

---

## Audit and Risk Committee

### OPEN MINUTES

---

Minutes of a meeting of the Audit and Risk Committee held in Room 1, Level 26, 135 Albert Street, Auckland on Wednesday, 19 July 2017 at 9.30am.

---

#### PRESENT

<b>Chairperson</b>	Sue Sheldon, CNZM	
<b>Deputy Chairperson</b>	Cr Greg Sayers	
<b>Members</b>	Deputy Mayor Bill Cashmore	
	Paul Conder	
	Cr Richard Hills	
	Bruce Robertson	
<b>Ex-officio</b>	Mayor Phil Goff, CNZM, JP	From 12.14pm, item C3
	IMSB Chair David Taipari	

#### ALSO PRESENT

Cr Chris Darby	From 10.12am, item 11 until 11.22am, item 17
----------------	---

#### IN ATTENDANCE

Greg Schollum, Deputy Controller and Auditor-General  
Sarah Lineham, Sector Manager, Local Government, Office of the Auditor-General  
Jo Smaill, Audit Director, Audit New Zealand  
Athol Graham, Audit Director, Audit New Zealand  
Robert Sutherland, Audit Manager, Audit New Zealand

---



**1 Apologies**

Resolution number AUD/2017/22

MOVED by Chairperson S Sheldon, seconded by Member P Conder:

**That the Audit and Risk Committee:**

- a) **accept the apology from Mayor P Goff for lateness.**

**CARRIED**

**2 Declaration of Interest**

Member B Robertson declared his interest in a contract in providing an independent analysis of the applications for reorganisation proposals for North Rodney and Waiheke currently before the Local Government Commission. The independent analysis has been prepared at the request of the Commission. He noted that a matter under item 13 related to the proposal.

**3 Confirmation of Minutes**

Resolution number AUD/2017/23

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

**That the Audit and Risk Committee:**

- a) **confirm the ordinary minutes of its meeting, held on Monday, 29 May 2017, 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 Audit and Risk Committee - forward work programme**

Resolution number AUD/2017/24

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

**That the Audit and Risk Committee:**

- a) **reconfirm the three-year forward work programme.**

**CARRIED**

Note: The chairperson requested that precedence be given to Item 15 – 2018-2018 Long-term Plan – process for development and adoption at this time.

**15 2018 -2028 Long-term Plan - process for development and adoption**

Resolution number AUD/2017/25

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

**That the Audit and Risk Committee:**

- a) **receive the verbal briefing provided by Matthew Walker, General Manager: Financial Strategy and Planning on process to develop and adopt the 2018-2028 Long-term Plan.**

**CARRIED**

**10 Review Engagement Management Report for the six months ended 31 December 2016 and Interim Audit Management Report for the year ending 30 June 2017**

Resolution number AUD/2017/26

MOVED by Chairperson S Sheldon, seconded by Member P Conder:

**That the Audit and Risk Committee:**

- a) **note the issues raised and the council's responses to the matters raised in the review engagement and interim audit reports issued by Audit New Zealand.**

**CARRIED**

**11 Risk reporting by substantive council-controlled organisations**

*Cr Chris Darby entered the meeting at 10.20am.*

Resolution number AUD/2017/27

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

**That the Audit and Risk Committee:**

- a) **receive the Risk Reporting by council-controlled organisations report.**  
b) **receive the council-controlled organisations quarterly risks report for the quarter ended 31 March 2017.**

- c) approve the preferred option for reporting risk to the committee as follows:
- enhance the current arrangement for the substantive council-controlled organisations to provide assurance and high level information regarding risk management processes (through quarterly reports and annual audit summaries) by further clarifying the information that is to be provided and by enhancing the relevant reporting templates accordingly
  - substantive council-controlled organisations to provide separately to the council's enterprise risk management team on a quarterly basis the top risk information/register that has been reported to each council-controlled organisation's Audit and Risk Committee (or equivalent)
  - the committee to receive a top risks register in confidence, under cover of a report from enterprise risk management team In order to stream line reporting to the committee, this will be reported together with the quarterly risk update
  - council-controlled organisation senior executives to attend the committee every six months at a scheduled time in the committee work programme or as required by the committee
  - recommend to the Finance and Performance Committee that council's Governance Manual for Substantive CCOs is amended to include the enhanced reporting arrangements and reporting templates.
- d) approve the process for engaging with the council-controlled organisations and implement reporting as follows:
- the chair of the committee and the council's chief executive to jointly write to the chief executives and the board chairs of each council-controlled organisation outlining the desire to enhance the current risk information to the council; and
  - request a senior manager be nominated from each council-controlled organisation as representative on a risk reporting working group to discuss the proposal, confirm requirements and agree implementation and timeframes.

**CARRIED**

## 12 Treaty Audit Response Work Programme

Note: Changes to the original recommendations were incorporated, by way of addition of clauses e) and f), with the agreement of the meeting.

Resolution number AUD/2017/28

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

**That the Audit and Risk Committee:**

- a) receive the Treaty Audit Response Programme report.
- b) note the mechanisms in place to measure the implementation of Treaty Audit recommendations.
- c) note the progress made in progressing Treaty Audit recommendations and Māori Responsiveness Plans.
- d) note the specific areas of monitoring focus over the next 12 months by the Waharoa Group, the Internal Audit department and Te Waka Angamua.
- e) request the Audit and Risk team work with the Independent Māori Statutory Board secretariat on the approach that is required for council-controlled organisations to prioritise and implement the Treaty Audit recommendations and report back to the next Audit and Risk Committee meeting.

- f) request the Audit and Risk team provide advice to the Independent Māori Statutory Board at their 4 September 2017 meeting updating them about how Council will work with council-controlled organisations to implement the Treaty Audit programme.

**CARRIED**

**13 Update on risk management and insurance activities**

Resolution number AUD/2017/29

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

**That the Audit and Risk Committee:**

- a) receive the update on risk management activities within Auckland Council.  
b) receive the update on insurance activities for the Auckland Council group.  
c) note the placement of the 2017/2018 council group insurance programme, which became effective on 30 June 2017.

**CARRIED**

**14 135 Albert Street Cladding Project update**

Staff provided a PowerPoint presentation in support of the item. A copy of the presentation has been placed on the official minutes and is available on the Auckland Council website as a minutes attachment.

Note: Changes to the original recommendations were incorporated, by way of addition of clause b), with the agreement of the meeting.

Resolution number AUD/2017/30

MOVED by Chairperson S Sheldon, seconded by IMSB Member D Taipari:

**That the Audit and Risk Committee:**

- a) receive the verbal update and presentation on the 135 Albert Street Cladding Project provided by Kevin Ramsay, General Manager: Corporate Finance and Property.  
b) note that the Finance and Performance Committee requested quarterly monitoring and that the Committee requests reporting on an exceptions basis within regular risk reporting.

**CARRIED**

Note: Subsequent to the meeting it was identified that no request for quarterly monitoring has been recorded in the minutes of the Finance and Performance Committee meetings.

**Attachments**

- A 19 July 2017 - Audit and Risk Committee - Item 14 135 Albert Street Cladding Project update - presentation

Note: Item 15 – 2018-2028 Long-term Plan – process for development and adoption was considered prior to Item 10 – Review Engagement Management Report for the six months ended 31 December 2016 and Interim Audit Management Report for the year ending 30 June 2017.

**16 Consideration of Extraordinary Items**

There was no consideration of extraordinary items.

**17 Procedural motion to exclude the public**

Resolution number AUD/2017/31

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 Greg Schollum, Deputy Controller and Auditor-General, Sarah Lineham, Sector Manager, Local Government, Office of the Auditor-General, Jo Smail, Audit Director, Audit New Zealand, Athol Graham, Audit Director, Audit New Zealand and Robert Sutherland, Audit Manager, Audit New Zealand be permitted to remain for Confidential Items 13 Update on risk management and insurance activities - Attachment D - Summary of Auckland Council Group Insurance Placements Effective 30 June 2017, C1 Auckland Council and Group Financial Year End 30 June 2017 Update and C2 Office of the Auditor-General and Audit New Zealand briefing 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:

**13 Update on risk management and insurance activities - Attachment D - Summary of Auckland Council Group Insurance Placements Effective 30 June 2017**

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)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.</p> <p>In particular, the report contains confidential details of the programme including insurance policies, insurers with whom the council group has placed insurance, premium and other commercially sensitive financial information.</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>

**C1 Auckland Council and Group Financial Year End 30 June 2017 Update**

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.	s7(2)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.  In particular, the report contains financial assumptions and judgements that have impact on the financial results of the Auckland Council Group as at 30 June 2017.	s48(1)(a)  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.

**C2 Office of the Auditor-General and Audit New Zealand briefing**

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.	s7(2)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.  In particular, the report from Audit New Zealand contains information regarding the annual report and financial results of the Auckland Council Group as at 30 June 2017.	s48(1)(a)  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.

**C3 Auckland Council Loan and Guarantee to the Eden Park Trust Board**

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.	s7(2)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.  In particular, this report contains sensitive financial information that has yet to be disclosed in our annual report and pending future commercial decisions for Eden Park.	s48(1)(a)  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.



**C4 Internal Audit Update**

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.	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.  In particular, the report contains financial and operational information and details of activity which if released may jeopardise the effective delivery of internal audit services.	s48(1)(a)  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.

**C5 Update on 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.	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.  In particular, the report contains financial and operational information, including details of internal audit activity which if released may jeopardise the effective delivery of internal audit services.	s48(1)(a)  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.

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**

*Cr Chris Darby retired from the meeting at 11.22am.*

11.22am 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.

12.45pm The public was re-admitted.

## **RESTATEMENTS**

It was resolved while the public was excluded:

**13 Update on risk management and insurance activities - Attachment D - Summary of Auckland Council Group Insurance Placements Effective 30 June 2017**

Resolution number AUD/2017/32

MOVED by Chairperson S Sheldon, seconded by Cr R Hills:

That the Audit and Risk Committee:

- a) agree to note the confidential status of attachment D to Item 13.
- b) agree that the attachment will remain confidential, but the decisions be restated in the open minutes.

**C1 Auckland Council and Group Financial Year End 30 June 2017 Update**

Resolution number AUD/2017/33

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

That the Audit and Risk Committee:

- a) receive the Auckland Council and Group Financial Year End 30 June 2017 Update report.
- b) agree that the report will remain confidential, but the decisions be restated in the open minutes.

**C2 Office of the Auditor-General and Audit New Zealand briefing**

Resolution number AUD/2017/34

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

That the Audit and Risk Committee:

- a) receive the information provided by the Auditor-General's representatives, Greg Schollum, Deputy Auditor-General, Sarah Lineham, Sector Manager - Local Government, Jo Smaill and Athol Graham, Audit Directors, Audit New Zealand.
- b) thank the Deputy Auditor-General, Greg Schollum, for his attendance.
- c) agree that the report and attachments will remain confidential, but the decisions be restated in the open minutes.

**C3 Auckland Council Loan and Guarantee to the Eden Park Trust Board**

Resolution number AUD/2017/35

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

That the Audit and Risk Committee:

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

**C4 Internal Audit Update**

Resolution number AUD/2017/36

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

That the Audit and Risk Committee:

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

**C5 Update on compliance with the Holidays Act 2003**

Resolution number AUD/2017/37

MOVED by Chairperson S Sheldon, seconded by Cr R Hills:

That the Audit and Risk Committee:

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

12.45pm

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:**.....