

I hereby give notice that an extraordinary meeting of the Audit and Risk Committee will be held on:

**Date:** Monday, 24 June 2024  
**Time:** 9.00am  
**Meeting Room:** Room 1, Level 26  
**Venue:** 135 Albert Street  
Auckland

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## **Komiti mō te Tātari me te Mātai Tūraru / Audit and Risk Committee**

### **OPEN AGENDA**

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#### **MEMBERSHIP**

<b>Chairperson</b>	Paul Connell
<b>Deputy Chairperson</b>	Cr Lotu Fuli
<b>Members</b>	Cassandra Crowley Cr Angela Dalton Cr Christine Fletcher, QSO Cr Shane Henderson Martin Matthews
<b>Ex-officio</b>	Mayor Wayne Brown Hokura Member Tony Kake, MNZM Deputy Mayor Cr Desley Simpson, JP

(Quorum 3 members)

**Mike Giddey**  
Kaitohutohu Mana Whakahaere / Governance  
Advisor

**19 June 2024**

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**1 Ngā Tamōtanga | Apologies**

**2 Te Whakapuaki i te Whai Pānga | Declaration of Interest**

**3 Ngā Petihana | Petitions**

There is no petitions section.

**4 Ngā Kōrero a te Marea | Public Input**

There is no public input section.

**5 Ngā Kōrero a te Poari ā-Rohe Pātata | Local Board Input**

There is no local board input section.

**6 Ngā Pakihi Autaia | Extraordinary Business**



# Update on the final status of Key Controls and Risks related to the Long-term Plan 2024-2034

File No.: CP2024/07835

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## Te take mō te pūrongo

### Purpose of the report

1. To provide oversight to the Audit and Risk Committee on the key control processes, including the audit review, for the finalisation of the Long-term Plan 2024-2034 ahead of adoption by the Governing Body on 27 June 2024.

## Whakarāpopototanga matua

### Executive summary

2. The Audit and Risk Committee has a key oversight role over control processes and risks associated with the development of the Long-term Plan 2024-2034.
3. The Long-term Plan 2024-2034 must be audited and include an audit opinion. Audit New Zealand and the Office of the Auditor General will advise the committee directly on their progress as part of a separate report on today's agenda.
4. On 16 May 2024, the Budget Committee and the Governing Body met to make final decisions on the Long-term Plan 2024-2034. These decisions form the basis for the drafting of the final documents.
5. At the time of writing this report, all key control processes for the finalisation of the Long-term Plan 2024-2034 had been completed apart from final legal sign-off. The Audit and Risk Committee will receive confirmation of legal sign-off ahead of this meeting.

## Ngā tūtohunga

### Recommendation/s

That the Audit and Risk Committee:

- a) whiwhi / receive the report on the key controls and risks relating to the development of the Long-term Plan 2024-2034
- b) whakaae / agree to advise the Governing Body that effective internal control and risk management processes have been followed during the preparation of the Long-term Plan 2024-2034
- c) whakaae / agree to advise the Governing Body that there are no significant outstanding audit issues [if there are any outstanding issues this will be noted in the resolution].

## Horopaki

### Context

6. The Local Government Act 2002 requires local authorities to prepare and adopt a long-term plan every three years.
7. The Audit and Risk Committee has a key oversight role (reflected in its Terms of Reference) over control processes and risks associated with the development of Auckland Council's long-term plan.
8. Section 94 of the Local Government Act 2002 requires the long-term plan to be audited by and contain a report from the Auditor-General. Audit New Zealand and the Office of the Auditor-General will advise the committee directly on progress with that audit.

9. To deliver the Long-term Plan 2024-2034 with an unqualified audit opinion, it is critical for the council group to ensure that:
  - processes are robust
  - information contained in the Long-term Plan 2024-2034 is materially complete and reliable
  - any risks associated with the Long-term Plan 2024-2034 process are minimised
  - the Long-term Plan 2024-2034 complies with the statutory requirements for a long-term plan, including those set out in the Local Government Act 2002 and the Local Government (Auckland Council) Act 2009.
10. Council’s standard risk management and assurance approach has been followed when monitoring the development of the Long-term Plan 2024-2034 and the operation of key controls and sign-offs.
11. A risk management update on the approach to support final decision-making was reported to and considered by the Audit and Risk Committee on 14 May 2024. The committee noted that effective internal controls were followed and that there were no significant outstanding audit issues at the time of the resolution.
12. Today’s update focuses on the final status of key controls and risks related to the Long-term Plan 2024-2034 where staff have reflected the decisions made by the Governing Body in the Long-term Plan 2024-2034 in line with the appropriate legislation.
13. On 16 May 2024, following consideration of public feedback received and updated information, the Governing Body agreed the content of the Long-term Plan 2024-2034. The final Long-term Plan 2024-2034 documentation has been prepared reflecting these decisions.

## Tātaritanga me ngā tohutohu

### Analysis and advice

14. The following table provides an update relating to the controls and sign-offs for key areas of the Long-term Plan (LTP) as they relate to the final documents.






Area	Key controls and sign-offs	Update
<b>Programme management and governance</b>	<ul style="list-style-type: none"> <li>• An LTP Project Control Group monitors LTP alignment with council priorities and ensures that significant risks are being actively managed.</li> <li>• Issues are escalated and actions identified to keep the project on track at weekly meetings with project sponsors.</li> <li>• Project sponsors provide sign-off of final advice to support decision-making.</li> </ul>	<ul style="list-style-type: none"> <li>• Project sponsors and key staff have been involved in the development, review and sign-off of final documentation.</li> <li>• A workshop and drop-in session with the Governing Body were scheduled to provide elected members with the draft material ahead of the adoption meeting.</li> </ul>
<b>Assumptions</b>	<ul style="list-style-type: none"> <li>• Ensure assumptions are documented in the final LTP, and are complete, reasonable and supportable.</li> </ul>	<ul style="list-style-type: none"> <li>• A memo and supporting information have been provided to Audit New Zealand outlining our approach to key assumptions in support of the final audit of the LTP.</li> </ul>










Area	Key controls and sign-offs	Update
	<ul style="list-style-type: none"> <li>Financial statements include documentation of significant forecasting assumptions, the level of uncertainty, and the potential impacts of that uncertainty.</li> <li>Sign-off of budgets by business financial managers to confirm consistent application of assumptions.</li> </ul>	<ul style="list-style-type: none"> <li>Key assumptions have been reviewed by the Group Chief Financial Officer and disclosed in the final documentation.</li> </ul>
<b>Legal sign off/Document preparation</b>	<ul style="list-style-type: none"> <li>Council has an experienced legal team who will conduct a review of the advice to support decision-making as well as the final LTP and provide legal support and guidance during the process.</li> </ul>	<ul style="list-style-type: none"> <li>At the time of writing this report, our legal team were reviewing final documents to provide legal sign-off. No legal issues have been raised to date.</li> </ul>
<b>Budget refresh for Final LTP</b>	<ul style="list-style-type: none"> <li>Prior to submission of final budgets, there was a review and sign-off by the boards and/or executive teams of council-controlled organisations (CCOs) and the council's Executive Leadership Team.</li> </ul>	<ul style="list-style-type: none"> <li>At the time of writing this report, sign-off on final budgets was progressing through CCOs and the council's Executive Leadership Team.</li> </ul>

### Update on risks and controls

- At the time of writing this report, almost all relevant risks to the project have been closed.
- The following risks remain open as they relate to the final step in the process, adopting the Long-term Plan 2024-2034.

Risk title	Description	Controls existing at present for risk mitigation	Status
			 Low risk  Medium risk  High risk  Critical risk
<b>Key person dependencies</b>	The risk that specific knowledge about the LTP process or systems is held by a single person and/or a small group of stakeholders, resulting in delays or problems should that person no longer be available.	Workstreams for the delivery of specific advice have been set up and include a wider pool of resource from across the group as opposed to a smaller set of staff. A plan to cover key staff who are critical to the delivery of the project has been created.	 HIGH

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Risk title	Description	Controls existing at present for risk mitigation	Status  Low risk  Medium risk  High risk  Critical risk
<b>Management of audit process</b>	The risk that poor coordination or communication between council and Audit NZ results in slippage to key deliverables and elements of the audit process. As a result of the change in audit scope, there is a greater need to manage the audit process effectively to ensure there are adequate checks and assurances provided to support the audit of the final LTP.	Audit New Zealand relationship is clearly owned by one workstream within the LTP project.  Close communication with Audit NZ is being maintained by project managers with regular meetings being held during this final audit. Audit dashboard is being used to track and monitor requests.	
<b>Timeline pressure</b>	Staff unable to meet deadlines associated with the delivery of final documents and additional audit queries.	We have clear and regular project management communication with staff that includes daily standups, tracking activities and outputs, and setting clear expectations around deadlines and slippage.	
<b>Data management</b>	The risk that data is inadequate or of poor quality which in turn impacts the quality of final documentation.	We are continuing to undertake robust reviews of data as part of the internal review processes for the final documents. Our kaimahi are working with key staff across the group to ensure review processes of data are adequate and, where necessary, make recommendations for improvement.	

## Tauākī whakaaweawe āhuarangi Climate impact statement

17. A climate assessment of the proposals included for consultation was provided to the Budget Committee as part of a wider trade-off discussion during a workshop on 1 May 2024. This assessment considers impacts to resilience and emissions.
18. Climate considerations feature throughout the final documents and key strategies, like the financial and infrastructure strategies.

## Ngā whakaaweawe me ngā tirohanga a te rōpū Kaunihera Council group impacts and views

19. The Long-term Plan 2024-2034 is prepared on a group basis and the involvement and sign-off by CCOs is discussed in the body of the report.
20. CCO boards and executives have reviewed and signed-off on their relative budgets and key information that is included in final documents.

## Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe Local impacts and local board views

21. Local boards have continued to be involved in the Long-term Plan 2024-2034 process and have played a lead role in terms of engagement with their local communities. Local community feedback was summarised and considered by the Governing Body as part of decision making on 16 May 2024. Local boards provided feedback on regional issues as part of final decision making.
22. Local board agreements are currently being agreed by local boards, with the final agreements due to be agreed by 13 June 2024. All local board agreements will be included in final documents for adoption by the Governing Body on 27 June 2024.

## Tauākī whakaaweawe Māori Māori impact statement

23. On 16 May 2024, both the Budget Committee and the Governing Body met to make final decisions on the Long-term Plan 2024-2034, noting that the Budget Committee includes two Houkura members. The additional step of the Budget Committee recommending final decisions to the Governing Body was included to provide Houkura with an opportunity to consider advice and take part in decision-making.
24. The Long-term Plan 2024-2034 includes an increase to the budget for Māori outcomes from \$150 million to \$171 million across the 10 years.
25. Delivering better outcomes for Māori features as a key focus for the group throughout the final documents.

## Ngā ritenga ā-pūtea Financial implications

26. The Long-term Plan 2024-2034 includes the council group's financial forecasts, this report does not specifically affect its achievement or reporting.

## Ngā raru tūpono me ngā whakamaurutanga Risks and mitigations

27. Key risks and mitigations associated with the Long-term Plan 2024-2034 are set out within this report.

## Ngā koringa ā-muri Next steps

28. Following the presentation of this report, Audit New Zealand will present their status report on audit matters.
29. The Long-term Plan 2024-2034 is scheduled to be adopted by the Governing Body on 27 June 2024.

## Ngā tāpirihanga Attachments

There are no attachments for this report.

## Ngā kaihaina Signatories

Authors	Tamsyn Matchett - Programme Manager Helen Aksiuta - Project Manager
Authorisers	Ross Tucker - General Manager, Financial Strategy and Planning Nicola Mills - Acting Group Chief Financial Officer Anna Bray - Acting Director - Governance and CCO Partnerships

## Exclusion of the Public: Local Government Official Information and Meetings Act 1987

That the Audit and Risk Committee

- a) whakaae / agree to exclude the public from the following part(s) of the proceedings of this meeting.

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: 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)(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 from the Office of the Auditor-General and Audit New Zealand contains information about the audit opinion which cannot be made public until it is published in the adopted long-term plan.	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.