
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 Thursday, 14 September 2017 at 2.20pm.

PRESENT

Chairperson	Sue Sheldon, CNZM	
Deputy Chairperson	Cr Greg Sayers	Until 4.23pm, Item C1
Members	Deputy Mayor Bill Cashmore Paul Conder Cr Richard Hills Bruce Robertson	
Ex-officio	Mayor Hon Phil Goff, CNZM, JP IMSB Chair David Taipari	From 3.00pm, Item C1 Until 2.57pm, Item 14

ALSO PRESENT

Cr Cathy Casey	Until 4.47pm, Item C1
Cr Ross Clow	Until 2.57pm, Item 14

IN ATTENDANCE

John Robertson, Director and Chair of Audit Committee Regional Facilities Auckland (RFA)
Simon Tran, Chief Financial Officer Regional Facilities Auckland (RFA)
Sharyn Bramwell, General Manager Risk, Safety and Assurance Regional Facilities Auckland (RFA)
Danny Chan, Board member and Chair of Audit and Risk Committee Auckland Tourism, Events and Economic Development (ATEED)
Nick Hill, Chief Executive Auckland Tourism, Events and Economic Development (ATEED)
Joy Buckingham, Chief Financial Officer Auckland Tourism, Events and Economic Development (ATEED)
Avika Singh, Finance Manager Auckland Tourism, Events and Economic Development (ATEED)
Dame Paula Rebstock, Board member and Chair of Finance and Risk Committee Auckland Transport (AT)
Roger Murphy, Head of Audit and Risk Auckland Transport (AT)
Richard Morris, Chief Financial Officer Auckland Transport (AT)
John Crawford, Chief Executive Auckland Council Investments Limited (ACIL)

Richard Aitken, Board Chair Panuku Development Auckland (Panuku)
Carl Gosbee, Chief Financial Officer Panuku Development Auckland
(Panuku)
Julia Hoare, Board Deputy Chair and Chair of Audit and Risk
Committee Watercare Services Limited (Watercare)
Richard O'Connor, Financial Controller Watercare Services Limited
(Watercare)
Nigel Toms, Risk Manager Watercare Services Limited (Watercare)

1 Apologies

Resolution number AUD/2017/49

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

That the Audit and Risk Committee:

- a) **accept the apologies from Mayor P Goff for lateness, Cr Sayers for early departure on council business and Ex-officio member IMSB Chair D Taipari for early departure.**

CARRIED

2 Declaration of Interest

There were no declarations of interest.

3 Confirmation of Minutes

Resolution number AUD/2017/50

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

That the Audit and Risk Committee:

- a) **confirm the ordinary minutes of its meeting held on Friday, 25 August 2017, including the confidential section, as a true and correct record.**

CARRIED

4 Petitions

There were no petitions.

5 Public Input

5.1 Public Input - Penny Bright - Official Information Act reply from Tamaki Regeneration Company

Ms Bright tabled a copy of the correspondence she received from Tamaki Regeneration Company dated 21 August 2017 in response to her request for information under the Official Information Act 1982. A copy has been placed on the official minutes and is available on the Auckland Council website as a minutes attachment.

Resolution number AUD/2017/51

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

That the Audit and Risk Committee:

- a) **receive the presentation regarding an Official Information Act reply from Tamaki Regeneration Company from Penny Bright and thank her for her attendance.**

CARRIED

Attachments

- A 14 September 2017, Audit and Risk Committee: Item 5.1 Public Input - Penny Bright - Correspondence tabled

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/2017/52

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

That the Audit and Risk Committee:

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

CARRIED

10 Update on risk management and insurance activities

Resolution number AUD/2017/53

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

That the Audit and Risk Committee:

- a) **receive the update on Enterprise Risk Management.**
- b) **receive the update on Insurance activities.**

CARRIED

11 Monitoring of Treaty Audit Response Work Programme

Resolution number AUD/2017/54

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

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 the Internal Audit department and the positive comments made by Ex-officio member IMSB Chair D Taipari.**
- c) **note that the Internal Audit department will report on a six-monthly basis to this committee in accordance with the approved Internal Audit work plan.**

CARRIED

12 Assurance approach for Long-term Plan 2018-2028

Resolution number AUD/2017/55

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

That the Audit and Risk Committee:

- a) **endorse the Assurance approach for Long-term Plan 2018-2028.**

CARRIED

13 Consideration of Extraordinary Items

There was no consideration of extraordinary items.

14 Procedural motion to exclude the public

Resolution number AUD/2017/56

MOVED by Cr R Hills, seconded by Member B Robertson:

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 C1 Updates on the management of risks within council-controlled organisations, C2 Draft 2016/2017 Annual Report and Summary Annual Report for Auckland Council and group and C3 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:

C1 Updates on the management of risks within council-controlled organisations

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 and operational information and details of audit findings which if released may jeopardise the commercial operations of the Council-controlled Organisations.	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 Draft 2016/2017 Annual Report and Summary Annual Report for Auckland Council and group

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 detailed financial adjustments, assumptions and judgements that have impact on the financial results of the Auckland Council group as at 30 June 2017 that require final Audit New Zealand sign off.</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 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.	<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 from Audit New Zealand contains information regarding the annual report and financial results of the Auckland Council Group as at 30 June 2017.</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 Legal Risk Quarterly 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
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>s7(2)(i) - The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p> <p>In particular, the report contains information concerning legal proceedings, commercial negotiations, and current claims against 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>

C5 Update on internal audit and integrity 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 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

*IMSB Chair D Taipari left the meeting at 2.57pm.
Cr R Clow left the meeting at 2.57pm.*

2.57pm 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.

6.00pm The public was re-admitted.

RESTATEMENTS

It was resolved while the public was excluded:

C1 Updates on the management of risks within council-controlled organisations

Resolution number AUD/2017/57

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

That the Audit and Risk Committee:

- a) note the governance level processes that exist to identify and manage risks within individual substantive council-controlled organisations.

Restatement:

- b) agree that the decisions be restated in the open minutes but that this report and attachments remain confidential.

C2 Draft 2016/2017 Annual Report and Summary Annual Report for Auckland Council and group

Resolution number AUD/2017/58

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

That the Audit and Risk Committee:

- a) note that there are no significant outstanding audit issues relating to the audit and process for the preparation of the 2016/2017 Annual Report and the Summary Annual Report for Auckland Council and group.
- b) recommend the 2016/2017 Annual Report and the Summary Annual Report for Auckland Council and group to the Governing Body for adoption, noting that the draft Annual Report is still subject to finalisation of disclosure items, consideration by the Finance and Performance Committee, final management review and receipt of the Independent Auditor's Report.

Restatement:

- c) agree that the decisions be restated in the open minutes but the Draft 2016/2017 Annual Report and Summary Annual Report for Auckland Council and group report and attachments remain confidential.

C3 Office of the Auditor-General and Audit New Zealand briefing

Resolution number AUD/2017/59

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

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 and Jo Smaill, Audit Director, Audit New Zealand
- b) thank the Deputy Auditor-General, Greg Schollum, the Sector Manager – Local Government, Sarah Lineham and the Audit Director, Jo Smaill, for their attendance.

Restatement

- c) agree that the Office of the Auditor-General and Audit New Zealand briefing paper provided as Attachment A will remain confidential, but the decisions be restated in the open minutes.

C4 Legal Risk Quarterly Report

Note: This item was deferred to the next meeting of the Audit and Risk Committee.

C5 Update on internal audit and integrity activity

Note: This item was deferred to the next meeting of the Audit and Risk Committee.

6.00pm

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:.....