

# **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 Tuesday, 18 May 2021 at 10.07am.

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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, CA Bruce Robertson

### **ABSENT**

<b>Member</b>	Cr Shane Henderson
<b>Ex-officio</b>	Mayor Phil Goff IMSB Chair David Taipari

### **IN ATTENDANCE**

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

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## 1 Apologies

Resolution number AUD/2021/20

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

**That the Audit and Risk Committee:**

- a) **accept the apologies from Cr S Henderson and IMSB Chair D Taipari for absence and from Mayor P Goff for absence on council business.**

**CARRIED**

## 2 Declaration of Interest

There were no declarations of interest.

## 3 Confirmation of Minutes

Resolution number AUD/2021/21

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, 22 February 2021, 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 Forward Work Programme

Resolution number AUD/2021/22

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

**That the Audit and Risk Committee:**

- a) **approve the forward work programme, noting the first full report on Ports of Auckland Limited to the Committee will be in August 2021, and the plan to include reporting from Ports of Auckland Limited into the committees work programme**
- b) **note there will be a workshop on climate change in August 2021.**

**CARRIED**

**9 Auckland Council's health, safety and wellbeing (HSW) performance**

Resolution number AUD/2021/23

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

**That the Audit and Risk Committee:**

- a) **note the information provided and refer this report to the Governing Body.**
- b) **forward the report to local boards for their information.**

**CARRIED**

**10 Auckland Council Hauora / Wellbeing Review**

Resolution number AUD/2021/24

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

**That the Audit and Risk Committee:**

- a) **note the Auckland Council Hauora / Wellbeing Review key findings.**

**CARRIED**

**11 Enterprise Risk Quarterly Update**

Staff provided a PowerPoint presentation in support of this item. A copy has been placed on the official minutes and the Auckland Council website as a minutes attachment.

Resolution number AUD/2021/25

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

**That the Audit and Risk Committee:**

- a) **note the Auckland Council Top Risk Quarterly Update**
- b) **refer the Auckland Council Top Risk Quarterly Update report to the Governing Body for information.**

**CARRIED**

**Attachments**

- A 18 May 2021 - Audit and Risk Committee - Item 11: Enterprise Risk Quarterly Update - presentation

**12 Audit Management Report on the Audit of the Long-Term Plan Consultation Document 2021-2031**

Resolution number AUD/2021/26

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 and the council's responses to the matters raised in the audit for the 10-year Budget 2021-2031 Consultation Document.**

**CARRIED**

**13 City Rail Link six-monthly risk update**

This item was withdrawn.

**14 Assurance process for the 2021 Green Bond Annual Report**

Resolution number AUD/2021/27

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

**That the Audit and Risk Committee:**

- a) **note that EY has been appointed as independent assurer for Auckland Council's 2021 Green Bond Annual Report**
- b) **note the assurance process that EY will follow in relation to this report**
- c) **note that the draft 2021 Green Bond Annual Report will be presented to the Audit and Risk Committee for approval in September 2021, before it is published.**

**CARRIED**

**15 The Auditor-General's report to management for the six months ended 31 December 2020**

Resolution number AUD/2021/28

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

**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 2020, and management's responses.**

**CARRIED**

**16 Auckland Council Group's 30 June 2021 year end reporting and audit considerations**

Resolution number AUD/2021/29

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

**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 "CONFIDENTIAL: Auckland Council Group's 30 June 2021 year end reporting and audit considerations".**

**CARRIED**

**17 Consideration of Extraordinary Items**

There was no consideration of extraordinary items.

**18 Procedural motion to exclude the public**

Resolution number AUD/2021/30

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, Athol Graham, Audit Director, Audit New Zealand, Andrea Reeves, Assistant Auditor-General – Local Government, Karen MacKenzie, Audit Director, Audit New Zealand 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 - May 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
<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>	<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: Insurance 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)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.</p> <p>In particular, the report contains details of the proposed insurance strategy, policies and programme for which terms and costs are being sought and negotiated with the insurance market.</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: Legal Risk 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)(g) - The withholding of the information is necessary to maintain legal professional privilege.</p> <p>s7(2)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.</p> <p>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).</p> <p>In particular, the report contains legally privileged and commercially sensitive information.</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: Auckland Council Group's 30 June 2021 year end reporting and audit considerations**

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)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.</p> <p>In particular, the report contains information that may not be released to the public before it is released on the NZX.</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>

**C5 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.	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 regarding the financial results of the Auckland Council Group which cannot be made public until it is released to the NZX.	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.

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**

11.02am 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.

1.46pm The public was re-admitted.

**RESTATEMENTS**

It was resolved while the public was excluded:

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

Resolution number AUD/2021/31

MOVED by Deputy Mayor Cr BC Cashmore, seconded by Member B Robertson:

That the Audit and Risk Committee:

- a) note the written and verbal updates provided by Panuku Development Auckland and thank them for their attendance
- b) note the written updates provided by Auckland Transport, Auckland Unlimited Limited and Watercare Services Limited
- c) refer the council-controlled organisations' quarterly risk update – May 2021 to the Council Controlled Organisation Oversight Committee for information.

Restatement

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

**C2 CONFIDENTIAL: Insurance Report**

Resolution number AUD/2021/32

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

That the Audit and Risk Committee:

- a) note the approach to the indicative insurance renewal programme for 2021-2022, and the progress on the cumulative loss modelling study and the insurance options review.
- b) endorse and refer the draft group insurance strategy (Attachment A) and the indicative insurance renewal programme to the Finance and Performance Committee for consideration and approval.

Restatement

- c) agree that the decisions be transferred to the open minutes, but the report and attachments remain confidential.

**C3 CONFIDENTIAL: Legal Risk update**

Resolution number AUD/2021/33

MOVED by Deputy Chairperson Cr D Newman, 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 remains confidential.

**C4 CONFIDENTIAL: Auckland Council Group's 30 June 2021 year end reporting and audit considerations**

Resolution number AUD/2021/34

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

That the Audit and Risk Committee:

- a) note the Auckland Council Group's 30 June 2021 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 2021, subject to any required changes identified by management and Audit New Zealand during the year end close and auditor review
- c) approve the 30 June 2021 pro forma financial statements and accounting policies subject to updates for any changes identified during the 30 June 2021 year end close process
- d) provide any further feedback on these pro forma documents to the group financial controller by 25 June 2021
- e) delegate the chair of the committee authority to approve any significant amendments that occur during the 30 June 2021 year end close process

Restatement

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

**C5 CONFIDENTIAL: Office of the Auditor-General and Audit New Zealand Briefing**

Resolution number AUD/2021/35

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

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 Directors Athol Graham and Karen MacKenzie, and thank them for their attendance

Restatement:

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

1.46pm

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:**.....