
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, 6 December 2017 at 11.17am.

PRESENT

Chairperson	Sue Sheldon, CNZM	
Deputy Chairperson	Cr Greg Sayers	From 11.25am, Item 5.2
Members	Deputy Mayor Bill Cashmore	
	Paul Conder	
	Cr Richard Hills	
	Bruce Robertson	

ABSENT

Ex-officio	Mayor Hon Phil Goff, CNZM, JP
	IMSB Chair David Taipari

ALSO PRESENT

Cr Dr Cathy Casey
Cr Linda Cooper

IN ATTENDANCE

Greg Schollum, Deputy Auditor-General
Sarah Markley, Sector manager, Local Government
Jo Smaill, Audit Director, Audit New Zealand

1 Apologies

Resolution number AUD/2017/60

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

That the Audit and Risk Committee:

- a) **accept the apologies from IMSB Chair D Taipari for absence and Mayor P Goff for absence on council business.**

CARRIED

2 Declaration of Interest

There were no declarations of interest.

3 Confirmation of Minutes

Resolution number AUD/2017/61

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 Thursday, 14 September 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 - matters relating to Auckland Transport

Ms Bright tabled a copy of a report to the Auckland Transport board meeting on 1 August 2017 titled "Cycling Programme Business Case". A copy has been placed on the official minutes and is available on the Auckland Council website as minutes attachments.

Resolution number AUD/2017/62

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

That the Audit and Risk Committee:

- a) **receive the presentation from Penny Bright and thank her for her attendance.**

CARRIED

Attachments

- A 6 December 2017, Audit and Risk Committee: Item 5.1 Public Input - Penny Bright - Report tabled

5.2 Public Input - Lisa Prager - matters relating to Auckland Transport

Ms Prager tabled a copy of a letter from Andrew Hooker, Shine Lawyers to Auckland Transport regarding Garnet Road Residence – Cycle Way Dispute. A copy has been placed on the official minutes and is available on the Auckland Council website as a minutes attachment.

Cr G Sayers entered the meeting at 11.25am.

Resolution number AUD/2017/63

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

That the Audit and Risk Committee:

- a) **receive the presentation from Lisa Prager and thank her for her attendance.**

CARRIED

Attachments

- A 6 December 2017, Audit and Risk Committee: Item 5.2 Public Input - Lisa Prager - 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/2017/64

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

That the Audit and Risk Committee:

- a) **reconfirm its forward work programme.**

CARRIED

10 Final management report on the audit of Auckland Council for year ended 30 June 2017

Resolution number AUD/2017/65

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

That the Audit and Risk Committee:

- a) **note the issues identified by Audit New Zealand and the council's responses to the matters raised in the final audit report for the year ended 30 June 2017.**
- b) **note the issues that have been cleared from previous years, the issues that are still outstanding and council's responses to address these.**

CARRIED

11 Approval of the Audit New Zealand Review Engagement Letter for the six months ended 31 December 2017 and Audit Plan for the year ended 30 June 2018

Resolution number AUD/2017/66

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

That the Audit and Risk Committee:

- a) **approve the draft Audit New Zealand Review Engagement Letter for the six months ending 31 December 2017 and draft Audit Plan for the 30 June 2018 audit of the annual report for the Auckland Council and group**
- b) **request Audit New Zealand to issue the final letters**
- c) **delegate the mayor and chief executive to sign the finalised letters.**

CARRIED

12 Approval of the Audit New Zealand Engagement Letter for the Audit of the Consultation Document and Long-term Plan 2018-2028

Resolution number AUD/2017/67

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

That the Audit and Risk Committee:

- a) **approve the draft Audit New Zealand Audit Engagement letter for the audit of Auckland Council group's Consultation Document and the Long-term Plan 2018-2028.**
- b) **request Audit New Zealand to issue the final letter**
- c) **delegate the mayor to sign the final letter once it is received.**

CARRIED

13 Office of the Auditor-General Review of Service Performance

Resolution number AUD/2017/68

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

That the Audit and Risk Committee:

- a) **receive the report provided by the Auditor-General's representatives, Greg Schollum, Deputy Auditor-General and Sarah Markley, Sector manager, Local Government.**
- b) **thank the Deputy Auditor-General, Greg Schollum and Sarah Markley, Sector manager, Local Government, for their attendance.**

CARRIED

14 Risk and Insurance Quarterly Update

Resolution number AUD/2017/69

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

That the Audit and Risk Committee:

- a) receive the update on Enterprise Risk Management.
- b) receive the update on Insurance activities.
- c) receive and endorse the Risk Strategy 2018-2020.
- d) agree that following the annual review of top risks by council and reporting to the Audit and Risk Committee early in 2018, the council's top risk register be reported to the Governing Body at the next available opportunity and thereafter a regime of regular reporting against this be implemented.

CARRIED

15 Quarterly Health, Safety and Wellbeing Report

Resolution number AUD/2017/70

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

That the Audit and Risk Committee:

- a) receive the update report on health, safety and wellbeing
- b) refer this report to the governing body for its consideration
- c) note that this report will also be provided to all local boards for their information.

CARRIED

16 Building Consenting Capacity and Performance

Resolution number AUD/2017/71

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

That the Audit and Risk Committee:

- a) receive the report and acknowledge the current issues and challenges faced by the Building Consents department and the initiatives in place to address these.

CARRIED

17 Annual Report on the Performance of the Audit and Risk Committee

Resolution number AUD/2017/72

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

That the Audit and Risk Committee:

- a) receive this annual report on the Performance of the Audit and Risk Committee report.
- b) recommend that the chief executive place the report on the next available agenda of the governing body.

CARRIED

18 Consideration of Extraordinary Items

There were no extraordinary items.

19 Procedural motion to exclude the public

Resolution number AUD/2017/73

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 Markley, Sector manager, Local Government, Office of the Auditor-General and Jo Smail, Audit Director, Audit New Zealand be permitted to remain for all the confidential items 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 Financial status update for the Auckland Council Group New Zealand Stock Exchange Announcement and Interim Report for the six months ended 31 December 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
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 an impact on the financial results of the Auckland Council group as at 31 December 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.	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.

	In particular, the report from Audit New Zealand contains information regarding the financial results of the Auckland Council Group as at 30 September 2017.	
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C3 Approval of the 31 December 2017 half year pro forma financial statements and accounting policies

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 information regarding the Interim Report for the half year ended 31 December 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 Council-controlled organisations - quarterly risks reports

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)(i) - 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 prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.</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 risk reporting and detailing top risks reported confidentially to the respective council controlled organisation Boards or Audit and Risk Committees and which have been provided subject to confidentiality.</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 Legal Risk 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)(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>

C6 City Rail Link Project 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
<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)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.</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 about procurement strategies and contract values that would prejudice City Rail Link Limited's ability to negotiate if it was made public. The report also contains personal information relating to the employment status of senior employees of City Rail Link Limited.</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>

C7 Internal Audit and Integrity Activity 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.	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, and 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.

C8 Progress against the Integrity and Fraud Assurance Strategy

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 operational information, and details of integrity 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.

C9 Severance Payments guidelines

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)(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). In particular, the report contains information that potentially relates to Auckland Council's approach to negotiating severance arrangements, and the guidelines are still in draft form, and subject to further revision and change.	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 was made available to the public who were present at the meeting and formed part of the minutes of the meeting.

CARRIED

1.00pm 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.

3.29pm The public was re-admitted.

RESTATEMENTS

It was resolved while the public was excluded:

C1 Financial status update for the Auckland Council Group New Zealand Stock Exchange Announcement and Interim Report for the six months ended 31 December 2017

Resolution number AUD/2017/74

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

That the Audit and Risk Committee:

- a) note the information contained in this Financial Status Update for the Auckland Council group New Zealand Stock Exchange announcement and Interim Report for the half year ended 31 December 2017.

Restatement

- 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/2017/75

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 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.

Restatement

- c) agree that the report and attachments will remain confidential, but the decisions be restated in the open minutes.

C3 Approval of the 31 December 2017 half year pro forma financial statements and accounting policies

Resolution number AUD/2017/76

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

That the Audit and Risk Committee:

- a) approve the 31 December 2017 pro forma Interim Report, including relevant accounting policies for the Auckland Council group. The pro forma Interim Report will be updated for any changes identified by management while completing the Interim Report and by the auditors during their process for half year ended 31 December 2017
- b) request committee members give feedback to staff by 14 January 2018 and delegate the authority to the committee chair to approve any amendments that occur during the 31 December 2017 review process.

Restatement

- c) agree that the report will remain confidential, but the decisions be restated in the open minutes.

C4 Council-controlled organisations - quarterly risks reports

Resolution number AUD/2017/77

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

That the Audit and Risk Committee:

- a) receive the council-controlled organisations top risks report for the quarter ended December 2017
- b) approve the schedule for the council-controlled organisations to present their risk reports to the Audit and Risk Committee on a rolling basis, beginning with Auckland Transport at today's meeting.

Restatement

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

C5 Legal Risk Report

Resolution number AUD/2017/78

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

That the Audit and Risk Committee:

- a) receive the Legal Risk report and note the legal risk matters contained in the executive summary.
- b) confirm that it wishes to receive future legal risk reports on a bi-annual basis.

Restatement

- c) agree that the decisions be restated in the open minutes but the Legal Risk Quarterly report and attachments remain confidential.

C6 City Rail Link Project Update

Resolution number AUD/2017/79

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

That the Audit and Risk Committee:

- a) note the progress of the City Rail Link project, the establishment of City Rail Link Limited, the project governance structure, and upcoming milestones and risks
- b) agree to receive a further report at the February 2018 meeting on the monitoring role requested by the Governing Body on the progress of City Rail Link

Restatement

- c) agree that the decisions be restated in the open minutes, but that the report remains confidential.

C7 Internal Audit and Integrity Activity Report

Resolution number AUD/2017/80

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 and Integrity units of the Internal Audit department in delivering against the internal audit programme and agree that the Treasury function will be reviewed annually in future

Restatement

- b) agree that the decision be restated in the open minutes but the Internal Audit and Integrity Activity report and attachments remain confidential.

C8 Progress against the Integrity and Fraud Assurance Strategy

Resolution number AUD/2017/81

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

That the Audit and Risk Committee:

- a) note the progress made against the Integrity and Fraud Assurance Strategy.

Restatement

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

C9 Severance Payments guidelines

Resolution number AUD/2017/82

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

That the Audit and Risk Committee:

- a) receive the draft Severance Payments guidelines.
- b) request that the draft Severance Payments guidelines be amended to provide reporting six monthly and annually to the Audit and Risk Committee of severance payments made over that period to coincide with half yearly financial reporting.

Restatement

- c) agree that the decisions be restated in the open minutes but the report and attachment remain confidential.

3.29pm

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:.....