Minutes of a meeting of the Audit and Risk Committee held in Room 1, Level 26, 135 Albert Street, Auckland on Wednesday, 5 June 2019 at 12.30pm.

PRESENT

Chairperson
Sue Sheldon, CNZM

Members
Cr Ross Clow
Paul Conder
Cr Richard Hills
Bruce Robertson

ABSENT

Deputy Chairperson
Deputy Mayor Cr Bill Cashmore

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

IN ATTENDANCE

Greg Schollum, Deputy Auditor-General, Office of the Auditor-General
Jo Smaille, Audit Director, Audit New Zealand
Claudia Brink, Audit Manager, Audit New Zealand
1 **Apologies**

Resolution number AUD/2019/20

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

That the Audit and Risk Committee:

a) accept the apologies from Deputy Chairperson Cr BC Cashmore, IMSB Chair D Taipari and Mayor Hon P Goff for absence.

CARRIED

2 **Declaration of Interest**

There were no declarations of interest.

3 **Confirmation of Minutes**

Resolution number AUD/2019/21

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

That the Audit and Risk Committee:

a) confirm the ordinary minutes of its meeting, held on Tuesday, 26 February 2019, 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 Audit and Risk Committee Work Programme

Resolution number AUD/2019/22
MOVED by Chairperson S Sheldon, seconded by Member B Robertson:
That the Audit and Risk Committee:
a) adopt the revised forward work programme.
CARRIED

9 Review engagement management report for the six months to 31 December 2018

Resolution number AUD/2019/23
MOVED by Member P Conder, seconded by Member B Robertson:
That the Audit and Risk Committee:
a) note the issues identified by the auditors and Auckland Council’s responses to the matters raised in the review engagement report for the six months ended 31 December 2018.
CARRIED

10 Health & Safety Performance Report - Quarter Three Financial Year 2018/19

Note: A corrected version of Table 2: Critical risks – quarterly movement in reports made on Risk Manager was tabled at the meeting. A copy has been placed on the official minutes and is available on the Auckland Council website as a minutes attachment.

Resolution number AUD/2019/24
MOVED by Cr R Clow, seconded by Cr R Hills:
That the Audit and Risk Committee:
a) refer this report to the Governing Body and draw the attention of elected members to their duties under the Health and Safety at Work Act 2015
b) note that this report will be provided to all local boards for their information.
CARRIED

Attachments
A 5 June 2019 - Audit and Risk Committee - Item 10 - Health & Safety Performance Report - Quarter Three Financial Year 2018/19 - Table 2

11 Risk Update - June 2019

Resolution number AUD/2019/25
MOVED by Cr R Clow, seconded by Member P Conder:
That the Audit and Risk Committee:
a) note the update on enterprise risk management.
b) note the update on the 36th America’s Cup Programme.
CARRIED
12 Climate Change Risk Deep Dive - May 2019

Resolution number AUD/2019/26
MOVED by Cr R Clow, seconded by Cr R Hills:
That the Audit and Risk Committee:
  a) note the process, observations and recommendations from the climate change risk deep dive
  b) note that following the climate change deep dive review it is proposed to raise the residual risk rating from moderate to high.

CARRIED

13 Crown Reforms - Housing and Urban Growth Risk Deep Dive

Resolution number AUD/2019/27
MOVED by Cr R Clow, seconded by Member B Robertson:
That the Audit and Risk Committee:
  a) note the process, observations and recommendations from the deep dive of Crown reforms – housing and urban growth risk
  b) note that following the deep dive, the residual risk rating remains moderate.

CARRIED

14 Update on the Holidays Act project

Resolution number AUD/2019/28
MOVED by Chairperson S Sheldon, seconded by Cr R Clow:
That the Audit and Risk Committee:
  a) receive this report on Auckland Council’s compliance with the Holidays Act 2003
  b) note the work that has been performed to date to identify non-compliance with the Holidays Act 2003, and to reconfigure our payroll systems
  c) note that updates will continue to be reported to the committee regularly throughout the course of this project.

CARRIED

15 Consideration of Extraordinary Items

There was no consideration of extraordinary items.
16 Procedural motion to exclude the public

Resolution number AUD/2019/29

MOVED by Chairperson S Sheldon, 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 Auditor-General, Office of the Auditor-General, Jo Smaill, Audit Director, Audit New Zealand and Claudia Brink, Audit Manager, Audit New Zealand be permitted to remain for all of 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 Council-controlled Organisations - Quarterly Risk Update June 2019

<table>
<thead>
<tr>
<th>Reason for passing this resolution in relation to each matter</th>
<th>Particular interest(s) protected (where applicable)</th>
<th>Ground(s) under section 48(1) for the passing of this resolution</th>
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| 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)(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.  
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 risk reporting and detailed top risks reported confidentially to the council-controlled organisations Board or Audit and Risk Committees. The council-controlled organisations have provided their risk reports for council's Audit and Risk Committee subject to confidentiality. | 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  Update on key controls and risks related to the amendment to the 10-year Budget 2018-2028

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<td>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.</td>
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In particular, the report contains legal advice being provided to the Committee and financial assumptions and judgements that Audit New Zealand have yet to issue their audit opinion on.

C3  Auckland Council group 30 June 2019 year end reporting and audit requirements

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<td>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.</td>
<td>s7(2)(j) - The withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage.</td>
<td>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.</td>
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In particular, the report contains information about assumptions and judgements that will have a material impact on the financial results of the Auckland Council group for the year ending 30 June 2019.
## C4  Approval of Auckland Council group pro forma financial statements for the year ending 30 June 2019

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<td>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 information that will be included in the Annual Report for the year ending 30 June 2019.</td>
<td>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.</td>
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## C5  Update on the audit of building consent and non-notified resource consent processing times

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<td>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.</td>
<td>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 audit activity which if released may jeopardise the effective delivery of assurance services.</td>
<td>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.</td>
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## C6  Office of the Auditor-General and Audit New Zealand briefing

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<td>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 financial results of the Auckland Council Group as at 30 June 2019.</td>
<td>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.</td>
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C7 Insurance Renewal - Indicative Council Group Programme for 2019-20 period

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<td>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.</td>
<td>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 details of the proposed insurance strategy, policies and programme for which terms and costings are being sought from and negotiated with the insurance market.</td>
<td>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.</td>
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C8 Assurance Services Update

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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

1.45pm 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.

4.17pm The public was re-admitted.
RESTATEMENTS

It was resolved while the public was excluded:

C1  Council-controlled Organisations - Quarterly Risk Update June 2019

Resolution number AUD/2019/30

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

That the Audit and Risk Committee:

a) note the written risk updates provided by Watercare Services Limited, Panuku Development Auckland Limited, Auckland Tourism, Events and Economic Development Limited and Auckland Transport.

b) note the risk update presented by Regional Facilities Auckland Limited.

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

C2  Update on key controls and risks related to the amendment to the 10-year Budget 2018-2028

Resolution number AUD/2019/31

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

That the Audit and Risk Committee:

a) receive the report on the key controls and risks relating to the development of the amendment to the 10-year Budget 2018-2028 transferring legal ownership of waterfront properties from Panuku Development Auckland Limited to Auckland Council

b) advise the Governing Body that effective internal control and risk management processes have been followed during the preparation of the amendment to the 10-year Budget 2018-2028

c) advise to the Governing Body that there are no significant outstanding audit issues.

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

C3  Auckland Council group 30 June 2019 year end reporting and audit requirements

Resolution number AUD/2019/32

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

That the Audit and Risk Committee:

a) note the Auckland Council group 30 June 2019 year-end reporting matters and audit requirements.

Restatement

b) agree that the report and attachments will remain confidential, but the decisions be restated in the open minutes.
C4 Approval of Auckland Council group pro forma financial statements for the year ending 30 June 2019

Resolution number AUD/2019/33

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

That the Audit and Risk Committee:

a) approve the 30 June 2019 pro forma financial statements and accounting policies together with the preliminary NZX release for the Auckland Council group; subject to updates for any changes identified during the 30 June 2019 year end close process

b) request that the committee members provide feedback on these pro forma documents to the group financial controller by Friday 14 June 2019

c) delegate the chair of the committee authority to approve any amendments that occur during the 30 June 2019 year end close process

d) request that the committee members review the draft Auckland Council group 2018/2019 Annual Report and Summary Annual Report when available in early September and provide feedback to the group financial controller in advance of the 12 September meeting.

Restatement

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

C5 Update on the audit of building consent and non-notified resource consent processing times

Resolution number AUD/2019/34

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

That the Audit and Risk Committee:

a) note the work that has been undertaken to respond to the resource consent and building consent processing time errors reported by Audit New Zealand.

b) note the firm request of the committee that all matters be cleared for the current reporting year.

Restatement

c) agree that the decisions be restated in the open minutes, but that the Audit of Building and Resource Consents departments report remain confidential.

C6 Office of the Auditor-General and Audit New Zealand briefing

Resolution number AUD/2019/35

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

That the Audit and Risk Committee:

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

Restatement

b) agree the report and attachments will remain confidential, but the decisions be restated in the open minutes.
C7 Insurance Renewal - Indicative Council Group Programme for 2019-20 period

Resolution number AUD/2019/36

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

That the Audit and Risk Committee:

a) note the indicative council group insurance renewal programme for 2019/2020 year

b) refer the indicative programme to the Finance and Performance Committee for consideration and approval.

Restatement

b) agree that the decisions be transferred to the open minutes, but the report and attachments remain confidential.

C8 Assurance Services Update

Resolution number AUD/2019/37

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

That the Audit and Risk Committee:

a) note the progress made by the Assurance Services department (formerly Internal Audit) in delivering against the internal audit programme.

Restatement

b) agree that the decision be restated in the open minutes, but the Assurance Services update report remains confidential.

4.17pm

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: ............................................................................