

Audit and Risk Committee

NOTICE IS GIVEN

that the next meeting of the **Audit and Risk Committee** will be held in **Mauao Rooms, Bay of Plenty Regional Council Building, 87 First Avenue, Tauranga** on:

Thursday, 2 March 2017 commencing at 9.30 am.

Mary-Anne Macleod
Chief Executive
23 February 2017



Audit and Risk Committee

Terms of Reference

The Audit and Risk Committee has a core function for the formulation, review and monitoring of audit and risk frameworks. It will also monitor the effectiveness of funding and financial policies and Council's performance monitoring framework. It will receive and review the draft Annual Report, and external Audit letter and management reports.

Delegated Function

To monitor the effectiveness of Council's funding and financial policies and frameworks.

To monitor the effectiveness of Council's performance monitoring framework.

To approve and review Council's audit and risk policies and frameworks.

Membership

Five councillors, one independent Council appointee, and the Chairman as ex-officio.

Quorum

In accordance with Council standing order 10.2, the quorum at a meeting of the committee is not fewer than three members of the committee.

Term of the Committee

For the period of the 2016-2019 Triennium unless discharged earlier by the Regional Council.

Meeting frequency

Quarterly.

Specific Responsibilities and Delegated Authority

The Audit and Risk Committee is delegated the power of authority to:

- Monitor the effectiveness of Council's funding and financial policies and Council's performance monitoring framework (financial and non-financial);
- Review Council's draft Annual Report prior to Council's adoption;
- Receive and review external audit letters and management reports;
- Approve and review the internal audit plan and review the annual programme report;
- Approve, review and monitor Council's risk framework and policy;
- Review the risk register;
- Monitor Council's legislative compliance and receive reporting on non-compliance matters as part of risk management reporting.

Note:

- The Audit and Risk Committee reports directly to the Regional Council.
- The Audit and Risk Committee is not delegated the power of authority to:
 - Develop, review or approve strategic policy and strategy.

Develop, review or approve Council's Financial Strategy, funding and financial policies and non-financial operational policies and plans.

Public Forum

1. A period of up to 15 minutes may be set aside near the beginning of the meeting to enable members of the public to make statements about any matter on the agenda of that meeting which is open to the public, but excluding any matter on which comment could prejudice any specified statutory process the council is required to follow.
2. The time allowed for each speaker will normally be up to 5 minutes but will be up to the discretion of the chair. A maximum of 3 public participants will be allowed per meeting.
3. No statements by public participants to the Council shall be allowed unless a written, electronic or oral application has been received by the Chief Executive (Governance Team) by 12.00 noon of the working day prior to the meeting and the Chair's approval has subsequently been obtained. The application shall include the following:
 - name of participant;
 - organisation represented (if any);
 - meeting at which they wish to participate; and matter on the agenda to be addressed.
4. Members of the meeting may put questions to any public participants, relevant to the matter being raised through the chair. Any questions must be asked and answered within the time period given to a public participant. The chair shall determine the number of questions.

Membership

Chairperson:	J Cronin
Deputy Chairperson:	D Love
Councillors:	S Crosby, A Tahana, A von Dadelszen
Ex Officio:	Council Chairman D Leeder
Committee Advisor:	S Cubbon

Recommendations in reports are not to be construed as Council policy until adopted by Council.

Agenda

1 Apologies

2 General Business and Tabled Items

Items not on the agenda for the meeting require a resolution under section 46A of the Local Government Official Information and Meetings Act 1987 stating the reasons why the item was not on the agenda and why it cannot be delayed until a subsequent meeting.

3 Public Forum

4 Declarations of Conflicts of Interests

5 Previous Minutes

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6.5 Internal Audit Status Update	77
Please note Appendix 1 is on Page 173 in the Confidential section of this agenda.	
7 Public Excluded Section	81
Resolution to exclude the public	
THAT the public be excluded from the following parts 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 are as follows:	
7.1 Public Excluded Audit and Risk Committee minutes - 26 September 2016	83
Grounds	
That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.	
Reason	
That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information where the withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage.	
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Grounds	
That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.	
Reason	
That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information where 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 otherwise to damage the public interest.	
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7.3 Accela Implementation Project Cost and Risk Update 8	129
Grounds	
That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.	
Reason	
That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information where the withholding of 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).	
7.4 Kopeopeo Canal Remediation Project Update 13	141
Grounds	
That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.	
Reason	
That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information where 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 otherwise to damage the public interest.	
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Grounds	
That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.	
Reason	
That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information where the withholding of the information is necessary to enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities.	
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7.6 Internal Audit Confidential Appendix 1 Investments Report (Executive Summary) Please refer to Item 6.5	173

Grounds

That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.

Reason

That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information where the withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage.

8 Confidential business to be transferred into the open**9 Readmit the public****10 Consideration of General Business**

Previous Minutes

Minutes of the Audit and Risk Committee Meeting held in the Mauao Rooms, Bay of Plenty Regional Council Building, 87 First Avenue, Tauranga on Monday, 26 September 2016 commencing at 9.30 am.

Present:

Chairman: J Cronin

Deputy Chairman: D Love

Councillors: C Holmes, P Thompson, D Owens, A Tahana

Ex Officio: D Leeder

In Attendance: Councillor N Bruning, A Chappell (Property Manager), S Baker (Senior Planner Council Strategy), J Graham (General Manager (Corporate Solutions), E Grogan (General Manager Regulatory Services), S Hey (Manager Chief Executive's Office), C Ingle (General Manager Integrated Catchments), B Love (Contractor Project Manager for Kopeopeo Canal), M Macleod (Chief Executive), M Taylor (General Manager Corporate Performance), S Todd (Financial Controller), T Wilson (Financial Accountant), M Langridge (Chief Information Officer), M Le Comte (Organisational Planning Manager), D Moore (Programme Manager ICT), N Moore (Committee Advisor), D Phizacklea (Regional Integrated Planning Manager), C Stephenson (Relationship Manager), P Tuyay (Internal Auditor); C Susan (Director of Audit NZ), M Proctor (Audit Manager, Audit NZ); K Crawford, A Trask, B Kang, S Kang (Tauranga Boys College)

Apologies: Councillors Owens and Tahana (for lateness)

1 Change to Order of Business

The Committee Chairman called for a change to the order of items from that listed in the agenda:

Item 5.7 'Kopeopeo Canal Remediation Project Update 11' to be received ahead of Item 5.6 'Internal Audit Annual Report 2015/16 and Internal Status Update 2016/17' for continuity.

Councillor Thompson queried why the report at **6.2 'Expenditure report for the twelve months to 30 June 2016'** should require that the public be excluded as public expenditure should be, as a matter of course, available to the public. Staff advised that caution was requested as confidential contractual arrangements could be disclosed.

2 General Business and Tabled Items

Resolved

That pursuant to section 46A of the Local Government Official Information and Meetings Act 1987 the following items be considered at this meeting.

Tabled document 1	Appendix 1 Confidential	Item 5.6	Internal Audit Annual Report 2015/16
Tabled document 2	Appendix 2 Confidential	Item 5.6	Executive summaries of Internal Audit Reports issued as at 31 August 2016

Resolved

That the Audit and Risk Committee under its delegated authority:

- 1 Receives and considers the tabled items.
- 2 Notes the items are referenced in Item 5.6 'Internal Audit Annual Report 2015/16 and Internal Status Update 2016/17'.
- 3 Under section 48(1)(a) of the Local Government Official Information and Meetings Act 1987:
 - a) Considers the tabled items in public excluded noting that good reason for withholding exists under section 48(1)(a), to prevent the disclosure or use of official information for improper gain or improper advantage.

Cronin/Love
CARRIED

3 Declaration of conflicts of interest

There were no conflicts of interest declared.

4 Audit and Risk Committee minutes - 9 June 2016

Resolved

That the Audit and Risk Committee under its delegated authority:

- 1 Confirms that the minutes of the Audit and Risk Committee held on 9 June 2016 are a true and correct record of that meeting, with the following correction, that as per Standing Order 2.16.3, the resolution to exclude the public be inserted into the minutes at 2.2:

Public Excluded Section

Resolved

That the public be excluded from the following parts 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 are as follows:

Public Excluded Audit and Risk Committee meeting minutes – 3 March 2016**Grounds**

Good reason for withholding exists under section 48(1)(a).

Reason

Please refer to the relevant clause in the minutes.

Internal Audit Status Report Confidential Appendix 2 – Executive Summaries of Internal Audit Reports Issued as at 30 April 2016 - IT Security Follow-up Review**Grounds**

That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.

Reason

That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information where the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons.

Quarterly Risk Report to June 2016**Grounds**

That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.

Reason

That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information where 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 otherwise to damage the public interest.

Accela Implementation Project Cost and Risk Update 6**Grounds**

That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.

Reason

That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information where the withholding of 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).

IT Security Follow-up Review - Management Response

Grounds

That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.

Reason

That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information where the withholding of the information is necessary to avoid prejudice to measures that prevent or mitigate material loss to members of the public.

Rena: Recovery of Council Expenditure to date and likely future costs on Appeal

Grounds

That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.

Reason

That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information where the withholding of the information is necessary to maintain legal professional privilege.

**Cronin/Love
CARRIED**

5 Chairman's Discretionary Fund 2015/16

The report outlined the Chairman's Discretionary Fund expenditure for the 2015/16 financial year.

Fund recipients, Western Bay of Plenty Trust provided a presentation on the Future Problem Solving International Conference held in Michigan, USA and attended by Keith Crawford (teacher), Alex Trask, Ben Kang and Sam Kang, from Tauranga Boys' College in June 2016. Absent from the combined college team was Mount Maunganui student, Lilly Strait.

Their research topic was 'Energy of the Future' which they based on generating piezoelectricity (resulting from pressure) when walking on a footpath as a future energy source for the Galapagos Island. The experience was described as unique, innovative and provided opportunities to develop ideas, seek solutions and consider potential challenges.

The Chairman Doug Leeder thanked the students for their presentation.

Resolved

That the Audit and Risk Committee under its delegated authority:

- 1 Receives the report, Chairman's Discretionary Fund 2015/16.**

**Leeder/Cronin
CARRIED**

Attendance

Councillor Love entered the meeting at 9.45 am.

6 Committee Chairperson's Report

Committee Chairman John Cronin provided an update on Audit and Risk activities, particularly the completed work programme to the end of June 2016. The members agreed that there would be opportunity to consider the structure and timing of meetings in the new triennium.

Resolved

That the Audit and Risk Committee under its delegated authority:

- 1 Receives the report, Committee Chairperson's Report.**
- 2 Notes the Committee's completed work programme.**

**Cronin/Love
CARRIED**

In Attendance

The Chairman welcomed the Director of Audit NZ, Clarence Susan and Marie Proctor, Audit Manager, who were in attendance for the following report and to respond to any questions from Councillors relating to specific issues.

7 2015/16 Draft Annual Report Review

The draft 2015/16 Annual Report and Summary were reported by Financial Controller Susanne Todd. Further clarification was provided for the Put Option revaluation and accelerated depreciation rate for the planned Regional House refurbishment.

Councillor Thompson requested that an update be provided on the Innovation and Excellence Programme. Staff responded that this item was included in the next Council agenda.

Director of Audit NZ, Mr Susan advised that the audit process has operated effectively and appropriately, with no matters to highlight. The final audit report would be presented to Council at its next meeting.

Mr Susan noted interest and monitoring of the High Court proceedings for Northland Regional Council (Kaipara District Council) in the setting and assessing of rates. The legal implications of the decision would not be clear until the court made a final decision.

Staff responded that a Regional Council Collective would work together to validate legislation, consider delegated authorities and provide a consistent approach to the matter.

Committee Chairman John Cronin thanked the auditors and audit staff for their assistance and comments.

Resolved

That the Audit and Risk Committee under its delegated authority:

- 1 Receives the report, 2015/16 Draft Annual Report Review.**
- 2 Reviews and endorses the 2015/16 Draft Annual Report and Summary for adoption by Council on the 29th September 2016.**

**Cronin/Owens
CARRIED**

Attendance

Councillor Tahana entered the meeting at 10.18 am.

8 Councillor Expenditure Report July 2015 to June 2016

General Manager of Corporate Performance, Mat Taylor reported on councillor expenditure for the 2015-2016 financial year for allowances and expenses. Following queries of clarification from members, it was confirmed that councillor expenditure was set by legislation and managed through internal policies.

Resolved

That the Audit and Risk Committee under its delegated authority:

- 1 Receives the report, Councillor Expenditure Report July 2015 to June 2016.**
- 2 Confirms that the decision has a low level of significance.**

**Cronin/Owens
CARRIED**

9 **Quarterly Key Risk Report to September 2016**

Property Manager Annabel Chappell provided a quarterly update on Council's key risks highlighting the three top focus areas being air quality, Civil Defence Group Emergency Coordination Centre Facilities and the Kopeopeo Canal Remediation.

General Manager of Regulatory Services, Eddie Grogan in response to member enquiries advised that a number of initiatives were occurring to improve Tauranga's air quality.

- Ballance Agri-Nutrient Ltd's resource consent has been non-compliant. Improvements following the installation of an inverter to improve discharge quality were expected. A monitoring programme was in place.
- A verbal update on the Tauranga City Council's Wastewater Resource Consent would be provided at the next Council meeting.
- Failure to meet the requirements of the NES Air Quality for PM in Rotorua would result in consequences where exceedances were identified. Mr Grogan advised that the impact on development through reducing industrial discharges were unknown. Councils would continue to engage to support actions and controls to reduce the annual risk.

An outline of the risk management framework review undertaken by KPMG was provided and a risk management workshop would be held in the new triennium to consider how the recommendations may be incorporated into a revised draft framework.

Resolved

That the Audit and Risk Committee under its delegated authority:

- 1 Receives the report, Quarterly Key Risk Report to September 2016.**
- 2 Notes the risks on the Key Risk Register.**

**Cronin/Love
CARRIED**

Adjournment

Members adjourned for morning tea at 10.35 am and reconvened at 10.55 am.

10 **Kopeopeo Canal Remediation Project Update 11**

The report from General Manager of Integrated Catchments Chris Ingle and Project Manager Brendon Love provided an update on the Kopeopeo Canal Remediation project.

High level risks for the project were identified and new risks, that are being addressed, were discussed. Geotechnical investigations at containment site 3 have revealed that the site is prone to further risk (seismic lateral spread to the canal).

Mr Love advised that the additional costs to mitigate the risk were not considered significant in comparison to the overall project however other options were being investigated.

A draft high level project schedule was discussed. Activity to address additional out of scope activities were being investigated.

An additional funding application to the Ministry for the Environment would be made once revisions to the project management plan for the east to west approach, and contractual agreements with the principle contractor, were finalised.

Resolved

That the Audit and Risk Committee under its delegated authority:

- 1 Receives the report, Kopeopeo Canal Remediation Project Update 11.**

**Love/Tahana
CARRIED**

11 Internal Audit Annual Report 2015/2016 and Internal Status Update 2016/17

The Manager Chief Executive's Office, Shelley Hey presented the results of internal audit work on Council's internal control system (undertaken by the Internal Auditor and external audit specialists KPMG).

The statuses of internal audit activities for the start of the 2016/17 year were provided with the fees and charges review underway.

Indicative timing for all internal audit projects for 2016/17 was provided.

The report provided the Internal Audit Annual Report and Executive Summaries of Internal Audit Reports 2015/16, in the Confidential.

Resolved

That the Audit and Risk Committee under its delegated authority:

- 1 Receives the report, Internal Audit Annual Report 2015/2016 and Internal Status Update 2016/17.**

**Cronin/Love
CARRIED**

12 Public Excluded Section

Resolved

That the public be excluded from the following parts 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 are as follows:

12.1 Appendices 1-2 Internal Audit Annual Report and Executive Summaries of Internal Audit Reports – 2015/16

Grounds

That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.

Reason

That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information where the withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage.

**Cronin/Love
CARRIED**

12.2 Public Excluded Audit and Risk Committee minutes – 9 June 2016

Grounds

Good reason for withholding exists under section 48(1)(a).

Reason

Please refer to the relevant clause in the minutes.

12.3 Expenditure report for the twelve months to 30 June 2016

Grounds

That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.

Reason

That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information where the withholding of the information is necessary to enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities.

12.4 Accela Implementation Project Cost and Risk Update 7

Grounds

That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.

Reason

That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information where the withholding of the information is necessary to enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities.

12.5 Ōpōtiki Harbour Project Update #1

Grounds

That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.

Reason

That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information where the withholding of the information is necessary to enable any local authority holding the information to carry out, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).

**Cronin/Tahana
CARRIED**

13 Closing Statements

The Chairman acknowledged and thanked members and staff for their attendance and input. Specific acknowledgement was given to Financial Controller Suzanne Todd who was leaving, for her fantastic contribution.

This was the last meeting of the Audit and Risk Committee for the 2013-2016 triennium.

The meeting closed at 12.50 pm.

Reports

Receives Only – No Decisions



Report To: Audit and Risk Committee

Meeting Date: 02 March 2017

Report From: Mat Taylor, General Manager, Corporate Performance

Committee Chairperson's Report

Executive Summary

This report provides the Committee with an update on Audit and Risk activities

Recommendations

That the Audit and Risk Committee under its delegated authority:

- 1 Receives the report, Committee Chairperson's Report ;
- 2 Notes the Committee's completed work programme from the 2013 – 2016 Triennium.

1 Council Performance Monitoring Report (CPMR) – Detailed Briefings for Councillors

The following CPMR detailed financial briefings have been held, with Councillors invited to attend:

2016/17	
07 December 2016	Months 1 to 4
08 February 2017	Months 1 to 6

2 Audit and Risk Work Programme

Appendix 1 shows the Audit and Risk completed work programme for the period January 2014 to September 2016.

3 Audit and Risk Committee - Appointment of Independent Member

At Council Meeting 14 February 2017 the process for appointment of an Independent Director was agreed. An update on the progress relating to this appointment will be provided at the meeting.

4 Council's Accountability Framework

4.1 Community Outcomes

This project/proposal directly contributes to all Community Outcomes in the council's Long Term Plan 2015-2025.

4.2 Long Term Plan Alignment

This work is planned under the Governance Activity in the Long Term Plan 2015-2025.

Current Budget Implications

This work is being undertaken within the current budget for the Governance Activity in the Annual Plan 2016/17.

Future Budget Implications

Future work is provided for in Council's Long Term Plan 2015-2025.

Mat Taylor

General Manager, Corporate Performance

22 February 2017

APPENDIX 1

Audit and Risk Committee Completed Work Programme Jan 2014 to Sept 2016

***Audit and Risk Completed Work Programme
January 2014 to September 2016***

Meeting date	Report title	Purpose of report
4 March 2014 Committee Meeting	<ul style="list-style-type: none"> External Audit: Management Report for the year ended 30 June 2013 	Consider external audit recommendations
	<ul style="list-style-type: none"> Risk Register and Risk Map – Periodic Review of Key Risks 	Periodic Review
	<ul style="list-style-type: none"> Office of the Auditor General (OAG) Inquiry into the Mangawhai Community Wastewater Scheme – Kaipara District Council 	To review the OAG report and lessons learnt
	<ul style="list-style-type: none"> Audit and Risk Committee Work Programme 	N/A
	<ul style="list-style-type: none"> Governance Framework 	Consider governance framework for Council
	<ul style="list-style-type: none"> Confidential matter – Relating to an investigation currently underway 	N/A

27 May 2014 Committee Meeting	<ul style="list-style-type: none"> Health & Safety Obligations of Council 	Outline of the obligations of Councillors in regard to management of Health & Safety
	<ul style="list-style-type: none"> Audit and Risk Committee Membership 	Information provided to assist the Committee to consider if it is appropriate to make any recommendations to full Council in respect of this Committee's future membership
	<ul style="list-style-type: none"> Sensitive Expenditure Policy for Elected Members - Review 	Consider any changes to the Policy for Council
	<ul style="list-style-type: none"> Risk Register and Risk Map – Periodic Review of Key Risks 	Periodic Review
	<ul style="list-style-type: none"> Kopeopeo Canal Contamination Remediation Project Cost & Risk Update 2 	To review the project status and associated risks
	<ul style="list-style-type: none"> Review of Investments Reporting 	To review the format of the reports
	<ul style="list-style-type: none"> Governance Framework & Councillor Code of Conduct 	To provide Councillors with a ready-reference guide to the Governance Framework and adopt a Councillor Code of Conduct
	<ul style="list-style-type: none"> Confidential Matter - Independent Investigation – Financial matters, Maritime Operations 	N/A
	<ul style="list-style-type: none"> Rates Setting Review 	To review the format of the annual rates setting process
	<ul style="list-style-type: none"> Internal Audit Status & Work Plan 	To review and approve the internal audit 13/14 plan

***Audit and Risk Completed Work Programme
January 2014 to September 2016***

Meeting date	Report title	Purpose of report
2 September 2014 Committee Meeting	• Long Term Plan 2015-2025, Revenue and Financing Policy Development	To seek direction on what if any, principles should be applied to the preparation of the Long Term Plan 2015-2025 Revenue and Financing Policy
	• Long Term Plan 2015-2025, Review of Council Reserves	To review the purpose and basis for all current council financial reserves
23 September 2014 Committee Meeting	• External Audit Arrangements Letter	To inform Council of Audit New Zealand arrangements for performing external audit
	• External Audit Management Report	To receive the Audit New Zealand Interim Management Report for the year ended 30 June 2014
	• Internal Audit Management Report 13/14	To present the results of internal audit work on Bay of Plenty Regional Council's system of internal control for 2013/14
	• Risk Review & Risk Map – Periodic Review of Key Risks	Periodic Review
	• Rena Consents Application Update	To provide an update to the Audit and Risk Committee on the resource consent application
	• Kopeopeo Canal Contamination Remediation Project Cost & Risk Update 3	To review the project status and associated risks
	• 2013/14 Annual Report Review	To present the draft Annual Report and Summary for 2013/14 to Council
	• Chairman's Discretionary Fund 2013/14	To provide a report on the Chairman's Discretionary Fund expenditure in 2013/14
	• LGOIMA Requests 2013/14	Information on LGOIMA requests received for the 2013/14 financial year
11 December 2014 Committee Meeting	• Audit & Risk Work Programme Sept 14 – June 15	To provide the Audit and Risk Committee the updated Work Programme
	• Internal Audit Work Plan 2014/15	To provide an update on the status of internal audit activities.
	• Key Risk Register – Quarterly Update September 2014	Periodic review
	• Independent Quality Assurance Review – Rotorua Lakes Programme	To inform Council of the IQANZ report on the Rotorua Lakes Programme
	• Review of Financial Policies 2016/2017	To inform Council of the steps required to review the Financial Policies 2016/17
	• Audit and Risk Committee Work Programme Mar 15 – Jun 15	To provide the Audit and Risk Committee the updated Work Programme
	• Kopeopeo Canal Contamination Remediation Project Cost & Risk Update 4	To review the project status and associated risks

***Audit and Risk Completed Work Programme
January 2014 to September 2016***

Meeting date	Report title	Purpose of report
6 March 2015 Committee Meeting	<ul style="list-style-type: none"> Committee Chairperson's Report 	To provide the Committee with an update on Audit and Risk activities
	<ul style="list-style-type: none"> External Audit Management Report for the Year Ended 30 June 2014 	Consider external audit management recommendations
	<ul style="list-style-type: none"> Discussion Document from the Office of the Auditor General – Making the most of Audit Committees in the Public Sector 	To consider any issues raised in the discussion document require further discussion, action or decision by the Committee
	<ul style="list-style-type: none"> Key Risk Register – Quarterly Update December 2014 	Periodic review
	<ul style="list-style-type: none"> Internal Audit Work Plan 2014/15 Status Report YTD January 2015 	To provide an update on the status of internal audit activities as at 31 January 2015
	<ul style="list-style-type: none"> Accela Project Cost and Risk Update 1 	To review the project status and associated risks
	<ul style="list-style-type: none"> Resources Consents Risks 	To inform the Committee of risks associated with the resource consents process

10 June 2015 Committee Meeting	<ul style="list-style-type: none"> Committee Chairperson's Report 	To provide the Committee with an update on Audit and Risk activities
	<ul style="list-style-type: none"> Doing Business Better and Business Improvements Update 	To provide the Committee with an update on the review of the 10 work programmes within DBB.
	<ul style="list-style-type: none"> External Audit Arrangements Letter 2014/15 	To receive Audit New Zealand's audit arrangements letter for audit of the regional Councils Annual report for the year ending 30 June 2015
	<ul style="list-style-type: none"> Rates Setting Review 	To provide Committee with the draft Council Rates Resolution and its specific wording requirements to ensure continued statutory compliance for the setting of Rates 2015/16
	<ul style="list-style-type: none"> Key Risk Register – Quarterly Update March 2015 	Periodic review
	<ul style="list-style-type: none"> Kopeopeo Canal Contamination Remediation Project Cost & Risk Update 6 	To review the project status and associated risks
	<ul style="list-style-type: none"> Rena Consent Application - Update 	To provide an update to the Audit and Risk Committee on the resource consent application
	<ul style="list-style-type: none"> Internal Audit Work Plan 2014/2015 Status Report YTD April 2015 and Proposed Internal Audit Work Plan 2015-2018 	To provide the Committee with an update on the status of internal audit activities as at 30 April 2015 and the proposed Internal Audit Work Plan for 2015-2018
	<ul style="list-style-type: none"> Accela Implementation Cost and Risk Update 2 (Confidential) 	To review the Project Status and associated risks

***Audit and Risk Completed Work Programme
January 2014 to September 2016***

Meeting date	Report title	Purpose of report
23 Sept 2015 Committee Meeting	• Committee Chairperson's Report	To provide the Committee with an update on Audit and Risk activities
	• Chairman's Discretionary Fund	To provide details of allocations and recipients.
	• External Audit: Management Report on the Long Term Plan 2015-2025 Consultation Document	Consider external audit management recommendations
	• External Audit: Management Report on the Long Term Plan 2015-2025	Consider external audit management recommendations
	• Key Risk Register – Quarterly Update August 2015	Periodic review
	• 2014/15 Draft Annual Report Review	To present the 2015/15 Draft Annual Report Summary
	• Accela Implementation Cost and Risk Update 3 (Confidential)	To review the Project Status and associated risks
	• Expenditure Report 2014/15 (Confidential)	To provide information relating to significant payments to suppliers, contractors and consultants for 2014/15
	• Safe Navigation – Kaituna River (Confidential)	To outline council roles and responsibilities relating to safe navigation on the Kaituna River

3 Dec 2015 Committee Meeting	• Committee Chairperson's Report	To provide the Committee with an update on Audit and Risk activities
	• Key Risk Register – Quarterly Update November 2015	Periodic review
	• Rotorua Catchments Activity Risks	To review Activity Risks
	• Local Government Risk Agency – Potential New Local Government Organisation	To review Scope of Service
	• Office of the Auditor General – Governance and Accountability of Council Controlled Organisations	Consider Matters that Require Review
	• Internal Audit Work Plan 2015/16 Status Report	Review and approve work plan 2015/16
	• Kopeopeo Canal Remediation Project Update 8	Receive Update

***Audit and Risk Completed Work Programme
January 2014 to September 2016***

Meeting date	Report title	Purpose of report
3 March 2016 Committee Meeting	<ul style="list-style-type: none"> Committee Chairperson's Report 	To provide the Committee with an update on Audit and Risk activities
	<ul style="list-style-type: none"> Key Risk Register – Quarterly Update to February 2016 	Periodic review
	<ul style="list-style-type: none"> Accela Implementation Cost and Risk Update 5 (Confidential) 	To review the Project Status and associated risks
	<ul style="list-style-type: none"> Expenditure Report 2015/16 for the six months to 31 December 2015 (Confidential) 	To provide information relating to significant payments to suppliers, contractors and consultants for 2015/16
	<ul style="list-style-type: none"> External Audit Arrangements Letter 2015/16 	To receive Audit New Zealand's audit arrangements letter for audit of the regional Councils Annual report for the year ending 30 June 2016
	<ul style="list-style-type: none"> Internal Audit Work Plan 2015/16 Status Report YTD April 2016 	To provide the Committee with an update on the status of internal audit activities as at 30 April 2016
	<ul style="list-style-type: none"> Kopeopeo Canal Remediation Project Update 9 	Receive Update
	<ul style="list-style-type: none"> Annual Health and Safety Report 	To Provide an update of the Council's health and safety statistics, initiatives and actions for the financial year ending June 2015
	<ul style="list-style-type: none"> Freshwater Futures Programme Risks 	To provide an overview of the risks related to the Freshwater Futures programme. This report was requested by Councillors at the last Audit and Risk committee meeting in December 2015.
	<ul style="list-style-type: none"> External Audit Management Report for the Year Ended 30 June 2015 	Consider external audit management recommendations
	<ul style="list-style-type: none"> External Audit Interim Management Report for the Year Ended 30 June 2016 	Consider external audit management recommendations

***Audit and Risk Completed Work Programme
January 2014 to September 2016***

9 June 2016 Committee Meeting	• Committee Chairperson's Report	To provide the Committee with an update on Audit and Risk activities
	• Quarterly Risk Report to June 2016	Periodic review
	• Accela Implementation Cost and Risk Update 6 (Confidential)	To review the Project Status and associated risks
	• IT Security Follow Up – Management Response	To provide an update on progress
	• Internal Audit Status Report YTD April 2016 and Proposed Internal Audit Work Plan to 2019	To provide the Committee with an update on the status of internal audit activities as at 30 April 2016 and Propose Work plan to 2019
	• Kopeopeo Canal Remediation Project Update 10	Receive Update
	• Annual Health and Safety Report	To Provide an update of the Council's health and safety statistics, initiatives and actions for the financial year ending June 2015
	• Rates Setting Review	To review the format of the annual rates setting process
	• LGRA Potential New Local Government Organisation	To provide an update on the potential LGRA
	• Rena Recovery of Council Expenditure to date and likely future costs on Appeal	To provide an update on the consent and appeal process
	• External Audit – Interim Audit Management Report for the year ended 30 June 2016	To receive the external auditors interim management report

23 September 2016 Committee Meeting	• Councillor Expenditure Report July 2015 to June 2016	To Report councillor expenditure for the 2015-2016 financial year.
	• Expenditure Report for the twelve months to 30 June 2016	To Report Payments of \$70,000 and over made to organisations and suppliers for the twelve months to 30 June 2016.
	• Internal Audit Annual Report 2015/16 and Internal Status Update 2016/17	Presents the results of internal audit work on Bay of Plenty Regional Council's system of internal control undertaken by the Internal Auditor and external audit specialists KPMG. The recently completed review is reported and a status update provided on the start of the 2016/2017 year.
	• Quarterly Key Risk Report to September 2016	Periodic Review
	• Accela Implementation Project Cost and Risk Update 7	To review the Project Status and associated risks
	• Kopeopeo Canal Contamination Remediation Project Update 11	To review the project status and associated risks
	• 2015/16 Draft Annual Report Review	To provide the draft 2015/16 Annual Report and Summary to the Audit and Risk Committee.
	• Chairman's Discretionary Fund 2015/16	To provide a report on the Chairman's Discretionary Fund expenditure in 2015/16
	• Ōpōtiki Harbour Project Update 1	To review the Project Status and associated risks

Report To: Audit and Risk Committee

Meeting Date: 02 March 2017

Report From: Mat Taylor, General Manager, Corporate Performance

Audit and Risk Committee - Work Programme

Executive Summary

The Audit and Risk Committee was established at the start of the 2013-2016 triennium of Council. The Committee's core function is set out in the Committee's Terms of Reference.

This report outlines the proposed work programme areas for the Committee. It is expected that the work programme for the Committee will be fairly similar each year of the triennium.

Recommendations

That the Audit and Risk Committee under its delegated authority:

- 1 Receives the report, Audit and Risk Committee - Work Programme;**
- 2 Notes the work programme areas for the Audit and Risk Committee.**

1 Background

The Audit and Risk Committee was established at the start of the 2013-2016 triennium of Council. The meeting frequency of the Committee is quarterly. The Terms of Reference for the Committee are set out at the start of the agenda.

The Audit and Risk Committee has a structured focus on the frameworks and structures that support the work of Council as a whole in the areas of audit, risk and Council performance. It is the role of full Council to monitor the actual performance of the Regional Council including financial and non-financial elements.

2 Work Programme

The Audit and Risk Committee work programme can be divided into the following areas:

- **Internal Audit:** Council has a rolling three-year internal audit programme. The Committee will set the three-year work programme and review the outcomes annually.

- **External Audit and Annual Report:** The Committee will consider the external auditor's (Audit New Zealand's) annual management report and identify any areas to focus improvements. It will also receive the arrangements letter for external audit.
- **Risk:** Each quarter the Committee will review Council's risk register. It will also be responsible for the overall risk framework and policy including approving any changes.
- **Council Performance:** While full Council monitors the actual financial and non-financial performance of the Regional Council, the Committee is responsible for ensuring that the way that monitoring occurs and the way the information is reported is 'fit for purpose'. This will include looking at the type of content included in, and structure of, the monthly performance reports, as well as how Council monitors its investments. The Committee will make recommendations to Council on any changes it believes are required.
- **Funding and Financial Policies and Frameworks:** The Committee has a key role in setting a clear and robust platform for the way Council gather its revenue and sets its rates. The Committee will review the rates setting process.
- **Legislative Compliance:** Monitor Council's legislative compliance and receive reporting on noncompliance
- **Responsive:** From time to time there will be one-off matters that it will be appropriate for the Committee to consider in light of the overall purpose of the Committee. If the Committee considers action is required as a result of its consideration it will be able to make appropriate recommendations to full Council.

3 Financial Implications

Current Budget

The cost of undertaking the Audit and Risk Committee work programme until the end of June 2017 are provided for in the current Annual Plan.

Future Implications

The cost of undertaking the Audit and Risk Committee work programme from 1 July 2017 will be provided for in the upcoming Annual Plan 2017/18.

4 Council's Accountability Framework

4.1 Community Outcomes

This project/proposal directly contributes to all Community Outcomes in the council's Long Term Plan 2015-2025.

4.2 Long Term Plan Alignment

This work is planned under the Governance Activity.

Current Budget Implications

This work is being undertaken within the current budget for the Governance Activity in the Annual Plan 2016/17.

Future Budget Implications

Future work is provided for in Council's Long Term Plan 2015-2025.

Mat Taylor
General Manager, Corporate Performance

22 February 2017

APPENDIX 1

Audit and Risk Committee Terms of Reference - RESOLVED - at Council 15 November 2016 - FINAL

4.2 Audit and Risk Committee – Terms of Reference

The Audit and Risk Committee has a core function for the formulation, review and monitoring of audit and risk frameworks. It will also monitor the effectiveness of funding and financial policies and Council's performance monitoring framework. It will receive and review the draft Annual Report, and external Audit letter and management reports.

4.2.1 Delegated Function

To monitor the effectiveness of Council's funding and financial policies and frameworks.

To monitor the effectiveness of Council's performance monitoring framework.

To approve and review Council's audit and risk policies and frameworks.

4.2.2 Membership

Five councillors, one independent Council appointee, and the Chairman as ex-officio.

4.2.3 Quorum

In accordance with Council standing order 10.2, the quorum at a meeting of the committee is not fewer than three members of the committee.

4.2.4 Term of the Committee

For the period of the 2016-2019 Triennium unless discharged earlier by the Regional Council.

4.2.5 Meeting frequency

Quarterly.

4.2.6 Specific Responsibilities and Delegated Authority

The Audit and Risk Committee is delegated the power of authority to:

- 1 Monitor the effectiveness of Council's funding and financial policies and Council's performance monitoring framework (financial and non-financial);
- 2 Review Council's draft Annual Report prior to Council's adoption;
- 3 Receive and review external audit letters and management reports;
- 4 Approve and review the internal audit plan and review the annual programme report;
- 5 Approve, review and monitor Council's risk framework and policy;
- 6 Review the risk register;
- 7 Monitor Council's legislative compliance and receive reporting on non-compliance matters as part of risk management reporting.

Note:

- *The Audit and Risk Committee reports directly to the Regional Council.*
- *The Audit and Risk Committee is not delegated the power of authority to:*
 1. *Develop, review or approve strategic policy and strategy.*
 2. *Develop, review or approve Council's Financial Strategy, funding and financial policies and non-financial operational policies and plans.*

Report To: Audit and Risk Committee

Meeting Date: 02 March 2017

Report From: Mat Taylor, General Manager, Corporate Performance

Updated Councillor Expenditure Report July 2015 to June 2016

Executive Summary

An updated expenditure report is presented in respect of allowances and expenses paid to Councillors for the period 1 July 2015 to 30 June 2016

Recommendations

That the Audit and Risk Committee under its delegated authority:

- 1 Receives the report, Updated Councillor Expenditure Report July 2015 to June 2016;**

1 Councillor Expenditure Framework

Under clause 6, schedule 7 of the Local Government Act 2002 and the Remuneration Authority Act 1977, the Remuneration Authority (RA) is required to determine the remuneration, allowances, and expenses of elected members of local authorities.

Councillor expenditure is managed under two policies; "Policy on elected and appointed members' allowances and recovery of expenses for the 2013-2016" and the "Bay of Plenty Regional Council Sensitive Expenditure Policy for Elected Members July 2014".

The Remuneration Authority has confirmed local authority expense and allowance entitlements outlined its 2016/17 determination remain in force after the October 2016 local body elections until 30 June 2017.

2 Previous Report to Audit And Risk Committee 26 September 2016

A number of queries were received at the meeting regarding the accuracy of information contained in the appendix to the report.

Further analysis was undertaken and inaccuracies in the collating of the professional development information were noted and have since been corrected.

As a result an updated spreadsheet on Councillor expenditure for the year end 30 June 2016 is appended.

3 Review of Councillor Expenditure Processes

As a result, a review of the professional development approval process was undertaken. To ensure the process is easily administered and audited, Councillors are requested to use the appended form when requesting Professional Development approval.

Councillors will also receive individual quarterly updates on allowances and expenses paid. This will allow for queries to be dealt with in a timely manner.

4 Professional Development October 2016 to June 2017

In an election year the professional development allocation for newly elected Councillors is on pro rata basis from October 2016.

5 Council's Accountability Framework

5.1 Community Outcomes

This project/proposal directly contributes to the Regional Collaboration and Leadership Community Outcome/s in the council's Long Term Plan 2015-2025.

5.2 Long Term Plan Alignment

This work is planned under the Governance Services Activity in the Long Term Plan 2015-2025.

Current Budget Implications

Governance costs are undertaken within the current budget for the Governance Services Activity in the Annual Plan 2016/17.

Future Budget Implications

Future governance costs are provided for in Council's Long Term Plan 2015-2025.

Mat Taylor
General Manager, Corporate Performance

22 February 2017

APPENDIX 1

Revised Councillor Expenditure 2015-16 for A& R Committee 2.3.17 pdf

Councillor Expenditure - for year ended 2015/2016 - Revised version

Councillor		Professional Development - Actual	Mileage	Travel Time	Meeting Fees - Hearings	Travel & Accommodation (Council Business)	Non-taxable Reimbursements inc Tolls	Comms Allowance	Previous Report	Total Claim in 2015/16
		\$	\$0.77 <=5000km \$0.37>5000 km	\$35 p/hr	\$200/day	\$	\$	\$	\$	\$
5007	Black	2,937.82	1,147.30	463.75	-	1,625.09	-	900.00	7,073.96	7,073.96
5002	Bruning	1,186.96	3,619.00	2,072.00	-	770.87	82.00	900.00	11,249.78	8,630.83
5051	Cronin	795.17	636.02	376.25	600.00	1,118.10	13.80	900.00	6,005.91	3,644.17
5003	Holmes	-	4,800.90	2,073.75	-	-	-	900.00	9,881.63	7,774.65
5005	Leeder	-	-	-	-	9,758.13	-	-	9,758.13	9,758.13
5004	Love	1,288.00	2,197.89	1,190.00	-	-	72.00	900.00	5,581.78	5,647.89
5069	Marr	2,782.32	3,835.37	1,837.50	-	2,714.38	84.00	900.00	12,484.87	12,153.57
5074	Nees	3,802.81	2,865.94	840.00	1,000.00	884.64	441.57	900.00	13,661.41	10,734.96
5070	Oppatt	-	-	-	-	-	-	900.00	900.00	900.00
5078	Owens	-	215.60	122.50	-	114.79	-	900.00	1,352.89	452.89
5071	Sherry	-	610.69	304.50	-	-	24.00	900.00	1,839.19	939.19
5006	Tahana	1,436.00	2,615.69	787.50	-	-	100.48	900.00	5,839.67	4,939.67
5077	Thompson	-	-	-	600.00	-	-	900.00	1,500.00	600.00
5076	Thurston	-	4,550.41	2,581.25	-	-	240.00	900.00	8,271.66	7,371.66
	TOTAL	14,229.08	27,094.81	12,649.00	2,200.00	16,986.00	1,057.85	11,700.00	95,400.88	85,916.74

APPENDIX 2

Draft Councillor Professional Development Request Form. pdf

Councillor Professional Development Request

Name: _____

Date: _____

I would like to attend the following:

Date	Conference/Programme Title	Name of Organiser	Travel (identify type)	Accommodation (number of nights/dates)	PD or Council Business

Current CPD Balance: \$ _____

Request Approved: PD ☐ or CB ☐

Chairman: _____

Deputy Chair: _____

CEO: _____

Date: _____

Date: _____

Date: _____

Governance Administrator Actioned: _____

Date: _____

Programme Ref	Cost	Travel Reference	Cost	Accommodation Ref	Cost	Cr confirmed Systems entered

*Accrue costs to the financial year in which the conference/programme occurs

Receives Only – No Decisions



Report To: Audit and Risk Committee

Meeting Date: 02 March 2017

Report From: Mat Taylor, General Manager, Corporate Performance

External Audit: Management Report for the Year ended 30 June 2016

Executive Summary

The Council has received the external Management Report from Audit New Zealand for the year ended 30 June 2016. The audit management report is based on a review of Council activity for the previous financial year. The report provides recommendations and prioritises them as urgent, necessary or beneficial.

In the report for the year ended 30 June 2016, there was one recommendation prioritised as 'urgent', two recommendations prioritised as 'necessary', and one recommendation prioritised as 'beneficial'.

Recommendations

That the Audit and Risk Committee under its delegated authority:

- 1 Receives the report, External Audit: Management Report for the Year ended 30 June 2016;**
- 2 Notes the action being undertaken by staff to address recommendations in the report**

1 Introduction

In November 2016, Audit New Zealand released its draft audit Management Report on Bay of Plenty Regional Council for the year ended 30 June 2016. The report sets out the findings from a number of reviews and audits undertaken during the 2015/16 financial year and makes recommendations in areas where improvements could be made. Management subsequently review the report, make comments and take action in response to these recommendations.

The full Management Report (finalised in February 2017) is attached.

2 Findings from the report

There are various findings discussed in the report. This provides Elected Members and stakeholders with an independent assessment of the Council's activities, in particular relating to statutory compliance and reporting and the control environment.

The report provides assurance in the following areas:

- The external audit statutory 'Audit Opinion' on the financial statements and statements of service performance
- Business risks and issues
- Other matters

2.1 Urgent Recommendations

2.1.1 Section 2.1 Rates setting and delegations (page 5)

A recent interim High Court decision found that a council cannot delegate some powers related to rates, or add or remit penalties, to the territorial authorities in its region.

It is recommended that Council complete its assessment of the impact of the case when the final outcome is known and take any corrective action as required.

Action taken

Council is currently waiting for the final outcome of the court case and will assess the impact once this is known.

2.2 Necessary Recommendations

2.2.1 Section 4.1 Sensitive expenditure – insufficient supporting documentation and authorisation (page 7)

Recommendation that supporting documentation is required for all reimbursement claims and petty cash expenditure is appropriately approved.

Action taken

On two occasions insufficient documentation and approvals were identified. Additional checking for appropriate approvals prior to reimbursing claims has recently been introduced.

2.2.2 Section 4.2 Inconsistent and insufficient detail used for journals (page 8).

Recommend that all journals include appropriate and accurate narratives.

Action taken

The independent reviewer of the journal is now checking that descriptions are accurate and supporting documentation accompanies the journal.

2.3 Beneficial Recommendations

2.3.1 Section 4.3 Cost of service statements (page 8)

Recommend the Council considers whether it is beneficial to continue to include Cost of Service Statements in the annual report given the mandatory inclusion of Funding Impact Statements, and the additional work required.

Action taken

A review of the existing activity financial statements (cost of service statements) commenced in February 2017 and is expected to be completed in March 2017.

2.4 Status of previous recommendations

2.4.1 Suspense accounts (page 12)

Recommend suspense accounts are cleared in a timely manner.

Action taken

One item was not cleared in a timely manner. This item was cleared by year end.

2.4.2 High annual leave balances (page 112)

Recommend Council puts in place procedures to reduce leave balances.

Action taken

Annual leave is actively managed and General Managers are advised of employees with high leave balances.

2.4.3 Property, Plant and Equipment (page 13)

Recommend Council completes a review of revaluation documents to gain an understanding of the movements between years.

Action taken

All Property Plant and Equipment prior year revaluation movements will be reviewed before the next full revaluation commences.

2.4.4 Council policies – review period (page 13)

Recommend Council reviews its policies at least every three years.

Action taken

All policies are currently being reviewed as part of the Policy Simplification project.

2.4.5 Sensitive expenditure (page 13)

Recommend Council ensure that receipts are obtained for all transactions and approvals are made on a one up basis and in line with the sensitive expenditure policy.

Action taken

Additional checking of sensitive expenditure prior to payment runs has now been introduced.

2.4.6 Internal controls implemented consistently (page 13)

Recommend that internal controls are followed and adequate training is provided to staff.

Action taken

The creditor Masterfile is now reviewed at least twice a month and payroll documentation is reviewed monthly.

3 Conclusion

The external auditor's report has highlighted recommendations and these have been appropriately noted and actioned.

4 Council's Accountability Framework

4.1 Community Outcomes

This project/proposal directly contributes to the Regional Collaboration & Leadership Community Outcome in the council's Long Term Plan 2015-2025.

4.2 Long Term Plan Alignment

This work is planned under the Corporate Services Activity in the Long Term Plan 2015-2025.

Current Budget Implications

This work is being undertaken within the current budget for the Corporate Services Activity in the Annual Plan 2016/17.

Future Budget Implications

Future work on external audits is provided for in Council's Long Term Plan 2015-2025.

Tracey Wilson
Financial Accountant

for General Manager, Corporate Performance

22 February 2017

APPENDIX 1

**2017-02-20 Audit New Zealand - management report on
the audit of Bay of Plenty Regional Council for the
year ended 30 June 2016 - emailed version**

20 February 2017

745 Cameron Road
PO Box 621, Tauranga 3140

Phone: 04 496 3099
Fax: 07 577 9321

Doug Leeder
Chairman
Bay of Plenty Regional Council
PO Box 364
Whakatāne 3158

Dear Doug

Management Report on the audit of Bay of Plenty Regional Council for the year ended 30 June 2016

We have finalised the management report arising from the audit. The report is enclosed.

We wish to thank you and your staff for the assistance and co-operation extended during the course of the audit.

If you have any questions please contact me on 04 496 3099 or 021 222 4087.

Yours sincerely



Clarence Susan
Director

Encls

cc Mary-Anne Macleod, Chief Executive

Report to the Council on the annual audit of
Bay of Plenty Regional Council
for the year ended 30 June 2016

Prepared by: Clarence Susan

Ph: 021 222 4087

Email: Clarence.Susan@auditnz.govt.nz

Key messages

We have completed the audit for the year ended 30 June 2016. This report sets out our findings from the audit and draws attention to areas where Bay of Plenty Regional Council (the Council) is doing well or where we have made recommendations for improvement.

We issued an unmodified opinion on 29 September 2016. This means that overall, the financial statements and funding impact statements fairly reflected the Council's financial and non-financial performance for the year ended 30 June 2016, and its position at that date.

Council has approved significant refurbishment of the Elizabeth Street property in Tauranga starting in February 2017. This will involve a temporary move for staff while the interior is extensively altered. We discussed with management the impact of these changes on the fair value of affected assets in the building, noting that this reduced the original useful lives of the assets that will be replaced. We confirmed appropriate adjustments had been made to the useful lives of the affected assets which resulted in accelerated depreciation of \$1.2m being recorded in the accounts for 2015/16.

We noted a great improvement in the timeliness of the financial statements since the prior year. A good draft annual report was available at the start of the audit and all queries raised through our audit work were addressed as a priority. We commend the Council for the improvements made.

This report and our interim management report, dated 31 May 2016, include a number of areas for improvement around the Council's control environment. We recommend the Council reads this report in conjunction with our interim management report.

Issues identified during the audit

The following table summarises our recommendations and their priority:

Recommendation	Urgent	Necessary	Beneficial
As a result of an interim High Court decision that a regional council cannot lawfully delegate the power to assess or recover rates, we recommend the Council assesses whether and how this decision may affect the Council. (Refer to 2.1)	✓		
We recommend supporting documentation is required for all reimbursement claims and petty cash expenditure is appropriately approved. (Refer to 4.1)		✓	
We recommend that all journals include appropriate and accurate narratives. (Refer to 4.2)		✓	
We recommend the Council considers whether it is beneficial to continue to include Cost of Service Statements in the annual report given the mandatory inclusion of Funding Impact Statements, and the additional work required. (Refer to 4.3)			✓

There is an explanation of the priority rating system in Appendix 1.

Thank you

We would like to thank Council, management, and staff for their assistance during the final audit.



Clarence Susan
Audit Director
20 February 2017
Draft issued 1 November 2016

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1 Our audit opinion

1.1 We issued an unmodified audit opinion

We issued an unmodified audit opinion on 29 September 2016. This means we were satisfied that the financial statements and statement of service performance fairly reflected the Council's activity for the year and its financial position at the end of the year.

In forming our audit opinion, we considered the following matters.

1.2 Uncorrected misstatements

The financial statements are free from material misstatements, including omissions. During the audit, we have discussed with management any misstatements that we found, other than those which are clearly trivial.

There were no significant misstatements identified during the audit that have not been corrected.

2 Your business risks and issues identified

2.1 Rates setting and delegations

A recent interim High Court decision has found that a regional council cannot lawfully delegate the power to assess or recover rates, or add or remit penalties, to the territorial authorities in its region.

The High Court in that case has not yet determined what relief it will grant the claimants, so the effect of the unlawfulness is uncertain at this time.

We discussed this with management and the potential for this court case to affect this Regional Council. Management was aware of the issue and is undertaking an assessment of the similarities, or not, between the facts of the court case and the Regional Councils rate setting processes.

We recommend Council complete its assessment of the impact of case when the final outcome is known and take any corrective action as required.

Management comment

Council is currently waiting for the outcome of the court case and will assess the impact once this is known.

2.2 Regional Infrastructure Fund (RIF)

The projects being funded by the RIF progressed during the year as external parties worked towards meeting the criteria established in the funding agreements.

In prior years we gained an understanding of the controls being established to ensure the terms of the agreements are complied with and funding is appropriately authorised and monitored.

We were unable to confirm the effectiveness of these controls as no funds have been paid up to 20 June 2016. We will continue to review this area during our 2015/16 audit.

2.3 Rotorua Te Arawa Lakes Programme

In 2014, Ministry for the Environment (MFE) approved a change in the programme's approach to improving water quality. We gained an understanding last year of the controls Council intends to use to determine how funding is allocated and to ensure that funds are only used for the intended purpose.

This year there were no payments made so we were unable to test the effectiveness of the controls. We will continue to monitor developments in this area.

2.4 Valuation of Perpetual Preference Share (PPS) Put Option

The Perpetual Preference Shares (PPS) include a put option which, if exercised, puts an obligation on the Council to repay the PPS.

The put option has been valued at between \$14 million and \$18 million which is a decrease from the \$34 million to \$41 million range in the prior year, when the recognised value in the accounts was \$39 million.

A movement of \$24 million has been correctly recognised in the financial statements due to the Council adjusting the balance sheet value to recognise \$15 million.

The put option is valued annually by PwC. We considered the valuation, and the Council's selection of the higher valuation, as reasonable.

2.5 Refurbishment of Elizabeth Street premises

Council has approved significant refurbishment of the Elizabeth Street property in Tauranga starting in February 2017. This will involve a temporary move for staff while the interior is extensively altered. We discussed with management the impact of these changes on the fair value of affected assets in the building, noting that this reduced the original useful lives of the assets that will be replaced.

Council employed a specialist to consider which components of the building will be altered and estimates of the value of those affected assets. We reviewed the calculations and considered them reasonable.

We confirmed appropriate adjustments had been made to the useful lives of the affected assets which resulted in accelerated depreciation of \$1.2m being recorded in the accounts for 2015/16.

2.6 Annual report preparedness

We commend the Council for a great improvement in the timeliness of the financial statements since the prior year. A good draft annual report was available at the start of the audit and all queries raised through our audit work were addressed as a priority.

This was especially good, given that the signing date of the annual report had been brought forward due to the local government elections.

3 Component entities' business risks/issues

The component entities' business risks identified for the Council are detailed in our audit arrangements letter dated 23 February 2016. We comment on our findings on these matters below.

3.1 Quayside Investment Trust (QIT)

During the 2013/14 year Quayside created a new subsidiary in the form of a Portfolio Investment Entity (a PIE). This new entity, Quayside Investment Trust (QIT), allows the group to trade in shares without tainting the nature and intention of the group's holding of Port of Tauranga Limited (POTL). Over time all shares currently held in the name of Quayside Holdings Limited (QHL) and Quayside Unit Trust (QUT) will be transferred to QIT, except for POTL shares. Quayside Holdings Limited consolidates QIT.

We confirmed with QIT's auditors that QIT's transactions are fairly reflected in the financial statements.

3.2 Complexity of Coda arrangement

In 2015 POTL, a subsidiary of Quayside, entered into a 10-year Tauranga Container Volume Commitment Agreement with Kotahi. The Volume Agreement involves POTL issuing shares to Kotahi, subject to the delivery of certain freight volume commitments over a 10-year period.

The agreement also involved POTL disposing of the operations of one of its subsidiaries as well as recognition of POTL's share of the new joint venture.

We confirmed with the POTL auditors that the results of the joint venture arrangement have been correctly recognised and disclosed in the financial statements.

3.3 Quality Marshalling Limited (QML)

During the 2013/14 financial year POTL purchased QML and recognised a significant amount of goodwill with this purchase. Since the purchase there have been some adverse economic events impacting QML's operations.

Each year the quantum of goodwill is reviewed for impairment.

We obtained confirmation from POTL's auditors that goodwill has been assessed for impairment and is fairly reflected in the financial statements.

4 Other matters

4.1 Sensitive expenditure – insufficient supporting documentation and authorisation

During our testing of the Expenditure balance, we identified two issues -

- Supporting documents could not be provided for a mileage reimbursement claim that we tested.
- Some items in the petty cash reconciliation we tested did not have management authorisation.

While the amounts involved were small, expense claims and petty cash transactions are susceptible to fraud and therefore need effective internal controls over them.

We recommend supporting documentation is required for all reimbursement claims and petty cash expenditure is appropriately approved.

Management comment

On two occasions insufficient documentation and approvals were identified. Council is confident that processes are in place to ensure appropriate documentation and approvals are recorded in the future.

4.2 Inconsistent and insufficient detail used for journals

Our sample testing identified a number of journals that did not have appropriate narratives to explain what the journals were for. This included errors in the dates that were included and errors in the types of journals. We discussed the specific journals with staff and were eventually able to confirm those journals are appropriate and reasonable.

We recommend that all journals include appropriate and accurate narratives.

Management comment

Noted. In some instances journals were copied from a prior month journal but the descriptions not modified to the current month. In future the independent review will check that descriptions are accurate and supporting documentation accompanies the journal.

4.3 Cost of service statements

The Council continues to include Cost of Service Statements in the annual reports. Cost of Service Statements are no longer required to be included in local authority annual reports, since Funding Impact Statements were required by the Local Government (Financial Reporting and Prudence) Regulations 2014. Funding Impact Statements provide information regarding each of the Council's groups of activities, and set out the sources of both the operating and capital funding for everything that Council does.

The Council is one of a minority of local authorities continuing to present Cost of Service Statements in the annual report, along with the Funding Impact Statements. While this is allowable, it does create additional work for Council staff in the preparation of the statements.

We recommend the Council considers whether it is beneficial to continue to include Cost of Service Statements in the annual report given the mandatory inclusion of Funding Impact Statements, and the additional work required.

Management comment

Council will be commencing a review of the existing activity financial statements (cost of service statements) in early 2017.

4.4 Severance payments

We examined a sample of severance payments made to employees as part of exit settlements and evaluated whether a principled approach had been followed in reaching settlement.

We considered all payments were reasonable and made within the terms of settlement agreements.

4.5 Summary Annual Report

We reviewed the content of the Summary Annual Report and confirmed it fairly and consistently represented the major matters in the annual report. We confirmed the Council had complied with PBE FRS-43: Summary Financial Statements.

5 Status of previous recommendations

The status of each matter that was outstanding in last year's report to the Council is summarised in Appendix 2.

Summary of action taken against previous years' recommendations:

Number of recommendations from previous years' audits	Current status
6	Matters that have been resolved
6	Progress is being made, but not yet fully resolved

This summary needs to be read in conjunction with the status of recommendations raised in previous years' management reports as detailed at Appendix 2.

Appendices

Appendix 1: Explanation of priority rating system

Appendix 2: Status of previous recommendations

Appendix 3: Mandatory disclosures

Appendix 1: Explanation of priority rating system

Our recommendations for improvement and their priority are based on our assessment of how far short the Council is from a standard that is appropriate for the size, nature, and complexity of its business. We have developed the following priority ratings for our recommended improvements:

Urgent

Major improvements required

Needs to be addressed *urgently*

These recommendations relate to a significant deficiency that exposes the Council to significant risk. Risks could include a material error in the financial statements and the non-financial information; a breach of significant legislation; or the risk of reputational harm.

Necessary

Improvements are necessary

Address at the earliest reasonable opportunity, *generally within 6 months*

These recommendations relate to deficiencies that need to be addressed to meet expected standards of good practice. These include any control weakness that could undermine the system of internal control or create operational inefficiency.

Beneficial

Some improvement required

Address, *generally within 6 to 12 months*

These recommendations relate to deficiencies that result in the Council falling short of best practice. These include weaknesses that do not result in internal controls being undermined or create a risk to operational effectiveness. However, in our view it is beneficial for management to address these.

Appendix 2: Status of previous recommendations

Outstanding matters

Recommendation	Current status	Priority	Management's proposed action
Suspense accounts			
We recommended that suspense accounts are cleared in a timely manner.	Outstanding. In 2015/16 we identified one suspense account that was not cleared in a timely manner.	Necessary	<i>This issue was identified during the interim audit but cleared by year-end. At year-end there were only current month transactions in the suspense account.</i>
High annual leave balances			
We recommended Council puts in place procedures to reduce leave balances.	In progress. Annual leave balances increased \$250k due to an increase in staff numbers. The average annual leave balance per staff member was largely consistent with the prior year. Council need to be proactive in reducing existing leave balances.	Necessary	<i>Annual leave is actively managed and General Managers are advised of employees with high leave balances.</i>

Recommendation	Current status	Priority	Management's proposed action
Property, Plant and Equipment			
We recommended the Council completes a review of revaluation documents to gain an understanding of the movements between years. This will ensure the correct accounting treatment is applied.	Outstanding In 2015/16, council initially recognised the movements in the accounts from the fair value assessment. This was reversed during the audit as the fair value assessment specifically stated it was not a revaluation and not suitable for inclusion in the financial statements.	Necessary	<i>All Property, Plant and Equipment prior year revaluation movements will be reviewed prior to the next full revaluation.</i>
Council policies – review period			
We recommended the Council reviews its policies at least every three years.	In progress. We will continue to monitor council policies to ensure that these are reviewed in a timely manner.	Necessary	<i>All policies are currently being reviewed as part of the Policy Simplification project.</i>
Sensitive expenditure			
We recommended Council ensure that receipts are obtained for all transactions and approvals are made on a one up basis and in line with the sensitive expenditure policy.	Outstanding. We noted in 2015/16 that there continues to be instances where supporting documentation is inadequate. (see 4.2 above)	Necessary	<i>Noted. On these occasions the correct approval was not obtained. Additional checking of sensitive expenditure prior to payment runs has now been introduced.</i>
Internal controls implemented consistently			
We recommended that internal controls are followed and that adequate training is provided to staff, including temporary staff, to ensure controls operate effectively throughout the year.	Outstanding. We noted instances in 2015/16 where mastfile changes for creditors and payroll have not been consistently implemented. (See interim management report.)	Necessary	<i>To strengthen controls, the creditor Masterfile is now reviewed at least twice a month and payroll supporting documentation is reviewed monthly.</i>

Matters that have been resolved

Recommendation	Outcome
Property, Plant and Equipment	
<p>We recommended the Council carries out fair value assessments annually for all asset classes not revalued within that year, as required by PBE IPSAS 17 <i>Property, Plant and Equipment</i>.</p> <p>We recommended that only asset classes identified in the property, plant and equipment accounting policy are revalued.</p> <p>We recommended all valuation movements are recognised in the FAR and accurately reflected in the financial statements.</p>	<p>Fair valuation assessments were done for all necessary asset classes.</p> <p>The only asset classes revalued were those required by the accounting policy.</p> <p>We confirmed that valuation movements recognised in the FAR were accurately reflected in the financial statements.</p>
Centralised system for legislative compliance	
<p>We recommended Council implements a centralised system for managing legislative compliance.</p>	<p>General legislative compliance is reported in Council's key risk register. Although this is not a centralised system Council consider that this process, along with other mitigating actions and controls that were introduced, has led to an improved system for managing legislative compliance. We have accepted this as resolved.</p>
Conflicts of interest	
<p>We recommended declarations are completed six-monthly and updated whenever necessary. We also recommended that a system for monitoring transactions with related parties is implemented.</p>	<p>The elected members' last completed a declaration in March 2016. Going forward, a declaration of conflicts of interest will be a monthly agenda point at council meetings. These monthly declarations will replace the six monthly forms. We have accepted this as resolved.</p>
Lack of segregation of duties relating to expenditure	
<p>We recommended Council implement appropriate segregation of duties controls to remove self-approval for expenditure transactions.</p>	<p>Management has assessed the additional risk that self-approval of purchase orders/invoices creates and has accepted it due to the flexibility it provides staff.</p>

Recommendation	Outcome
Documentation for bonuses	
We recommended adequate documentation is kept for all bonuses awarded.	Through testing performed in the current year, we did not identify any issues with the documentation for bonuses
Compliance with procurement policies	
We recommend that all procurement is conducted in accordance with the Council's Procurement Policy.	Our testing did not identify any non-compliance issues this year.

Appendix 3: Mandatory disclosures

Area	Key messages
Our responsibilities in conducting the audit	<p>We carried out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001.</p> <p>The audit of the financial statements does not relieve management or the Council of their responsibilities.</p> <p>Our audit engagement letter contains a detailed explanation of the respective responsibilities of the auditor and the Council.</p>
Auditing standards	<p>We carry out our audit in accordance with generally accepted audit standards. The audit cannot and should not be relied upon to detect every instance of misstatement, fraud, irregularity or inefficiency that are immaterial to your financial statements. The Council and management are responsible for implementing and maintaining your systems of controls for detecting these matters.</p>
Auditor independence	<p>We confirm that, for the audit of the Bay of Plenty Regional Council's financial statements for the year ended 30 June 2016, we have maintained our independence in accordance with the requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.</p> <p>Other than the audit, we have not provided any engagements for the Bay of Plenty Regional Council during the year ended 30 June 2016. In addition, we have no relationships with, or interests in, the Bay of Plenty Regional Council.</p>
Other relationships	<p>We are not aware of any situations where a spouse or close relative of a staff member involved in the audit occupies a position with the Bay of Plenty Regional Council that is significant to the audit.</p> <p>We are not aware of any situations where a staff member of Audit New Zealand has accepted a position of employment with the Bay of Plenty Regional Council during or since the end of the financial year.</p>
Unresolved disagreements	<p>We have no unresolved disagreements with management about matters that individually or in aggregate could be significant to the financial statements. Management has not sought to influence our views on matters relevant to our audit opinion.</p>

Receives Only – No Decisions

Report To: Audit and Risk Committee

Meeting Date: 02 March 2017

Report From: Shelley Hey, Manager Chief Executive's Office

Internal Audit Status Update

Executive Summary

The Internal Audit function is part of the Chief Executive's Office in the Bay of Plenty Regional Council (BOPRC). Internal audits are performed by the Internal Auditor and internal audit specialists KPMG as part of a co-sourced internal audit model. The Chief Executive determines the structure, delegation and authority of internal audit in BOPRC.

Internal Audit activity encompasses the review of all financial and non-financial policies and operations, over time, as set out in the rolling three-year Internal Audit Work Plan. Internal Audit reviews may cover any of the programmes and activities of BOPRC.

This report provides an update on the status of internal audit activities for the year to date and includes:

- The status of internal audit reviews being undertaken in the current year as part of the Internal Audit Work Plan 2016/2017;
- The status of follow up work of internal audit recommendations and management actions;
- An executive summary for the review completed in the time since the last update (confidential Appendix 1).

Since the last Audit and Risk Committee meeting, the Investments Review has been completed. A summary of findings and recommendations is contained within the confidential appendix to this report (Appendix 1).

Currently, all other reviews scheduled for 2016/2017, Fees and Charges, New Systems – Accela, Asset Management and Planning and Grants, are in various stages of progress.

A full process has been undertaken to follow up with management on open management actions resulting from previous reviews. At 31 December 2016 there were 28 open management actions. Thirty-nine management actions have been addressed and completed in the first half of 2016/2017.

Recommendations

That the Audit and Risk Committee under its delegated authority:

- 1 Receives the report, Internal Audit Status Update;
- 2 Notes that it has received the executive summary of the Investments review (confidential Appendix 1).

1 Introduction

This report provides background to and an update of the internal audit activity undertaken by internal audit staff and internal audit specialists KPMG, as part of BOPRC's co-sourced audit approach, for the year to date. The update includes:

- The status of internal audit reviews being undertaken in the current year as part of the Internal Audit Work Plan 2016/2017;
- The status of follow up work of internal audit recommendations and open management actions;
- An executive summary of the Investments review that was recently completed (confidential Appendix 1).

2 Internal Audit at Bay of Plenty Regional Council

The Internal Audit function is part of the Chief Executive's Office in BOPRC with the structure, delegation and authority of internal audit determined by the Chief Executive. Internal audits are performed by the Internal Auditor and internal audit specialists KPMG as part of a co-sourced internal audit model. The use of both internal and external resources is considered to be the most responsive and flexible approach to the audit review of risks.

Over time, Internal Audit activity encompasses the review of all financial and non-financial policies and operations. Internal Audit reviews may cover any of the programmes and activities of BOPRC.

Internal Audit works from an Internal Audit Work Plan. The audit work plan is based on the risks facing Council and the business improvement opportunities available to it. This rolling three-year Work Plan is updated every year and provided to the Audit and Risk Committee for approval in June. The current 2016/2017 year is the third full year of implementation for the Internal Audit function of BOPRC.

3 Internal Audit Work Plan 2016/2017

The following table summarises the status of all internal audit reviews for the financial year 2016/2017.

Review	Field work	GM Sponsor	Status	Status of Internal Audit					
				Planning / Draft Scope	Final Scope	Fieldwork	Draft Report	Mgmt Actions	Final Report
Fees & Charges	KPMG	Regulatory Services	In Progress	Complete	Complete	Complete	Complete	In progress	March 2017
Investments	BOPRC	Corporate Performance	Complete	Complete	Complete	Complete	Complete	Complete	Complete
New Systems – Accela	KPMG	Regulatory Services	In Progress	Complete	Complete	In Progress	March 2017	Q4	Q4
Asset Management & Planning	KPMG	Corporate Performance	In Progress	In Progress	March 2017	Q4	Q4	Q4	Q4
Grants	BOPRC	Integrated Catchments	In Progress	In Progress	March 2017	March – April 2017	Q4	Q4	Q4

Overall, the Internal Audit Work Plan 2016/2017 is on track and no changes are proposed.

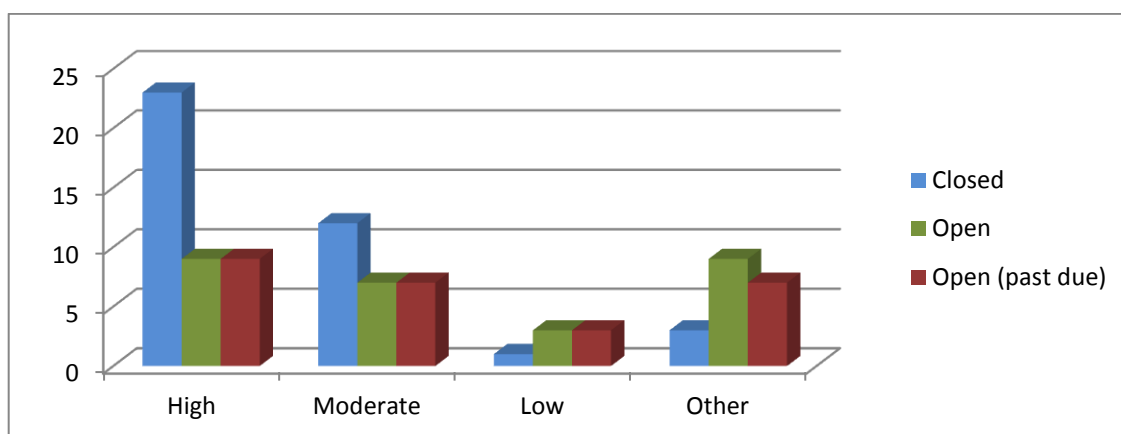
4 Status of Internal Audit Recommendations and Management Actions to 31 December 2016.

At the start of the financial year, 1 July 2016, there were 67 open agreed management actions. Over the last six months (to 31 December 2016) 39 management actions have been closed. This leaves 28 open management actions from five audit engagements from prior years.

A considerable amount of management actions were closed on the Procurement and Contracts Management review (23) when the Procurement framework was documented and published. Procurement staff training was also completed. Other notable progress includes the closure of six open management actions on the Conflict of Interest Management review.

Open management actions for the Legislative Compliance Framework review (10) are in progress and in the work programme of the Legal Specialist. Open management actions for the Enterprise Risk Management Maturity Assessment (9) are also being actioned. A workshop for key staff and elected members will be held to review the risk management framework to incorporate a risk tolerance process and appetite. The workshop is due to take place later this year.

Of these open management actions, nearly all are past their original due date. The overdue actions relate to all five reviews – Legislative Compliance Framework (10), Sensitive Expenditure (1), Conflict of Interest Management (3), Procurement and Contracts Management (5) and Enterprise Risk Management Maturity (7). Target dates for outstanding actions have been revised and all are set to be addressed in 2017.

Closed, open and past due management actions as at 31 December 2016

Investments review actions (six) have subsequently been added to the open management actions register. At the time of writing this report there are 34 open management actions.

5 Completed Internal Audit Report

The Investments review was performed by BOPRC Internal Audit. The executive summary for this review is included with this report as confidential Appendix 1.

The review identified six 'Low' risk findings. Management has provided its responses and actions which were included in the final report. Their actions will be included in the open management actions register and progress of their implementation will be monitored and reported to future Audit and Risk Committee meetings.

6 Financial Implications

The Annual Plan 2016/2017 contains budget for delivery of the co-sourced Internal Audit Work Plan for this year. This includes staff resources and provision for external resource for specialist reviews. It is expected that planned activities will be accommodated within the budget available.

Peter Tuyay
Internal Auditor

for Manager Chief Executive's Office

22 February 2017