairperson W Cashmore, seconded by Member LA Cooper:

**That the Audit and Risk Committee:**

- a) **receive the update on Enterprise Risk Management and Insurance Activities report.**

**CARRIED**

**13 Update on Health and Safety**

The Chairperson noted that this was the last meeting for Mark Lipman, Head of Health and Safety and thanked him for his services to council.

Resolution number AUD/2015/56

MOVED by Chairperson W Cashmore, seconded by Member P Conder:

**That the Audit and Risk Committee:**

- a) receive the update on Health and Safety Activities report.

**CARRIED**

**14 Review of Audit and Risk Committee**

Resolution number AUD/2015/57

MOVED by Chairperson W Cashmore, seconded by Cr MP Webster:

**That the Audit and Risk Committee:**

- a) receive the report.
- b) note that the report provides for:
- a new Terms of Reference that clarifies explicitly the committee's mandate and responsibilities.
  - a forward work programme for the committee that reflects governance, risk management and internal control matters as contained in Council's Enterprise Risk Management "Top Risks" Register relevant to the Committee's Terms of Reference.
  - the development of an ongoing professional development programme for committee members.
  - the appointment of an external member to the role of Chair.
  - a change in composition of the committee – increasing the number of external members to three, and reducing the number of elected members appointed to the Committee to three.
- c) recommend to the Mayor that the proposed Terms of Reference as attached at Attachment A to the report be adopted with effect immediately.
- d) approve the proposed forward Work Programme as attached at Attachment B to the report.
- e) recommend to the incoming Mayor and Council that the provisions relating to the appointment of an independent chair and changing the composition of the committee take effect in the next term of office, following the Local Government elections in October 2016.

**CARRIED**

**15 Audit NZ Arrangements for Six Month Review Engagement and 30 June 2016 Audit of Annual Report**

When considering Item 9 the Auditor-General noted that there was an incorrect reference in Appendix 1 of the Audit NZ Arrangements letter to RS-1: Statement of Review Engagement Standards and it was agreed to amend the reference.

Resolution number AUD/2015/58

MOVED by Chairperson W Cashmore, seconded by Member P Conder:

That the Audit and Risk Committee:

- a) **receive the Audit NZ Arrangements for six month review engagement and 30 June 2016 audit of annual report, subject to the following amendment to the Audit NZ Arrangements for six month review engagement letter:**
  - i) **in Appendix 1 the “Basis of review opinion” paragraph “RS-1: Statement of Review Engagement Standards issued by the External Reporting Board” should read “NZ SRE 2410: New Zealand Standard on Review Engagements 2410 issued by the External Reporting Board”.**

**CARRIED**

**16 Consideration of Extraordinary Items**

There was no consideration of extraordinary items.

**17 Procedural motion to exclude the public**

Resolution number AUD/2015/59

MOVED by Chairperson W Cashmore, seconded by Member R Tiffin:

**That the Audit and Risk Committee:**

- a) **exclude the public from the following part(s) of the proceedings of this meeting.**
- b) **agree that Athol Graham, Associate Director, Audit New Zealand and Robert Sutherland, Audit Manager, Audit New Zealand be permitted to remain for Confidential Items C1 and C2 after the public has been excluded, because of their 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 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 investigation and other activity, which if released may compromise the effective delivery of our integrity and investigation 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>

**C2 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)(c)(ii) - The withholding of the information is necessary 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 to damage the public interest.</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>

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**

12.09pm 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.

12.28pm The public was re-admitted.

**RESTATEMENTS**

It was resolved while the public was excluded:

**C1 Update on Integrity and Investigation Activities**

Resolution number AUD/2015/60

MOVED by Chairperson W Cashmore, seconded by Cr MP Webster:

That the Audit and Risk Committee:

- a) receive the Update on Integrity and Investigation Activities report.
- b) endorse the proposed Integrity and Fraud Assurance strategy 2016-2018.
- c) agree that the Update on Integrity and Investigation Activities report remains confidential.

**C2 Update on Internal Audit Activities**

Resolution number AUD/2015/61

MOVED by Chairperson W Cashmore, seconded by Member R Tiffin:

That the Audit and Risk Committee:

- a) receive the Update on Internal Audit Activities report.
- b) approve the detailed audit programme for the six months to 30 June 2016.
- c) note the progress made by Internal Audit in delivering on the agreed Internal Audit strategy initiatives for the period July to November 2015.
- d) agree that the Update on Internal Audit Activities report remains confidential.

12.28pm

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:**.....