
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 via electronic link on Tuesday, 17 May 2022 at 10.02am. A recording of the meeting is available on the Auckland Council website on: <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	
Deputy Chairperson	Cr Daniel Newman, JP	From 11.47am – Item C2
Members	Deputy Mayor Cr Bill Cashmore Paul Conder, CA Cr Shane Henderson Bruce Robertson	

ABSENT

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

Cr Angela Dalton

IN ATTENDANCE

Greg Schollum, Deputy Auditor-General
David Taylor, Sector Manager, Auckland
Athol Graham, Audit Director, Audit New Zealand
Karen MacKenzie, Audit Director, Audit New Zealand
Penica Cortez, Audit Manager, Audit New Zealand
Jaimala Singh, Audit Manager, Audit New Zealand

Note: All members of the committee and those presenting attended via electronic link.

Note: a roll-call was conducted that ascertained the following members were in attendance at the commencement of the meeting:

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

1 Apologies

Resolution number AUD/2022/13

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

That the Audit and Risk Committee:

a) **accept the apologies from:**

Absence

**IMSB Chair D Taipari
Mayor P Goff - on council business**

Lateness

Cr D Newman

CARRIED

2 Declaration of Interest

There were no declarations of interest.

3 Confirmation of Minutes

Resolution number AUD/2022/14

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 Tuesday, 22 February 2022, 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/2022/15

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

That the Audit and Risk Committee approve the Audit and Risk Committee forward work programme noting:

- a) that Ports of Auckland Limited will attend the August and September meetings.
- b) that the City Rail Link Project update report will be provided in August.

CARRIED

9 Health, Safety and Wellbeing Report

Resolution number AUD/2022/16

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

That the Audit and Risk Committee:

- a) note the information in this report and associated health, safety, and wellbeing indicators
- b) refer this report to the Governing Body along with any commentary the committee deems appropriate; and recommend that the Governing Body forward this report to local boards for their information.

CARRIED

10 Ports of Auckland Audit and Risk Activity Update May 2022

Resolution number AUD/2022/17

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

That the Audit and Risk Committee:

- a) note the update on audit and risk activities for Ports of Auckland
- b) approve the risk reporting schedule for Ports of Auckland to the Audit and Risk Committee
- c) refer the Ports of Auckland Audit and Risk Update May 2022 to the Council Controlled Organisations Oversight Committee for information.

CARRIED

11 Assurance Process for the 2022 Green Bond Annual Report

Resolution number AUD/2022/18

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

That the Audit and Risk Committee:

- a) **note that EY has been appointed independent assurer for Auckland Council's 2022 Green Bond Annual Report**
- b) **note the assurance process that EY will follow in relation to this report**
- c) **note that the draft 2022 Green Bond Annual Report will be presented to the Audit and Risk Committee for approval in September 2022, before it is published.**

CARRIED

12 Risk management approach for the Annual Budget 2022/2023

Resolution number AUD/2022/19

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

That the Audit and Risk Committee:

- a) **note that ongoing impacts of the COVID-19 pandemic, along with rising inflation and interest rates and labour market and supply chain constraints are presenting significant risks to the financial position of the Auckland Council group**
- b) **note that the process to prepare and adopt the Annual Budget 2022/2023 is responding to these risks with a strong commitment to sustainable and prudent financial management**
- c) **note that once the Annual Budget 2022/2023 is adopted there will be a need for careful ongoing monitoring and management of some key financial risks**
- d) **agree to advise the Governing Body that an appropriate approach is being taken to manage the key financial risks associated with the Annual Budget 2022/2023, provided that the Governing Body is able to reach agreement on a budget that addresses the financial pressures in a sustainable and financially prudent manner.**

CARRIED

13 The Auditor-General's report to council on the review engagement for the six months ended 31 December 2021

Resolution number AUD/2022/20

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

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 2021, and management's responses.**

CARRIED

14 Auckland Council Group's 30 June 2022 year-end reporting and audit considerations

Resolution number AUD/2022/21

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

That the Audit and Risk Committee:

- a) **note the year-end financial reporting process and other information in this report and use it to supplement the information in the confidential item "CONFIDENTIAL: Auckland Council Group's 30 June 2022 year-end reporting and audit considerations".**

CARRIED

15 Consideration of Extraordinary Items

There was no consideration of extraordinary items.

16 Procedural motion to exclude the public

Resolution number AUD/2022/22

MOVED by Chairperson S Sheldon, seconded by Deputy Mayor BC Cr 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, David Taylor, Sector Manager, Auckland, Athol Graham, Audit Director, Audit New Zealand, Karen MacKenzie, Audit Director, Audit New Zealand, Penica Cortez, Audit Manager, Audit New Zealand and Jaimala Singh, 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 2022

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 substantive 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: 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
<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)(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>

C3 CONFIDENTIAL: Insurance Activity Update - May 2022

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>

C4 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>

C5 CONFIDENTIAL: Auckland Council Group's 30 June 2022 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)(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 and attachments contain information regarding the annual report and financial results of Auckland Council Group as at 30 June 2022 which cannot 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>

C6 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 from the Office of the Auditor-General and Audit New Zealand contains information regarding the financial results of Auckland Council Group which cannot be made public until 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

10.43am 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.

1.56pm The public was re-admitted.

RESTATEMENTS

It was resolved while the public was excluded:

C1 CONFIDENTIAL: Council-controlled organisations' quarterly risk update - May 2022

Resolution number AUD/2022/23

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

That the Audit and Risk Committee:

- a) note the written and verbal updates provided by Eke Panuku and thank them for their attendance
- b) note the written updates provided by Auckland Transport, Auckland Unlimited and Watercare Services Limited
- c) refer the council-controlled organisations' quarterly risk update – May 2022 to the Council Controlled Organisations Oversight Committee for information

Restatement

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

C2 CONFIDENTIAL: Legal Risk update

Resolution number AUD/2022/24

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

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 update remains confidential.

C3 CONFIDENTIAL: Insurance Activity Update - May 2022

Resolution number AUD/2022/25

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

That the Audit and Risk Committee:

- a) note the progress update on the 2022-2023 insurance renewal, cumulative loss modelling study and preparation for the establishment of the self-insurance fund.
- b) endorse and refer the indicative insurance renewal programme to the Finance and Performance Committee for consideration and approval.

Restatement

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

C4 CONFIDENTIAL: Assurance Services Activity Update

Resolution number AUD/2022/26

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 assurance activities performed by the Risk and Assurance department

Restatement

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

C5 CONFIDENTIAL: Auckland Council Group's 30 June 2022 year-end reporting and audit considerations

Resolution number AUD/2022/27

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

That the Audit and Risk Committee:

- a) note the Auckland Council Group's 30 June 2022 year end reporting matters and audit requirements, including key judgements and assumptions
- b) endorse the relevant accounting policies, key financial statements, judgements and assumptions for the Auckland Council Group for 30 June 2022, subject to any required changes identified by management and Audit New Zealand during the year end close and auditor review
- c) endorse the 30 June 2022 pro forma financial statements and accounting policies subject to updates for any changes identified during the 30 June 2022 year end close process
- d) provide any further feedback on these pro forma documents to the group financial controller by 24 June 2022
- e) delegate the chair of the committee authority to approve any significant amendments that occur during the 30 June 2022 year end close process

Restatement

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

C6 CONFIDENTIAL: Office of the Auditor-General and Audit New Zealand briefing

Resolution number AUD/2022/28

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, Sector Manager, Auckland David Taylor and Audit New Zealand Audit Directors Athol Graham and Karen MacKenzie 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.

1.56pm

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:.....