Komiti Tātari me te Mātai Rāru Tūpono / 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, 12 September 2019 at 2.15pm.

PRESENT

Chairperson  
Sue Sheldon, CNZM

Deputy Chairperson  
Deputy Mayor Cr Bill Cashmore

Members  
Cr Ross Clow
Paul Conder
Cr Richard Hills
Bruce Robertson

Until 5.53pm, Item C4

ABSENT

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 Smaill, Audit Director, Audit New Zealand
Sarah Markley, Sector Manager – Local Government, Office of the Auditor-General
Athol Graham, Audit Director, Audit New Zealand
1 Apologies

Resolution number AUD/2019/53

MOVED by Chairperson S Sheldon, seconded by Deputy Chairperson Cr BC Cashmore:
That the Audit and Risk Committee:
  a) accept the apologies from Mayor Hon P Goff and IMSB Chair D Taipari for absence and from Cr R Hills for early departure.

CARRIED

2 Declaration of Interest

There were no declarations of interest.

3 Confirmation of Minutes

Resolution number AUD/2019/54

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, 27 August 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/2019/55
MOVED by Member P Conder, seconded by Member B Robertson:
That the Audit and Risk Committee:
a) adopt the revised forward work programme.

CARRIED


Resolution number AUD/2019/56
MOVED by Chairperson S Sheldon, seconded by Member B Robertson:
That the Audit and Risk Committee:
a) note that there are no significant outstanding issues relating to the audit and process for the preparation of the Auckland Council Annual Report 2018/2019 and the Auckland Council Summary Annual Report 2018/2019
b) note the draft Auckland Council Annual Report 2018/2019 and the draft Auckland Council Summary Annual Report 2018/2019 will be discussed later in this meeting in confidence.

CARRIED

Note: The chairperson accorded precedence to the confidential agenda items at this stage.

15 Procedural motion to exclude the public

Resolution number AUD/2019/57
MOVED by Chairperson S Sheldon, seconded by Deputy Chairperson Cr BC 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 Auditor-General, Office of the Auditor-General, Jo Smaill, Audit Director, Audit New Zealand, Sarah Markley, Sector Manager – Local Government, Office of the Auditor-General and Athol Graham, Audit Director, 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' financial and quarterly risk updates

<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>
</tr>
</thead>
<tbody>
<tr>
<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)(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 financial and operational information and details of audit findings which, if released, may jeopardise the commercial operations of the council-controlled organisations. The report also contains risk reporting and detailed top risks reported confidentially to the council-controlled organisation's boards or Audit and Risk Committees. The council-controlled organisations have provided their risk report for Auckland Council’s Audit and Risk Committee subject to confidentiality.</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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<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 financial information that forms part of 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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## C3  Office of the Auditor-General and Audit New Zealand briefing

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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 from Audit New Zealand contains information regarding the annual report and financial results of the Auckland Council Group and Auckland Council 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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## C4  Legal Risk Report

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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)(g) - The withholding of the information is necessary to maintain legal professional privilege. s7(2)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities. 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 concerning legal proceedings, commercial negotiations and current claims against council.</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  Assurance Services Update

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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.</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>
</tr>
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</table>
In particular, the report contains details of activity which if released may jeopardise the effective delivery of the assurance function and contains confidential information related to integrity and audit matters.

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

2.27pm 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.

5.56pm The public was re-admitted.

RESTATEMENTS

It was resolved while the public was excluded:

C1 Council-controlled organisations’ financial and quarterly risk updates

Resolution number AUD/2019/58

MOVED by Member P Conder, seconded by Deputy Chairperson Cr BC Cashmore:

That the Audit and Risk Committee:

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

b) note that there are no significant items raised by the council-controlled organisations through the annual audit process that the committee considers should be referred to the Finance and Performance Committee

c) note the written risk updates provided by Regional Facilities Auckland and Auckland Transport

d) note the written and verbal risk updates provided by Auckland Tourism, Events and Economic Development Limited and Panuku Development Auckland Limited

e) thank the council-controlled organisations’ board members and senior managers for their attendance

Restatement:

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

Resolution number AUD/2019/59

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

That the Audit and Risk Committee:

a) note that there are no significant outstanding issues relating to the audit and process for the preparation of the Auckland Council Annual Report 2018/2019 and the Auckland Council Summary Annual Report 2018/2019

b) recommend the draft Auckland Council Annual Report 2018/2019 and the Auckland Council Summary Annual Report 2018/2019 to the Governing Body for adoption, noting that these annual reports are 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 Auckland Council Annual Report 2018/2019 and the draft Auckland Council Summary Annual Report 2018/2019 remain confidential.

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

Resolution number AUD/2019/60

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

That the Audit and Risk Committee:

a) receive the information provided by the Auditor-General’s representatives Deputy Auditor-General Greg Schollum, Audit Director, Audit New Zealand Jo Smaill and Sector Manager – Local Government Sarah Markley and thank them for their attendance

Restatement

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

C4 Legal Risk Report

Resolution number AUD/2019/61

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

That the Audit and Risk Committee:

a) note the Legal Risk report

Restatement

b) agree that the decisions be restated in the open minutes but the Legal Risk report remain confidential.
C5  **Assurance Services Update**

Resolution number AUD/2019/62

MOVED by Member P Conder, seconded by Deputy Chairperson Cr BC Cashmore:

That the Audit and Risk Committee:

a) receive the update on activities performed by the Assurance Services department since the previous meeting of the committee in June 2019

Restatement:

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

Note: The meeting continued with the remaining open agenda items at this stage.

10  **Quarterly Risk Update - September 2019**

Resolution number AUD/2019/63

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

That the Audit and Risk Committee:

a) receive the Quarterly Risk Update report

b) note the update of the risk management work that has been performed by the enterprise risk team

c) note the update of the 36th America’s Cup (AC36) Programme.

CARRIED

11  **Health, Safety and Wellbeing Update - September 2019**

Resolution number AUD/2019/64

MOVED by Chairperson S Sheldon, seconded by Deputy Chairperson Cr BC Cashmore:

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

12  **Update on management of fire risks in parks and reserves**

Resolution number AUD/2019/65

MOVED by Cr R Clow, seconded by Deputy Chairperson Cr BC Cashmore:

That the Audit and Risk Committee:

a) note the information contained in this report.

CARRIED
13 Update on City Rail Link: programme governance, project status and management of risk

Resolution number AUD/2019/66

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

That the Audit and Risk Committee:

a) note the progress with City Rail Link, the key risks identified, and how those risks are being managed through the programme governance structure.

CARRIED

14 Consideration of Extraordinary Items

There was no consideration of extraordinary items.

6.05pm The Chairperson thanked Members for their attendance and attention to business and declared the meeting closed.

CONFIRMED AS A TRUE AND CORRECT RECORD BY THE CHAIRPERSON AND CHIEF EXECUTIVE UNDER STANDING ORDER 8.1.4 ON

DATE:.............................................................................................................

CHAIRPERSON:................................................................................................

CHIEF EXECUTIVE
OR
 NOMINEE:........................................................................................................