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

OPEN MINUTES

Minutes of a meeting of the Audit and Risk Committee which was held remotely via Skype for Business on Tuesday, 15 September 2020 at 1.02pm. A recording of the meeting is available on the Auckland Council website at: https://www.aucklandcouncil.govt.nz/about-auckland-council/how-auckland-council-works/meetings-council-bodies/Pages/webcasts-council-meetings.aspx

PRESENT

Chairperson                  Sue Sheldon, CNZM
Members                      Deputy Mayor Cr Bill Cashmore
                                Paul Conder, CA
                                Cr Shane Henderson
                                Bruce Robertson
                                Until 5.10pm – Item 10

ABSENT

Deputy Chairperson           Cr Daniel Newman, JP
Ex-officio                   Mayor Hon Phil Goff, CNZM, JP
                                IMSB Chair David Taipari

ALSO PRESENT

Cr Josephine Bartley
Cr Angela Dalton
Cr Desley Simpson

IN ATTENDANCE

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

Note: All members attended the meeting via electronic link.
Note: A roll-call was conducted that ascertained the following members were in attendance by electronic link at the commencement of the meeting:

- Sue Sheldon, CNZM ✓
- Cr Shane Henderson ✓
- Deputy Mayor Cr Bill Cashmore ✓
- Bruce Robertson ✓
- Paul Conder, CA ✓

1 Apologies

Resolution number AUD/2020/61

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

That the Audit and Risk Committee:

a) accept the apology from Mayor P Goff for absence on council business, from Cr Newman and member D Taipari for absence and from member B Robertson for early departure.

CARRIED ON VOICES

2 Declaration of Interest

There were no declarations of interest.

3 Confirmation of Minutes

Resolution number AUD/2020/62

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

That the Audit and Risk Committee:

a) confirm the ordinary minutes of its meeting, held on Monday, 24 August 2020, including the confidential section, as a true and correct record.

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 Forward Work Programme

Resolution number AUD/2020/63

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

That the Audit and Risk Committee:

a) approve the change in the timing of the legal risk report, approve the inclusion of a new item on the management of risks arising from the implementation of the recommendations of the CCO review, and adopt the updated Audit and Risk Committee work programme.

CARRIED ON VOICES

9 Auckland Council Top Risk Quarterly Update - September 2020

Resolution number AUD/2020/64

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

That the Audit and Risk Committee:

a) note the Auckland Council Top Risk Quarterly Update
b) note the tree risk assessment report and City Rail Link risk updates
c) refer the Auckland Council Top Risk Quarterly Update report to the Governing Body for information.

CARRIED

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

14 Procedural motion to exclude the public

Resolution number AUD/2020/65

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, Athol Graham, Audit Director, Audit New Zealand, Andrea Reeves, Assistant Auditor-General, Local Government and Karen Mackenzie, 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</th>
<th>CONFIDENTIAL: Council-controlled organisations' audit and financial risk updates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reason for passing this resolution in relation to each matter</td>
<td>Particular interest(s) protected (where applicable)</td>
</tr>
<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>
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<tr>
<td></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.</td>
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<tr>
<td></td>
<td>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.</td>
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</tbody>
</table>
| | 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 confidence.
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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 which may only be made public following its release to the NZX.</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>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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### Audit and Risk Committee
15 September 2020

#### C5 CONFIDENTIAL: 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 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>
</tr>
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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**

1.22pm 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.

4.58pm The public was re-admitted.

**RESTATEMENTS**

It was resolved while the public was excluded:

#### C1 CONFIDENTIAL: Council-controlled organisations’ audit and financial risk updates

Resolution number AUD/2020/66

MOVED by Chairperson S Sheldon, seconded by Deputy Mayor 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 the substantive council-controlled organisations
- d) thank the council-controlled organisations’ board members and senior managers for their attendance
- e) agree that the decisions be restated in the open minutes but that this report and attachments remain confidential.
C2  CONFIDENTIAL: Draft Annual Green Bond Report 2020
Resolution number AUD/2020/67
MOVED by Chairperson S Sheldon, seconded by Member P Conder:
That the Audit and Risk Committee:
a) note the limited assurance provided by EY for the Annual Green Bond Report 2020
b) approve that the Annual Green Bond Report 2020 be finalised and published to the NZX and Auckland Council website
c) agree that the report will remain confidential, but the decisions be restated in the open minutes.

Resolution number AUD/2020/68
MOVED by Chairperson S Sheldon, seconded by Member B Robertson:
That the Audit and Risk Committee:
a) endorse the release of the 2020 NZX preliminary announcement, media release and preliminary financial statements for the year ended 30 June 2020, subject to editorial and technical changes to the documents, with any significant changes to be notified and approved by the Audit and Risk Committee chair and the acting group chief financial officer
b) recommend that, on 24 September 2020, the chair and deputy chair of the Finance and Performance Committee authorise the mayor and chief executive to approve and release the items identified in a) above to the NZX on 28 September 2020
c) agree that the report and attachments will remain confidential, but the decisions be restated in the open minutes.

C4  CONFIDENTIAL: Assurance Services Activity Update
Resolution number AUD/2020/69
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: Office of the Auditor-General and Audit New Zealand briefing
Resolution number AUD/2020/70
MOVED by Chairperson S Sheldon, seconded by Deputy Mayor 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, Audit New Zealand Audit Director Athol Graham and Audit New Zealand Audit Director Karen MacKenzie, 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.

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

10 Review of property rationalisation process
Member B Robertson retired from the meeting at 5.10pm.
Resolution number AUD/2020/71
MOVED by Chairperson S Sheldon, seconded by Cr S Henderson:
That the Audit and Risk Committee:
   a) confirm that it has reviewed the approach to property rationalisation
   b) agree to advise the Finance and Performance Committee that the property rationalisation approach has reasonable and effective controls in place to ensure that risks are being appropriately managed.

CARRIED ON VOICES

11 Health, Safety and Wellbeing update - August 2020
Resolution number AUD/2020/72
MOVED by Chairperson S Sheldon, seconded by Deputy Mayor Cr BC Cashmore:
That the Audit and Risk Committee:
   a) note the summary and organisational responses in the report and 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) forward the report to Local Boards for their information.

CARRIED ON VOICES
12 **Assurance Strategy 2019-22, Assurance Plan 2020-21 and Assurance Services Charter**

Resolution number AUD/2020/73

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

**That the Audit and Risk Committee:**

a) note progress against year 1 of the 2019-22 Assurance Strategy

b) note the draft Assurance Plan 2020-2021

c) approve the Auckland Council Assurance Services Charter.

*CARRIED ON VOICES*

13 **Consideration of Extraordinary Items**

There was no consideration of extraordinary items.

5.53pm 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:**...