
Audit and Risk Committee

OPEN MINUTES

Minutes of a meeting of the Audit and Risk Committee held in Meeting Room 1, Level 26, 135 Albert Street, Auckland on Wednesday, 1 March 2017 at 10.30am.

PRESENT

Chairperson	Sue Sheldon, CNZM	
Deputy Chairperson	Cr Greg Sayers	
Members	Deputy Mayor Bill Cashmore	
	Paul Conder	
	Cr Richard Hills	
	Bruce Robertson	
Ex-officio	Mayor Hon Phil Goff, JP	Until 12.50pm, Item C1
	IMSB Chair David Taipari	Until 12.07pm, Item 18

ALSO PRESENT

Cr Dr Cathy Casey
Cr Hon Christine Fletcher, QSO

IN ATTENDANCE

Greg Schollum, Deputy Auditor-General
Jo Smail, Audit Director, Audit New Zealand

1 Apologies

There were no apologies.

2 Declaration of Interest

Independent member Bruce Robertson stated that he worked for Morrison Low who had a number of contracts with Auckland Council but that there were no known conflicts with the business of the Committee.

3 Confirmation of Minutes

There were no minutes for confirmation.

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 Audit and Risk Committee Forward Work Programme

A letter from Mayor Hon Phil Goff to the chairperson of the Audit and Risk Committee dated 21 February 2017 regarding "Management of fraud and corruption risk" was tabled at the meeting. A copy of the letter has been placed on the official minutes and is available on the Auckland Council website as a minutes attachment.

Resolution number AUD/2017/1

MOVED by Member B Robertson, seconded by Deputy Mayor B Cashmore:

That the Audit and Risk Committee:

- a) **approve the three year forward work programme noting the alterations requested at the meeting.**

CARRIED

Attachments

- A 1 March 2017 - Audit and Risk Committee - Item 9 - Audit and Risk Committee Forward Work Programme - letter from Mayor Hon Phil Goff regarding "Management of fraud and corruption risk"

10 Office of the Auditor-General and Audit New Zealand briefing

Greg Schollum, Deputy Auditor-General introduced himself to the members noting that he had the same powers and duties as the Auditor-General. Jo Smaill, Audit Director, Audit New Zealand was in attendance and spoke to the briefing paper.

Resolution number AUD/2017/2

MOVED by Chairperson S Sheldon, seconded by Deputy Chairperson G Sayers:

That the Audit and Risk Committee:

- a) **receive the information provided by the Auditor-General's representatives, Greg Schollum, Deputy Auditor-General and Jo Smaill, Audit Director, Audit New Zealand.**
- b) **thank the Deputy Auditor-General, Greg Schollum, and the Audit Director, Jo Smaill for their attendance.**

CARRIED

11 Approval of the Audit New Zealand audit fee proposal and audit arrangements letters

Jo Smaill, Audit Director, Audit New Zealand was in attendance for this item.

Resolution number AUD/2017/3

MOVED by Member P Conder, seconded by Cr R Hills:

That the Audit and Risk Committee:

- a) **approve the draft Audit New Zealand Audit Fee Proposal letter for the three years from 1 July 2016 to 30 June 2019 and the draft Audit Arrangements letter for the 30 June 2017 audit of the annual report for the Auckland Council Group.**
- b) **instruct Audit New Zealand to issue the final letters.**
- c) **delegate the Mayor and Chief Executive to sign the finalised letters.**

CARRIED

12 Auckland Council and Group pro forma financial statements for the year ending 30 June 2017

Changes to recommendation b) were incorporated with the agreement of the meeting.

Resolution number AUD/2017/4

MOVED by Chairperson S Sheldon, seconded by Member B Robertson:

That the Audit and Risk Committee:

- a) **approve the 30 June 2017 pro forma financial statements for Auckland Council and Group, subject to the pro forma financial statements being updated for any changes identified during the 30 June 2017 audit process.**
- b) **request committee members give feedback to staff by 14 March 2017 and delegate to Ms Sue Sheldon authority to approve any amendments that occur during the 30 June 2017 audit process.**
- c) **delegate authority to Ms Sue Sheldon, Mr Paul Conder and Mr Bruce Robertson to review and provide comments on the draft Auckland Council and Group 2016/2017 Annual Report and Summary Annual Report and verbally report to the September 2017 meeting of this Committee on the progress, findings and conclusions on the suitability of the reports for adoption.**

CARRIED

13 Progress on items raised by Audit New Zealand

Resolution number AUD/2017/5

MOVED by Member P Conder, seconded by Deputy Chairperson G Sayers:

That the Audit and Risk Committee:

- a) **note the progress made to resolve the 16 issues raised by Audit New Zealand.**

CARRIED

14 Update on Enterprise Risk Management and Insurance Activities

Resolution number AUD/2017/6

MOVED by Deputy Mayor B Cashmore, seconded by Member B Robertson:

That the Audit and Risk Committee:

- a) **receive the update on Enterprise Risk Management.**
- b) **note the Risk Appetite Statement, previously endorsed by the Committee in 2016, which forms part of the council's refreshed Risk Management Policy.**
- c) **receive the update on Insurance Activities.**

CARRIED

15 Monitoring of Treaty Audit Response Work Programme

An additional recommendation e) proposed by IMSB Chair David Taipari was incorporated with the agreement of the meeting.

Resolution number AUD/2017/7

MOVED by IMSB Chair D Taipari, seconded by Deputy Chairperson G Sayers:

That the Audit and Risk Committee:

- a) receive the **Monitoring of Treaty Audit Response Work Programme** report.
- b) note the monitoring work that has been performed to date by Internal Audit.
- c) note the health check confirmed that the Treaty Audit Response framework is working effectively and identified some minor improvements which are being implemented.
- d) note that Internal Audit will report to this committee on the monitoring of the Treaty audit response work programme on a six monthly basis.
- e) agree that Internal Audit will report to this committee in July 2017 on the approach to measurement of the Treaty Audit Response Programme and the steps in place to setting up a feasible final year programme for 2017/2018.

CARRIED

16 Health, Safety and Wellbeing Report

An additional recommendation d) proposed by Member Paul Conder was incorporated with the agreement of the meeting.

Resolution number AUD/2017/8

MOVED by Member P Conder, seconded by Cr R Hills:

That the Audit and Risk Committee:

- a) receive the update report on **Health, Safety and Wellbeing**.
- b) refer this report to the **Finance and Performance Committee** for its consideration.
- c) note that this report will also be provided to all Local Boards for their information.
- d) note that not all elected and appointed members have attended **Health, Safety and Wellbeing** training and strongly recommend all elected and appointed members complete this training at the earliest opportunity and request staff to provide an update on progress on achieving this target at the next meeting.

CARRIED

17 Consideration of Extraordinary Items

There was no consideration of extraordinary items.

18 Procedural motion to exclude the public

Resolution number AUD/2017/9

MOVED by Chairperson S Sheldon, seconded by Deputy Mayor B Cashmore:

That the Audit and Risk Committee:

- a) **exclude the public from the following part(s) of the proceedings of this meeting.**
- b) **agree that Jo Smaill, Audit Director, Audit New Zealand and Robert Sutherland, Audit Manager, Audit New Zealand be permitted to remain for Confidential Item C3 Compliance with the Holidays Act 2003 after the public has been excluded, because of their knowledge of matters, 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 Integrity and Investigations - Integrity and Fraud Assurance Strategy Progress Report

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
<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>	<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 activity which if released may jeopardise the effective delivery of Integrity and Investigations 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 Internal Audit Activity

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>

C3 Compliance with the Holidays Act 2003

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)(d) - The withholding of the information is necessary to avoid prejudice to measures protecting the health and safety of members of the public.</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>

C4 Overview of Auckland Council Litigation

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)(g) - The withholding of the information is necessary to maintain legal professional privilege.</p> <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 information in relation to proceedings involving significant strategic or financial implications for Auckland Council.</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

IMSB Chair David Taipari left the meeting at 12.07pm.

12.10pm 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.

1.06pm The public was re-admitted.

RESTATEMENTS

It was resolved while the public was excluded:

C1 Integrity and Investigations - Integrity and Fraud Assurance Strategy Progress Report

Resolution number AUD/2017/10

MOVED by Deputy Mayor B Cashmore, seconded by Member P Conder:

That the Audit and Risk Committee:

- a) note the progress made against the Integrity and Fraud Assurance Strategy.
- b) receive the letter from Mayor Hon Phil Goff, dated 21 February 2017, regarding "Management of fraud and corruption risk".
- c) agree that the report and attachments remain confidential, but the decisions be restated in the open minutes.

C2 Update on Internal Audit Activity

Resolution number AUD/2017/11

MOVED by Chairperson S Sheldon, seconded by Deputy Mayor B Cashmore:

That the Audit and Risk Committee:

- a) note the progress made by Internal Audit in delivering against the internal audit programme for the year to 30 June 2017.
- b) agree that the report and attachments remain confidential, but the decisions be restated in the open minutes.

C3 Compliance with the Holidays Act 2003

Resolution number AUD/2017/12

MOVED by Deputy Mayor B Cashmore, seconded by Member P Conder:

That the Audit and Risk Committee:

- e) agree that the report, attachments and decisions remain confidential.

C4 Overview of Auckland Council Litigation

Resolution number AUD/2017/13

MOVED by Member B Robertson, seconded by Member P Conder:

That the Audit and Risk Committee:

- c) agree that the report and decisions remain confidential.

1.06pm

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:.....