

Risk and Assurance Committee

Open Minutes

- Commencing:** Wednesday 14 June 2023, 9.30 am
- Venue:** Council Chambers, Regional House, 1 Elizabeth Street, Tauranga
- Chairperson:** Cr Stuart Crosby
- Deputy Chairperson:** Bruce Robertson (Independent Member)
- Members:** Cr Ron Scott
Cr Andrew von Dadelszen
Cr Te Taru White
Cr Kevin Winters
- In Attendance:** Councillors: Cr Kat Macmillan, Cr Jane Nees (via Zoom)
Staff: Fiona McTavish – Chief Executive (via Zoom); Mat Taylor – General Manager Corporate; Kumaren Perumal – Chief Financial Officer; Mark Le Comte – Principal Advisor, Finance; Gillian Payne – Principal Advisor; Olive McVicker – Corporate Performance Team Lead; Steven Slack – Risk & Assurance Manager; Aaron Huggins – Principal Internal Auditor; Stacey Brooks – Asset Management Information Officer (via Zoom); Rhianon Lewis – Executive Assistant, General Manager Corporate; Steve Groom – Governance Manager; Jenny Teeuwen – Committee Advisor
External: Leon Pieterse - Audit Director, Audit New Zealand
- Apologies:** Cr Te Taru White for late arrival

Committee members and the public were reminded that the public section of the meeting was being livestreamed and recorded and that the recording would be available on the Bay of Plenty Regional Council YouTube channel following the meeting.

Recording link: [Risk & Assurance Committee Meeting - 14 June 2023 - YouTube](#)

1. Apologies

Resolved

That the Risk and Assurance Committee:

- 1 Accepts the apology from Cr White for late arrival tendered at the meeting.

Winters/Crosby
CARRIED

2. Declaration of Conflicts of Interest

Bruce Robertson (Independent Member) declared an interest in Agenda Item 9.2 – Key Risk Register.

3. Minutes

Minutes to be Confirmed

3.1 Risk and Assurance Committee Minutes - 8 March 2023

Resolved

That the Risk and Assurance Committee:

- 1 Confirms the Risk and Assurance Committee Minutes - 8 March 2023 as a true and correct record.

Robertson/von Dadelszen
CARRIED

4. Reports

4.1 Chairperson's Report

Presented by: Mat Taylor – General Manager, Corporate

Key Points

- The report provided an update of the current Risk and Assurance work programme, as well as the forward plan for the coming year.

Resolved

That the Risk and Assurance Committee:

- 1 Receives the report, Chairperson's Report.

Crosby/Winters
CARRIED

4.2 External Audit Engagement Letter 2023-2025 and Audit Plan 2022/23

Presented by: Kumaren Perumal – Chief Financial Officer
Leon Pieterse - Audit Director, Audit New Zealand

Key Points

- Audit NZ had been confirmed as Bay of Plenty Regional Council Toi Moana's (Regional Council) appointed audit service provider for the financial years ending 30 June 2023 to 30 June 2025.
- The Audit Plan set out the reporting protocols and audit logistics for the year ending 30 June 2023.

In Response to Questions

- Regional Council's audit fee was due to be confirmed shortly but was expected to increase by around 30%. The fee was based on the number of audit hours.
- Audit NZ would work with staff to see if any efficiencies could be made to reduce the number of audit hours.
- Audit NZ hours for last year totalled 1,400 hours. This was expected to be reduced for the coming year.
- Audit NZ had increased resources significantly so did not expect any issues with meeting deadlines this year.

9.43am - Cr White **entered** the meeting

- Focus areas for this year's audit were outlined.
- Emerging areas of audit focus included the three waters reform and climate change reporting. Reporting requirements for these issues were still unclear at this stage.

Resolved

That the Risk and Assurance Committee:

- 1 Receives the report, External Audit Engagement Letter 2023-2025 and Audit Plan 2022/23.**

**Winters/von Dadelszen
CARRIED**

4.3 Internal Audit Status Update

Presented by: Aaron Huggins - Principal Internal Auditor

Key Points

- The internal audit programme delivery was on track.
- Further information had been included in the report that highlighted whether audit actions were past due.
- The Waka Kotahi NZ Transport Agency (Waka Kotahi) Investment Audit Report had been included to give councillors more visibility over the audit. The audit had already been presented to the Public Transport Committee.

In Response to Questions

- Outstanding actions for the Gravel Extraction audit related to how gravel extraction was managed across the region's various river beds. Fees and charges for gravel extraction would be reviewed as part of the Long Term Plan process.
- More detail on outstanding actions, with a focus on high and medium priority actions, would be included in future Internal Audit Status Update reports.
- The procurement audit was on the programme for next year, and contract management on the programme the year following.

Resolved

That the Risk and Assurance Committee:

- 1 Receives the report, Internal Audit Status Update.

**Robertson/Scott
CARRIED**

4.4 Internal Audit Work Programme 2023/24

Presented by: Aaron Huggins - Principal Internal Auditor

Key Points

- The internal audit work programme had been reviewed and endorsed by Regional Council's Leadership Team.

In Response to Questions

- Time had been built into the programme for responsive reviews.
- The possibility of fraud was part of the methodology for every internal audit.
- External contractors rated as high risk was more about ensuring that Regional Council was doing the right things internally to ensure contract delivery, rather than external contractors being high risk.
- Freshwater management was rated high risk because of its high importance and high visibility.
- The delegations audit ensured staff were working within delegations.

Resolved

That the Risk and Assurance Committee:

- 1 Receives the report, Internal Audit Work Programme 2023/24.
- 2 Approves the Internal Audit Work Plan 2023/24, 2024/25, 2025/26, including the detailed work plan for 2023/24.

**White/Robertson
CARRIED**

4.5 Rates Setting for 2023/24 Financial Year - Legal Compliance

Presented by: Kumaren Perumal - Chief Financial Officer
Mark Le Comte - Principal Advisor

Key Points

- The report provided an oversight of the rates setting process for the 2023/24 financial year.
- An external legal review of the rates resolution and rates Funding Impact Statement for the 2023/24 financial year had been undertaken.
- Regional Council was scheduled to set rates for the 2023/24 financial year at its meeting on 29 June 2023.

In Response to Questions

- The delay in property valuations for the Western Bay of Plenty District was not expected to impact Regional Council adopting their Annual Plan on 29 June 2023.
- Staff would consider whether further clarification/explanation was required in the Rates Setting for 2022/23 Financial Year report to Regional Council regarding targeted rates on contiguous properties.

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

- 1 Receives the report, Rates Setting for 2023/24 Financial Year - Legal Compliance.**

**Crosby/Winters
CARRIED**

4.6 Assets Register - Data Improvements

Presented by: Kumaren Perumal - Chief Financial Officer

Key Points

- During 2022/23, Regional Council's asset data improvement programme identified \$4.8 million in previously unrecorded assets.
- Audit NZ had been advised of the \$4.8 million of assets in advance of the final Annual Report audit visit. Audit NZ had advised that their technical team would be testing the materiality of this quantum in relation to the total value of Regional Council's asset base.

In Response to Questions

- New processes would be put in place e.g. a Capitalisation process and a Capital Works process, to avoid data errors in the future.
- Audit NZ's technical team would be testing to ascertain whether the assets could be recorded as a reserves movement or needed to be disclosed as a prior period error.
- If an asset was identified as critical or would be replaced, then it would fall under Regional Council's insurance programme for coverage.
- The data improvement process would always be susceptible to picking up aged assets that may not have been recorded through past processes.

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

- 1 Receives the report, Assets Register - Data Improvements.**

**White/Scott
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 - 8 March 2023	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 enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).	48(1)(a)(i) Section 7 (2)(i).	On the Chief Executive's approval.

**von Dadelszen/Winters
CARRIED**

12.27 pm - the meeting closed.

CONFIRMED 5 OCTOBER 2023

Cr Stuart Crosby
Chairperson, Risk and Assurance Committee