Komiti Tātari me te Mātai Raru Tūpono / Audit and Risk Committee

OPEN MINUTES

Minutes of a meeting of the Audit and Risk Committee held remotely on Tuesday, 26 May 2020 at 2.47pm.

PRESENT

Chairperson
Sue Sheldon, CNZM

Deputy Chairperson
Cr Daniel Newman, JP

Members
Deputy Mayor Cr Bill Cashmore
Paul Conder
Cr Shane Henderson

Until 5.09pm Item C3,
returned 5.28pm Item C5

Bruce Robertson

ABSENT

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

ALSO PRESENT

Cr Angela Dalton
Cr Desley Simpson
Cr Sharon Stewart
Cr Wayne Walker
Cr John Watson

IN ATTENDANCE

Greg Schollum, Deputy Auditor-General
Athol Graham, Audit Director, Audit New Zealand
Andrea Reeves, Assistant Auditor-General, Local Government

Note: All members attended the meeting via electronic link.
1 Apologies

Resolution number AUD/2020/21

MOVED by Chairperson S Sheldon, seconded by Member B Robertson:
That the Audit and Risk Committee:
a) accept the apology from Mayor P Goff for absence on council business.

CARRIED ON VOICES

2 Declaration of Interest

There were no declarations of interest.

3 Confirmation of Minutes

Resolution number AUD/2020/22

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 Monday, 24 February 2020 and the extraordinary minutes of its meeting, held on Tuesday, 14 April 2020, including the confidential section, as a true and correct record, subject to the following amendment to Item 9, Resolution number AUD/2020/4 clause d) of the meeting on 24 February 2020 as follows:
d) agree that Te Waka Angamua (now Ngā Mātārae) and the General Manager, Māori Outcomes and Relationships report to the Audit and Risk Committee in August on progress in Māori Responsiveness Plans implementation and reporting across the Council Group.

And add a new clause as follows:
e) agree that the Assurance Services department report to the Audit and Risk Committee in August 2020 on Māori Responsiveness Plans implementation and reporting across the Council Group with a view to whether there are adequate risk management and controls in place.

CARRIED ON VOICES

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 2020-2022

Resolution number AUD/2020/23

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

That the Audit and Risk Committee:

a) approve the recommended new matters and adopt the updated Audit and Risk Committee work programme.

CARRIED ON VOICES

9 Enterprise Risk COVID-19 Update

Resolution number AUD/2020/24

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

That the Audit and Risk Committee:

a) approve the Enterprise Risk Framework and Council Appetite Statement.

b) note the risk activities and enterprise top risk update following the COVID-19 pandemic.

c) note the financial management risk and emergency budget/annual plan process update.

d) note that the Chair of the Audit and Risk Committee has maintained independent oversight and provided feedback to management on the approach and process informing the decision-making process and preparation of the emergency budget consultation materials. This was to ensure the process and assumptions used to generate the Emergency Budget 2020/2021 (annual plan 2020/2021) remain reasonable.

e) agree that an update on the financial management risks, the Emergency Budget 2020/2021 and Long-term Plan processes will be provided to the next Audit and Risk Committee on 24 August 2020.

f) refer the Enterprise Risk COVID-19 Risk Update report to the Emergency Committee, Governing Body and Finance and Performance Committee (as appropriate).

CARRIED ON VOICES
10 City Rail Link risk update May 2020

Resolution number AUD/2020/25

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

That the Audit and Risk Committee:

a) note the update on the City Rail Link project including key risks and how those risks are being managed, particularly those around the COVID-19 pandemic situation.

CARRIED ON VOICES

11 Building and Resource Consents Assurance Plan Update

Resolution number AUD/2020/26

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

That the Audit and Risk Committee:

a) receive the update on the consents performance measure assurance activities and the generation of required performance results for the Annual Report concerning the processing of consents within 20 working days.

CARRIED ON VOICES

12 Resource and Building Consents performance and improvement activities update

Resolution number AUD/2020/27

MOVED by Chairperson S Sheldon, 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 variances reported by Audit New Zealand in 2019.

CARRIED ON VOICES

13 Open discussion on the Auckland Council Group’s 30 June 2020 year end reporting and audit requirements

Resolution number AUD/2020/28

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

That the Audit and Risk Committee:

a) note the year end reporting matters information in this report and use it to supplement the information in the confidential item “Auckland Council Group’s 30 June 2020 year end and audit requirements”.

CARRIED ON VOICES
14 **The Deputy Auditor-General’s Report to management for the six months to 31 December 2019**

Resolution number AUD/2020/29

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

**That the Audit and Risk Committee:**

a) note the matters identified in the Deputy Auditor-General’s review engagement report to management, for the six months ended 31 December 2019, and management’s responses.

CARRIED ON VOICES

15 **Assurance process for the Annual Green Bond Report 2020**

Resolution number AUD/2020/30

MOVED by Chairperson S Sheldon, seconded by Deputy Chair Cr D Newman:

**That the Audit and Risk Committee:**

a) note that EY has been appointed independent assurer for Auckland Council’s Annual Green Bond Report 2020

b) note the assurance process that EY will follow in relation to this report

c) note that the draft Annual Green Bond Report 2020 will be presented to this committee for recommendation to the Finance and Performance Committee for approval in September 2020.

CARRIED ON VOICES

The meeting adjourned at 4.02pm and reconvened at 4.12pm.

16 **Summary of Confidential Decisions and related information released into Open**

Resolution number AUD/2020/31

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

**That the Audit and Risk Committee:**

a) note the confidential decisions and related information that are now publicly available.

CARRIED ON VOICES

17 **Consideration of Extraordinary Items**

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

Resolution number AUD/2020/32

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, Athol Graham, Audit Director, Audit New Zealand and Andrea Reeves, Assistant Auditor-General, Local Government be permitted to remain for all of the Confidential items after the public has been excluded and Steve Kane, Aon New Zealand General Manager for item C2 only, 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 Updates - May 2020

<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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<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.</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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### C2  2020 Insurance Renewal Update - Council Group

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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)(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. | 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. |

### C3  Legal Risk Report

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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)(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. | 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. |
### C4 Assurance Services Activity 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)(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. In particular, the report contains information pertaining to the internal audit and integrity programme which if released could jeopardise the effective operation of the programme.</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 Confidential discussion on the Auckland Council Group's 30 June 2020 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. 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 2020.</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 Approval of the Auckland Council Group's pro forma financial statements for the year ending 30 June 2020

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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 information that will be included in the Annual Report for the year ended 30 June 2020.</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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### 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 2020.</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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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 ON VOICES**

4.19pm 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.

6.36pm The public was re-admitted.

**RESTATEMENTS**

It was resolved while the public was excluded:

**C1 Council-controlled Organisations’ Quarterly Risk Updates - May 2020**

Resolution number AUD/2020/33

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

That the Audit and Risk Committee:

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

b) agree that the decisions be restated in the open minutes, but that this report and attachments remain confidential.
C2  **2020 Insurance Renewal Update - Council Group**
Resolution number AUD/2020/34
MOVED by Chairperson S Sheldon, seconded by Member P Conder:
That the Audit and Risk Committee:
   a) note the indicative council group insurance renewal programme for 2020/21 year
   b) refer the indicative programme to the Finance and Performance Committee for consideration and approval.
   c) agree that the decisions be transferred to the open minutes, but the report and attachments remain confidential.

C3  **Legal Risk Report**
Resolution number AUD/2020/35
MOVED by Chairperson S Sheldon, seconded by Member B Robertson:
That the Audit and Risk Committee:
   a) note the legal risk report.
   b) thank Dani Gardiner, General Counsel for her reporting and advice and wish her well with her appointment to the High Court as an Associate Judge.
   c) agree that the decisions be restated in the open minutes, but the legal risk report remains confidential.

C4  **Assurance Services Activity Update**
Resolution number AUD/2020/36
MOVED by Chairperson S Sheldon, 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
   b) agree that the decisions be restated in the open minutes but that the Assurance Services update report and attachments remain confidential.

C5  **Confidential discussion on the Auckland Council Group’s 30 June 2020 year end reporting and audit requirements**
Resolution number AUD/2020/37
MOVED by Chairperson S Sheldon, seconded by Member P Conder:
That the Audit and Risk Committee:
   a) note the Auckland Council Group’s 30 June 2020 year end reporting matters and audit requirements, including key judgements and assumptions
   b) approve the relevant accounting policies, key financial statements, judgements and assumptions for the Auckland Council Group for 30 June 2020, subject to any required changes identified by management and Audit New Zealand during the year end close and auditor review
   c) delegate the chair of the committee authority to approve any significant amendments that occur during the 30 June 2020 year end close process
   d) agree that the report and attachments will remain confidential, but the decisions be restated in the open minutes.
C6 Approval of the Auckland Council Group’s pro forma financial statements for the year ending 30 June 2020

Resolution number AUD/2020/38

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

That the Audit and Risk Committee:

a) approve the 30 June 2020 pro forma financial statements and accounting policies subject to updates for any changes identified during the 30 June 2020 year end close process

b) request that the committee members provide feedback on these pro forma documents to the group financial controller by Friday 26 June 2020

c) delegate the chair of the committee authority to approve any significant amendments that occur during the 30 June 2020 year end close process

d) request that the committee members review the Auckland Council Group’s draft 2019/2020 annual report and summary annual report when available in early September and provide feedback to the group financial controller in advance of the 14 September meeting

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

C7 Office of the Auditor-General and Audit New Zealand Briefing

Resolution number AUD/2020/39

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

That the Audit and Risk Committee:

a) receive the information provided by the Auditor-General’s representatives Deputy Auditor-General Greg Schollum, Assistant Auditor-General – Local Government Andrea Reeves and Audit New Zealand Audit Director Athol Graham, and thank them for their attendance

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

6.36pm 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:....................................................................