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

## OPEN MINUTES

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Minutes of a meeting of the Audit and Risk Committee held in Room 1, Level 26, 135 Albert Street, Auckland on Monday, 22 February 2021 at 2.00pm.

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### PRESENT

<b>Chairperson</b>	Sue Sheldon, CNZM
<b>Deputy Chairperson</b>	Cr Daniel Newman, JP
<b>Members</b>	Deputy Mayor Cr Bill Cashmore Paul Conder Cr Shane Henderson Bruce Robertson

### ABSENT

<b>Ex-officio</b>	Mayor Hon Phil Goff, CNZM, JP IMSB Chair David Taipari
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### IN ATTENDANCE

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

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## 1 Apologies

Resolution number AUD/2021/5

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 and from IMSB Chair D Taipari for absence.**

**CARRIED**

## 2 Declaration of Interest

There were no declarations of interest.

## 3 Confirmation of Minutes

Resolution number AUD/2021/6

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

**That the Audit and Risk Committee:**

- a) **confirm the ordinary minutes of its meeting, held on Tuesday, 8 December 2020 and the extraordinary minutes of its meeting, held on Tuesday, 9 February 2021, including the confidential sections, as true and correct records.**

**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 Forward Work Programme

Resolution number AUD/2021/7

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

**That the Audit and Risk Committee:**

- a) **approve the deferral of the item relating to the preparation of the 2022 Te Tiriti o Waitangi audit**
- b) **note the additional meeting scheduled for 22 June 2021 to review the key controls and risks relating to the 10-year Budget 2021-2031 (long-term plan)**
- c) **note the removal of the items relating to the Americas Cup event from May 2021**
- d) **note the intention to incorporate into the work programme regular reporting on Enterprise Risk Management with respect to Ports of Auckland Limited.**

**CARRIED**

## 9 Enterprise Risk Update - February 2021

Resolution number AUD/2021/8

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

**That the Audit and Risk Committee:**

- a) **note the risk update including progress made on the Auckland Council Top Risk reset and the risk champion's programme**
- b) **refer the Enterprise Risk Update - February 2021 report to the Governing Body for information.**

**CARRIED**

## 10 Auckland Council's health, safety and wellbeing (HSW) performance

Note: changes were made to the original recommendation, adding new clause b) with the agreement of the meeting.

Resolution number AUD/2021/9

MOVED by Member B Robertson, 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 of Auckland Council along with any commentary the committee thinks appropriate**
- b) **note that the committee is pleased to see renewed focus on health, safety and wellbeing performance and requests that the Governing Body increase focus on quarterly reporting and due diligence responsibilities**
- c) **forward the report to Local Boards for their information.**

**CARRIED**

## 11 Insurance Update

Resolution number AUD/2021/10

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

**That the Audit and Risk Committee:**

- a) note the progress update on the 2021/2022 insurance renewal, cumulative loss modelling study and alternative insurance options
- b) provided risk oversight and feedback on the group's draft insurance strategy.

**CARRIED**

## 12 Treaty Audit Monitoring Update

Resolution number AUD/2021/11

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

**That the Audit and Risk Committee:**

- a) receive the update on the monitoring and progress of the Treaty Audit Response Programme
- b) note the oversight and monitoring that has been performed by the Risk and Assurance department in relation to the Treaty Audit Response Programme
- c) note that the Risk and Assurance department will continue to report on a six-monthly basis on progress against the Treaty Audit Response Programme to this committee
- d) note that the Risk and Assurance department will report to the May 2021 meeting of this Committee on the Māori Outcomes framework risk.

**CARRIED**

## 13 Final Office of the Auditor-General report to management for the year ended 30 June 2020

Resolution number AUD/2021/12

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

**That the Audit and Risk Committee:**

- a) note the matters identified by the Office of the Auditor-General in its report to management at 30 June 2020, and Auckland Council's responses to those matters.

**CARRIED**

#### 14 Approval of the draft Audit New Zealand audit plan for the year ended 30 June 2021

Resolution number AUD/2021/13

MOVED by Member B Robertson, seconded by Cr S Henderson:

**That the Audit and Risk Committee:**

- a) review and approve the draft audit plan for the 30 June 2021 audit of the annual report
- b) request Audit New Zealand to issue the final audit plan.

**CARRIED**

#### 15 Significant forecasting assumptions update for 10-year Budget 2021-2031

Resolution number AUD/2021/14

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

**That the Audit and Risk Committee:**

- a) note that the extent of the impacts of the disruption from the COVID-19 situation remain highly uncertain and therefore the financial implications for the council group are also highly uncertain
- b) agree to advise the Finance and Performance Committee that the methodology used to update the COVID-19 related significant forecasting assumptions for the 10-year Budget 2021-2031 continues to be complete, reasonable and supportable given the uncertainty.

**CARRIED**

#### 16 Consideration of Extraordinary Items

There was no consideration of extraordinary items.

#### 17 Procedural motion to exclude the public

Resolution number AUD/2021/15

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, Athol Graham, Audit Director, Audit New Zealand, Andrea Reeves, Assistant Auditor-General – Local Government and Penica Cortez, Audit Manager, Audit New Zealand be permitted to remain for the confidential part of the meeting 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 CONFIDENTIAL: Council-controlled organisations' quarterly risk update - February 2021**

Reason for passing this resolution in relation to each matter	Particular interest(s) protected (where applicable)	Ground(s) under section 48(1) for the passing of this resolution
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.	<p>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.</p> <p>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.</p>	<p>s48(1)(a)</p> <p>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.</p>

**C2 CONFIDENTIAL: 31 December 2020 half year results announcement for the NZX and Interim Report**

Reason for passing this resolution in relation to each matter	Particular interest(s) protected (where applicable)	Ground(s) under section 48(1) for the passing of this resolution
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.	<p>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.</p> <p>In particular, the report contains information which if disclosed to the public, would breach NZX disclosure rules.</p>	<p>s48(1)(a)</p> <p>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.</p>

**C3 CONFIDENTIAL: Assurance Services Activity Update**

Reason for passing this resolution in relation to each matter	Particular interest(s) protected (where applicable)	Ground(s) under section 48(1) for the passing of this resolution
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.	<p>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.</p> <p>In particular, the report contains information which if released would jeopardise the effective delivery of the Assurance Services work programme.</p>	<p>s48(1)(a)</p> <p>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.</p>

**C4 CONFIDENTIAL: Office of the Auditor-General and Audit New Zealand briefing**

Reason for passing this resolution in relation to each matter	Particular interest(s) protected (where applicable)	Ground(s) under section 48(1) for the passing of this resolution
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.	<p>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.</p> <p>In particular, the report contains information regarding the financial result of the Auckland Council Group as at 31 December 2020.</p>	<p>s48(1)(a)</p> <p>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.</p>

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**

3.15pm 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.

4.54pm The public was re-admitted.

## **RESTATEMENTS**

It was resolved while the public was excluded:

### **C1 CONFIDENTIAL: Council-controlled organisations' quarterly risk update - February 2021**

Resolution number AUD/2021/16

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

That the Audit and Risk Committee:

- a) note the written and verbal updates provided by Auckland Transport and thank them for their attendance
- b) note the written updates provided by Auckland Unlimited Limited, Panuku Development Auckland and Watercare Services Limited.
- c) agree that the decisions be restated in the open minutes, but this report and attachments remain confidential.

### **C2 CONFIDENTIAL: 31 December 2020 half year results announcement for the NZX and Interim Report**

Resolution number AUD/2021/17

MOVED by Deputy Chair D Newman, seconded by Member P Conder:

That the Audit and Risk Committee:

- a) note that there are no significant outstanding issues in relation to the draft half year NZX release
- b) delegate to the chair of the Audit and Risk Committee authority to approve any outstanding matters
- c) recommend the chair and deputy chair of the Finance and Performance Committee approve the half year NZX release for the six months ended 31 December 2020
- d) recommend that the chair and deputy chair of the Finance and Performance Committee authorise the mayor and the chief executive to approve and release the half year NZX release on 26 February 2021
- e) approve the updated fraud representation document for release to Audit New Zealand
- f) agree that the report remains confidential, but the decisions be restated in the open minutes.

### **C3 CONFIDENTIAL: Assurance Services Activity Update**

Resolution number AUD/2021/18

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

That the Audit and Risk Committee:

- a) receive and note the update on assurance activities performed by the Risk and Assurance department
- b) agree that the decisions be restated in the open minutes but that the Assurance Activities update report and attachments remain confidential.

**C4 CONFIDENTIAL: Office of the Auditor-General and Audit New Zealand briefing**

Resolution number AUD/2021/19

MOVED by Member B Robertson, 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, and Audit Director Audit New Zealand 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.

4.54pm

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:**.....