



Meeting: Risk and Assurance Committee

Meeting Date: 15 September 2022

Item under Separate Cover

As noted on the Risk and Assurance Committee Agenda for the meeting on Thursday 15 September 2022, the following item is included under separate cover:

Reports

Information Only

Agenda Item 8.2 Progress update on the Draft Annual Report for the year ended 30 June 2022

2



Report To: Risk and Assurance Committee

Meeting Date: 15 September 2022

Report Writer: Nolene Naude, Financial Accounting Team Lead; Olive McVicker, Corporate Performance Team Lead and Kumaren Perumal, Chief Financial Officer

Report Authoriser: Mat Taylor, General Manager, Corporate

Purpose: Progress update on the Draft Annual Report for the year ended 30 June 2022

Progress update on the Draft Annual Report for the year ended 30 June 2022

Executive Summary

The purpose of this report is to provide the Risk and Assurance Committee with an update on the preparation of Draft Annual Report for the year ended 30 June 2022 and outline the process planned with Council's appointed audit service provider, Audit New Zealand (Audit NZ), for the completion of the 2021/22 audit.

The Draft Annual Report contains the draft financial and non-financial performance results of Council (as the parent reporting entity) and consolidated financial statements for the Council Group which includes the wholly owned subsidiaries Quayside Holdings Limited (Quayside) and Toi Moana Trust.

At the time of this report, the final audit of the Bay of Plenty Regional Council Annual Report for the year ended 30 June 2022 has not commenced and the interim audit is approximately 60% complete. The final audit visit was originally planned for September to November 2022, with the Annual Report 2021/22 being adopted on 24 November 2022. These dates are consistent with the Audit Plan presented to the Committee in June 2022.

Audit NZ have informed management that due to resourcing constraints the audit time frame set out in the Audit Plan for 30 June 2022 is unlikely to be met, with delays expected.

Recommendations

That the Risk and Assurance Committee:

1 Receives the report, Progress update on the Draft Annual Report for the year ended 30 June 2022.**1. Introduction**

Over the past months, Audit NZ and Council staff have met regularly to discuss key audit issues, including methodology, expectations, resourcing and timing of the audit.

Audit NZ commenced the interim audit in June 2022. They completed their work in the following areas:

- Control environment;
- Related party testing;
- General related systems controls; and
- Payroll system controls.

Audit NZ have commenced work on performance reporting and expenditure system controls.

The specific audit processes outlined below have been discussed and agreed with Audit NZ:

- Put Option valuation methodology
- Revaluation and fair value assessment of property, plant and equipment
- Passenger Transport Patronage numbers

The Draft Annual Report is substantially complete and ready for Audit NZ to commence the final audit. The transactions still to be finalised by staff include deferred tax at the group level, put option and rates reconciliations. The nature of these transactions will not preclude Audit NZ commencing the audit.

Staff are working with Audit NZ to assess the impacts the possible audit delay will have on Councils' timeframe to adopt the Annual Report by 31 December 2022. In order to commence the preparation of the Annual Plan 2023/24 in October 2022, followed by the Long Term Plan 2024-2034, staff are eager to finalise the audit of the Annual Report for the year ended 30 June 2022 per the timeframes set in the Audit Plan.

Audit of Councils' wholly owned subsidiaries, Quayside Holdings Limited and Toi Moana Trust have been completed and the Annual Reports for the year ended 30 June 2022 adopted.

1.1 Legislative Framework

The Draft Annual Report 2021/22 is prepared in accordance with the requirements of the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

1.2 Alignment with Strategic Framework

The Draft Annual Report presents the financial and non-financial performance of Council as set out in its Long Term Plan 2021-2031. As a result, it supports the delivery of all four Community Outcomes and the Way We Work.

1.2.1 Community Well-beings Assessment

Dominant Well-Beings Affected			
<input checked="" type="checkbox"/> Environmental	<input checked="" type="checkbox"/> Cultural	<input checked="" type="checkbox"/> Social	<input checked="" type="checkbox"/> Economic

The Draft Annual Report presents the financial and non-financial performance of Council and as such promotes all four aspects of community well-being.

2. Considerations

2.1 Risks and Mitigations

There are no direct risk implications arising as a result of this report.

2.2 Climate Change


There are no direct climate change implications arising as a result of this report.

Climate Change is identified as a strategic challenge facing the Bay of Plenty Region. The Draft Annual Report provides a report on the financial and non-financial performance of Council. This includes work delivered through Groups of Activities to understand and respond to the implications of Climate Change.

2.3 Implications for Māori

There are no direct implications for Māori arising as a result of this report. The Draft Annual Report provides a report on the financial and non-financial performance of Council. This includes reporting on work to support Māori participation in Council decision-making processes.

2.4 Community Engagement

-  Engagement with the community is not required as the recommended proposal / decision relates to internal Council matters only.

2.5 Financial Implications

There are no material unbudgeted financial implications and this fits within the allocated budget.

3. **Next Steps**

Management is presently working with Audit NZ to establish new timelines and will advise the Committee once confirmed.