

Risk and Assurance Committee

Open Minutes

- Commencing:** Thursday 14 April 2022, 09:30 am
- Venue:** Council Chambers, Regional House, 1 Elizabeth Street, Tauranga and via Zoom (Audio Visual Meeting)
- Chairperson:** Cr David Love
- Deputy Chairperson:** Bruce Robertson
- Members:** Cr Andrew von Dadelszen
Cr Stuart Crosby
Cr Bill Clark
Cr Te Taru White (Via Zoom)
- In Attendance:** Councillors: Norm Bruning, Jane Nees (Via Zoom), Matemoana McDonald (Via Zoom), Toi Kai Rākau Iti (Via Zoom)
Staff: Fiona McTavish - Chief Executive; Mat Taylor - General Manager Corporate; Chris Ingle - General Manager Integrated Catchments; Stephen Mellor - Acting General Manager, Regulatory Services; Kumaren Perumal - Chief Financial Officer; Mark Le Comte - Principal Advisor - Finance; Steven Slack - Risk & Assurance Manager; Aaron Huggins - Principal Internal Auditor; Prue Sisam - Communications Operations Team Leader; Jessica Easton - Legal and Commercial Manager; Merinda Pansegrouw - Committee Advisor
External: Audit New Zealand Audit Director Leon Pieterse and Audit Manager Anton Labuschagne (both via Zoom)
- Apologies:** Chairman Doug Leeder (Ex officio Member) and Cr Te Taru White (late arrival)

Declaration of Public Recording

Committee members and the public were reminded that the public section of the meeting was being recorded and would be made available on the Bay of Plenty Regional Council website following the meeting and archived for a period of three years as noted on page 4 of the agenda.

Recording of Meeting: [Risk and Assurance Committee - 14 April 2022 - YouTube](#)

1. Apologies

Resolved

That the Risk and Assurance Committee:

- 1 Accepts the apologies from Chairman Doug Leeder and Cr Te Taru White (for late arrival) as tendered at the meeting.**

**Love/von Dadelszen
CARRIED**

2. Declarations of Conflicts of Interest

Cr Stuart Crosby: Item 7.1 Audit New Zealand Report on the audit of the Bay of Plenty Regional Council for the year ended 30 June 2021 (Quayside Board Director)

Bruce Robertson: Item 7.1 Audit New Zealand Report on the audit of the Bay of Plenty Regional Council for the year ended 30 June 2021 (Chairperson of the Timaru District Council Audit Committee; member of the Tauranga City Council Strategic Risk and Audit Committee)

3. Minutes

Minutes to be Confirmed

3.1 Risk and Assurance Committee Minutes - 2 December 2021

Resolved

That the Risk and Assurance Committee:

- 1 Confirms the Risk and Assurance Committee Minutes - 2 December 2021 as a true and correct record.**

**von Dadelszen/Robertson
CARRIED**

4. Reports

Information Only

4.1 Audit New Zealand Report on the audit of the Bay of Plenty Regional Council for the year ended 30 June 2021

Presented by: Chief Financial Officer, Kumaren Perumal and Audit New Zealand (Audit NZ) Audit Director Leon Pieterse and Audit Manager Anton Labuschagne.

Key Points - Audit NZ:

- Issued an unmodified audit report dated 16 December 2021
- Confirmed that the revaluation of Council's assets was carried out appropriately and was fairly stated in the financial statements. With regard to the fair value assessment over the rivers and drainage asset class, agreed with the conclusion that it was not material to the financial statements and that no further revaluations were required as at 30 June 2021
- Revaluation of Council's Put Option: was satisfied that the revaluation (process and liabilities) had been performed in accordance with

appropriate accounting standards and that the value of the liability reflected fair value

- KPMG Audit of Port of Tauranga Limited: prior period errors, which flowed through to Bay of Plenty Regional Council, had been updated in the final financials and was correctly disclosed as a prior period error.

Key Points - Members:

- Acknowledged the impact of Covid-19 over the past two years
- In terms of the Audit arrangements, highlighted that it was critical to identify any potential issues early in the process
- Bus patronage performance measure: noted that a standard approach was currently being developed by Audit NZ which involved the introduction of additional procedures. Since this has signalled that the nature of the recommendation regarding a Type 2 report would be amended accordingly, it would be appreciated if ongoing updates from Audit NZ were provided as the matter progressed
- Noted that the Internal Audit Team was currently reviewing Council's Fraud Policy/Practice
- Recognised the audit challenges faced due to the complexity of a multi group structure involved
- Requested that finalisation of the 2021/2022 Audit Plan be expedited as a priority, preferably by mid-May 2022 and prior to the next Risk and Assurance Committee scheduled for June 2022
- Highlighted that timely sign-off of the 2021/2022 Audit Plan would allow open/proper discussion regarding potential risks/issues affecting the Annual Report and also enable clear logistical arrangements in preparation for the imminent Local Government Elections in October 2022.

Resolved

That the Risk and Assurance Committee:

- 1 Receives the report, Audit New Zealand Report on the audit of the Bay of Plenty Regional Council for the year ended 30 June 2021**
- 2 Delegates to the Chair and Deputy Chair of the Risk and Assurance Committee approval of the 2021/2022 Audit Plan.**

**von Dadelszen/Clark
CARRIED**

4.2 Chairperson's Report

Presented by: General Manager, Corporate Mat Taylor who updated Committee members on the Risk and Assurance Committee's Work Programme for the remainder of 2022:

Key Points:

- Highlighted the Draft Annual Report Review 2021/2022 to be received by the Risk and Assurance Committee at its September 2022 meeting
- Draft letter of representation on the Annual Report Review 2021/2022 would also be presented at the September 2022 meeting to enable the provision of sufficient information to provide confidence/assurance to the new Council elected in October 2022 regarding the process

Key Points - Members:

- Due to the nature of having to account for a Group/various subsidiaries, reiterated the importance of being made aware of potential issues (“front-loading” concerns) in a timely manner to enable staff to address matters well-timed for sign-off.

Resolved**That the Risk and Assurance Committee:**

- 1 Receives the report, Chairperson’s Report.**

**Love/von Dadelszen
CARRIED**

4.3 Internal Audit Update

Presented by: Aaron Huggins, Principal Internal Auditor and Steve Slack, Risk & Assurance Manager.

Key Points - Members:

- Expressed appreciation for the progress made with the Internal Audit Programme
- Noted that two actions relating to Procurement was still open/in progress as workplans were underway to address these actions
- Acknowledged that the Digital Team, amidst the busy Covid-19 period, had successfully rolled out the Authenticator Programme, providing another layer of security for the organisation.

Key Points - Staff:

- Confirmed that the ongoing Covid-19 situation had impacted the Digital Team who had been extremely busy during the Covid period supporting the organisation to successfully work remotely; hence affecting completion of the ICT Security Review (from the 2020/21 Internal Audit Plan). Assured Committee members that suitable back-up was in place to ensure that from an ICT perspective, security was being maintained

Resolved**That the Risk and Assurance Committee:**

- 1 Receives the report, Internal Audit Update.**

**Robertson/von Dadelszen
CARRIED**

4.4 Draft Terms of Reference - Efficiency and Effectiveness Reviews

Presented by: Kumaren Perumal – Chief Financial Officer and Mark Le Comte – Principal Advisor – Finance.

Key Points - Members:

- Seeking efficiency and effectiveness aligned with the requirements of the Local Government Act
- Encouraged staff to provide trend analysis in future financial reports to enable elected members to make informed decisions based on historic data/trends
- Considered benchmarking as a useful tool. Council should be strong advocates to benchmark with peers/relevant industries to enable the identification of opportunities for improvement/provide comfort and optimise where possible, particularly in the current challenging economic climate
- As part of seeking efficiency and effectiveness, needed to evaluate and decide on matters no longer required/assess how Council could do things differently/better as conditions/scenarios kept changing
- Accepted that the practical implementation of the Terms of Reference would be in the approach, namely the “how” and the “what”
- In order to be more efficient/effective, Council needed to focus on opportunities; looking at both scale and collaboration
- The culture in local government of “having to spend the budget” needed to be reviewed/aligned with a private sector approach, i.e. focussing on savings
- Ultimately the responsibility rested with Elected Members: projects requested through the Long Term Plan/Annual Plan processes required more due diligence/rigor/sufficient discussion/thinking time to enable clear direction given to staff.

Key Points - Staff:

- The direction and guidance highlighted by Committee members regarding future planning processes and reporting would assist with continuous improvement and increase in standards of performance to achieve the desired outcomes.

Resolved

That the Risk and Assurance Committee:

- 1 Receives the report, Draft Terms of Reference - Efficiency and Effectiveness Reviews.**
- 2 Recommends that the Efficiency and Effectiveness Terms of Reference are referred to the Council to be established following the Triennium elections to be added to the work programme.**

**von Dadelszen/Robertson
CARRIED**

5. Public Excluded Section

Resolved

Resolution to exclude the public

- 1 Excludes the public from the following parts of the proceedings of this meeting as set out below:**

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 are as follows:

Item No.	Subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Grounds under Section 48(1) for the passing of this resolution	When the item can be released into the public
5.1	Public Excluded Risk and Assurance Committee Minutes - 2 December 2021	As noted in the relevant Minutes.	As noted in the relevant Minutes.	To remain in public excluded.
5.2	Key Risk Register	Withholding the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage.	48(1)(a)(i) Section 7 (2)(j).	On the Chief Executive's approval.

**Love/Robertson
CARRIED**

10:30 am - the meeting closed.

CONFIRMED 9 JUNE 2022

Cr David Love
Chairperson, Risk and Assurance Committee