Minutes of a meeting of the Audit and Risk Committee held in Room 1, Level 26, 135 Albert Street, Auckland on Monday, 9 December 2019 at 2.19pm.

PRESENT

Chairperson  Sue Sheldon, CNZM
Deputy Chairperson  Cr Daniel Newman, JP
Members  Deputy Mayor Cr Bill Cashmore
         Paul Conder, CA
         Cr Shane Henderson

ABSENT

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

ALSO PRESENT

Cr Wayne Walker  From 2.43pm, Item 9
                 Until 2.55pm, Item 9

IN ATTENDANCE

Greg Schollum, Deputy Auditor-General, Office of the Auditor-General
Athol Graham, Audit Director, Audit New Zealand
1 Apologies
Resolution number AUD/2019/67
MOVED by Chairperson S Sheldon, seconded by Member P Conder:
That the Audit and Risk Committee:
a) accept the apologies from member B Robertson and ex-officio member IMSB Chair D Taipari for absence and ex-officio member Mayor Hon P Goff for absence on council business.
CARRIED

2 Declaration of Interest
There were no declarations of interest.

3 Confirmation of Minutes
There were no minutes to confirm.

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 Forward Work Programme 2020-2022
Resolution number AUD/2019/68
MOVED by Chairperson S Sheldon, seconded by Deputy Mayor Cr BC Cashmore:
That the Audit and Risk Committee:
a) note its Terms of Reference in Attachment A to the agenda report
b) adopt the Audit and Risk Committee 2020-2022 Forward Work programme.
CARRIED
9  **Assurance Services Strategy and Activities Update**

Resolution number AUD/2019/69  
MOVED by Chairperson S Sheldon, seconded by Cr S Henderson:  
**That the Audit and Risk Committee:**  
a) receive and note the update on activities performed by the Assurance Services department  
CARRIED

10  **Health Safety and Wellbeing update - November 2019**

Resolution number AUD/2019/70  
MOVED by Deputy Mayor Cr BC Cashmore, seconded by Member P Conder:  
**That the Audit and Risk Committee:**  
a) review and endorse this report for referral 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

11  **Final audit management report for the year ended 30 June 2019**

Resolution number AUD/2019/71  
MOVED by Deputy Mayor Cr BC Cashmore, seconded by Cr S Henderson:  
**That the Audit and Risk Committee:**  
a) note the issues identified by the Office of the Auditor-General and Auckland Council’s responses to the matters raised at the year-end audit for the year ended 30 June 2019.  
CARRIED

12  **Approval of the draft Audit New Zealand Interim Engagement Letter for the 6 months ended 31 December 2019, and draft Audit New Zealand Audit Engagement and Audit Proposal letters for 2020, 2021 and 2022**

Resolution number AUD/2019/72  
MOVED by Chairperson S Sheldon, seconded by Member P Conder:  
**That the Audit and Risk Committee:**  
a) review and endorse Audit New Zealand's draft review engagement letter, draft audit engagement letter and draft audit proposal letter  
b) request Audit New Zealand issue the final letters  
c) recommend the mayor and chief executive sign the finalised letters.  
CARRIED
13 **Financial process update for the preparation of the interim report and NZX release for the 6 months ended 31 December 2019**

Resolution number AUD/2019/73

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

That the Audit and Risk Committee:

a) note the information contained in this financial process status update for the Auckland Council group NZX announcement and interim report for the half year ending 31 December 2019

b) note an update on the matters outlined in paragraph four and that the five draft documents under paragraph five will be discussed later in this meeting in confidence.

CARRIED

14 **Pro forma Auckland Council Group interim report for 31 December 2019**

Resolution number AUD/2019/74

MOVED by Deputy Chairperson Cr D Newman, seconded by Member P Conder:

That the Audit and Risk Committee:

a) note the information in this report related to the 31 December 2019 pro forma interim report, including relevant accounting policies for the Auckland Council Group, subject to any required changes identified by management and Audit New Zealand during the half year close and auditor review

b) note that the committee has considered the confidential report “Confidential discussion on key judgements and assumptions and endorse the pro forma for the interim report and NZX release for the 6 months ended 31 December 2019”

c) endorse the pro forma Auckland Council Group interim report subject to any further feedback from committee members

d) request committee members give further feedback to staff by 14 January 2020 on the pro forma interim report

e) delegate the authority to the committee chair to endorse any significant subsequent amendments to the pro forma interim report.

CARRIED

15 **Quarterly Risk Update - December 2019**

Resolution number AUD/2019/75

MOVED by Chairperson S Sheldon, seconded by Cr S Henderson:

That the Audit and Risk Committee:

a) note the risk and insurance activities in this report

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

c) consider the proposed new format of the top risk reporting and provide any feedback.

CARRIED
16 Consideration of Extraordinary Items
There was no consideration of extraordinary items.

17 Procedural motion to exclude the public

Resolution number AUD/2019/76
MOVED by Chairperson S Sheldon, seconded by Deputy Mayor 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 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:

<table>
<thead>
<tr>
<th>C1 Council-controlled Organisations’ Quarterly Risk Updates - December 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reason for passing this resolution in relation to each matter</td>
</tr>
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<td>--------------------------------------------------</td>
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<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>
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<td>--------------------------------------------------</td>
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</table>

In particular, the report contains risk reporting and detailed top risks confidential to the council-controlled organisations’ Boards or Audit and Risk Committees. The council-controlled organisations have provided their risk reports for the council’s Audit and Risk Committee subject to confidentiality.
### C2 Confidential discussion of key financial statement judgements and assumptions and endorse the pro forma interim report and NZX release for the 6 months ended 31 December 2019

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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 assumptions and judgements that have an impact on the financial results of the Auckland Council Group as at 31 December 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 interim report and financial results of the Auckland Council Group and Auckland Council as at 31 December 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 Assurance Services - Integrity activity and internal audit outcomes

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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)(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.</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 integrity and audit and review activity. The maintenance of confidentiality is required to ensure effective assurance processes for Council.

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

3.55pm 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.

5.27pm The public was re-admitted.

RESTATEMENTS

It was resolved while the public was excluded:

C1 Council-controlled Organisations' Quarterly Risk Updates - December 2019

Resolution number AUD/2019/77

MOVED by Deputy Mayor Cr BC Cashmore, seconded by Cr S Henderson:

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 the written and verbal risk update provided by Auckland Transport and thank them for their attendance

c) note the written risk updates provided by Auckland Tourism, Events and Economic Development Limited, Panuku Development Auckland Limited, Regional Facilities Auckland and Watercare Services Limited

Restatement:

d) agree that the decisions be restated in the open minutes but that the report and attachments remain confidential.
C2  Confidential discussion of key financial statement judgements and assumptions and endorse the pro forma interim report and NZX release for the 6 months ended 31 December 2019

Resolution number AUD/2019/78

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

That the Audit and Risk Committee:

a) note the information contained in this financial process status update for the Auckland Council Group NZX announcement and interim report for the half year ending 31 December 2019

b) endorse the relevant accounting policies, key financial statements judgements and assumptions for the Auckland Council Group included in the 31 December 2019 pro forma interim report, subject to any required changes identified by management and Audit New Zealand during the half year close and auditor review

c) endorse the draft responses to the enquiries by Audit New Zealand on the Audit and Risk Committee’s oversight of the management of fraud

Restatement

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

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

Resolution number AUD/2019/79

MOVED by Chairperson S Sheldon, seconded by Cr S Henderson:

That the Audit and Risk Committee:

a) receive the information provided by the Auditor-General’s representatives Deputy Auditor-General Greg Schollum and Audit New Zealand Audit Director Athol Graham 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  Assurance Services - Integrity activity and internal audit outcomes

Resolution number AUD/2019/80

MOVED by Deputy Chair Cr D Newman, seconded by Deputy Mayor Cr BC Cashmore:

That the Audit and Risk Committee:

a) receive and note the update on activities performed by the Assurance Services department and the summary of audits completed

Restatement:

b) agree that the decisions be restated in the open minutes but that the Assurance Services update report and attachments remain confidential.
5.27pm

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