

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:

Tuesday, 13 June 2017 commencing at 9.30 am.

Mary-Anne Macleod
Chief Executive
6 June 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:	Chairman D Leeder
Appointees:	B Robertson
Committee Advisor:	N Moore

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 Reports

6.1 Welcome new Independent Committee Member

6.2 Committee Chairperson's Report 21

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APPENDIX 2 - Audit and Risk Work Programme June 2017 to March 2018 33

6.3 Internal Audit Status Update and Proposed Internal Audit Work Plan 2017/18 to 2019/20 37

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6.4 Rates setting review	67
7 Public Excluded Section	71
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 - 02 March 2017	73
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	
Please refer to the relevant clause in the meeting minutes.	
7.2 APPENDIX 2 - Internal Audit Executive Summary - Fees and Charges	79
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.	
7.3 APPENDIX 3 - Internal Audit Executive Summary - Accela Phase 1	81
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.	
7.4 Fees and Charges Review - Internal Audit Report (May 2017): Proposed Actions and Response (Regulatory Compliance)	85

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.

7.5 Accela Consents and Compliance Module Internal Audit Review Action Plan 93

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.

7.6 Kopeopeo Canal Remediation Project Update 14 101

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).

APPENDIX 1 - Kopeopeo Dashboard Report 107

7.7 Key Risk Register Update: February 2017 - May 2017 111

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.

APPENDIX 1 - Key Risk Register - June 2017 117

APPENDIX 2 - June 2017 - Key Risk Register Heat Map Residual Score 141

7.8 Accela Implementation Project Cost and Risk Update 9 149

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.

7.9 Awatarariki Fanhead Risk and Liability 161

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.

APPENDIX 1 - Regional Council agenda report 1 June 2017 - Awatarariki Fanhead Risk Reduction 165

APPENDIX 2 - Legal review from Cooney Lees Morgan - Matata Awatarariki Debris Flow Risk 19 July 2016 177

APPENDIX 3 - Brookfields legal opinion for Whakatane District Council - Matata Awatarariki legal issues 23 June 2016 185

APPENDIX 4 - Brookfields legal advice to Whakatane District Council - Existing Use Rights Awatarariki Fanhead 7 July 2016 205

APPENDIX 5 - Legal advice from Cooney Lees Morgan - Matata Stream 24 June 2005 217

APPENDIX 6 - Boffa Miskell Discussion Document - Planning Provisions for Natural Hazard Management on the Awatarariki Fanhead, Matata, April 2017 223

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 Mauao Rooms, Bay of Plenty Regional Council Building, 87 First Avenue, Tauranga on Thursday, 2 March 2017 commencing at 9.30 a.m.

Present:

Chairman: J Cronin

Deputy Chairman: D Love

Councillors: S Crosby, A von Dadelszen

Ex Officio: Chairman D Leeder

In Attendance: Councillors Nees and Thompson, A Chappell (Property Manager), A Dixon (Management Accountant Team Leader), J Graham (General Manager Corporate Solutions), S Hey (Manager Chief Executive's Office), C Ingle (General Manager Integrated Catchments), M Langridge (Chief Information Officer), B Love (Contractor Project Manager for Kopeopeo Canal), M Macleod (Chief Executive) F McTavish (General Manager Science & Strategy), C Stephenson (Relationship Manager), Y Tatton (Interim Governance Manager), M Taylor (General Manager Corporate Performance), P Tuyay (Internal Auditor), T Wilson (Financial Accountant), S Cubbon (Committee Advisor)

Apologies: Councillor A Tahana, Mr Bruce Robertson

1 Declaration of conflicts of interest

Councillor Love indicated that his position on the Ōpōtiki District Council's Audit and Risk Committee could lead to a perceived conflict of interest. In the case of agenda Item 7.5, Ōpōtiki Harbour Project Update #2, Councillor Love believed he could add value to today's debate, therefore his intention was to withdraw from discussion on the matter at Ōpōtiki District Council.

2 Audit and Risk Committee minutes - 26 September 2016

Resolved

That the Audit and Risk Committee under its delegated authority:

- 1 Receives the Audit and Risk Committee minutes - 26 September 2016**

**Cronin/Love
CARRIED**

3 **Committee Chairperson's Report**

The update from the Committee Chairman, John Cronin, on Audit and Risk activities provided the completed work programme for the period January 2014 to September 2016.

The process for appointing an Independent Director to the Audit and Risk Committee had been agreed at the Council meeting held on 14 February 2017. Subsequently this appointment was left in the hands of the Council Chair and Audit and Risk Committee Chairman who advised the role had been accepted by Mr Bruce Robertson. A private consultant with the requisite skills and attributes to be an effective and successful independent member of the Committee, Mr Robertson's prior commitments meant he had to tender his apologies for today's meeting but he looked forward to taking full part as a member.

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 from the 2013 – 2016 Triennium.**

**Cronin/Love
CARRIED**

4 **Audit and Risk Committee - Work Programme**

The General Manager Corporate Performance, Mat Taylor outlined the areas of responsibility covered by the Committee's work plan for 2017.

A copy of the Terms of Reference was appended to the report. Clarification was sought by Councillors as to the scope of core functions and the frequency and adequacy of reporting.

Resolved

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.**

**Von Dadelszen/Cronin
CARRIED**

5 **Updated Councillor Expenditure Report July 2015 to June 2016**

A previously reported summary of allowances and expenses paid for the period 1 July 2015 to 30 June 2016 had given rise to questions from Councillors. A complete analysis had uncovered some discrepancies and Acting Governance Manager, Yvonne Tatton presented a revised summary. Members were assured better reporting systems

were now in place and a quarterly professional development summary would be sent out.

Some questions remained as to precisely what expenditure qualified for reimbursement, some wording being open to interpretation. The report introduced a Professional Development Request form for Councillors that would ensure the approval process was more easily administered and audited.

Resolved

That the Audit and Risk Committee under its delegated authority:

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

**von Dadelszen/Cronin
CARRIED**

Recommends to Regional Council:

- 1 That Councillor Expenditure be reported quarterly and placed on the Council's website.**

**Crosby/von Dadelszen
CARRIED**

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

This report provided results from the annual audit carried out by Audit New Zealand for the 2015/16 financial year. The external auditor's report had highlighted recommendations and members received details of how each of these had been noted and actioned. The General Manager Corporate Performance pointed out that two recommendations were prioritised as 'necessary' and one as 'beneficial'.

The one 'urgent' recommendation related to rates setting and delegations, and Council was awaiting a final Court decision before taking corrective action. Mr Taylor advised some steps had already been taken irrespective of what might happen in this case. In response to questions, the Committee were assured Council's rates resolution underwent a lengthy process of review and checking by internal and external rating experts.

Clarification was provided on matters of interest within the report by Management Accountant Team Leader, Andy Dixon and Committee Chair, John Cronin.

Members congratulated staff on the commendation from Audit New Zealand for improved timeliness of reporting.

Resolved

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**

**Cronin/Love
CARRIED**

7 Internal Audit Status Update

It was noted that internal audits were performed by the Internal Auditor and internal audit specialists KPMG as part of a co-sourced internal audit model. The report provided an update on the status of management actions from previous internal audit reviews and the current year work programme.

Reviews scheduled for 2016/17, Fees and Charges, New Systems – Accela, Asset Management and Planning and Grants were in various stages of progress. At 31 December 2016 there were 28 open management actions from previous reviews and all were set to be addressed in 2017. An executive summary of the recently completed Investments review was included in the Confidential section of today's meeting agenda.

Resolved

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).**

**Love/Crosby
CARRIED**

- 3 Requests a review of the Terms of Reference to Council investments to be presented to the Committee with recommendations to take to Council.**

**Cronin/von Dadelszen
CARRIED**

8 Public Excluded Section

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:

General Subject of Matter to be Considered	Reason for passing this resolution in relation to this matter	Grounds under Section 48(1) LGOIMA 1987 for passing this resolution
7.1 Audit and Risk Committee	Please refer to the relevant clause in the	That the public conduct of the whole or the relevant

Minutes – 26 September 2016	meeting minutes	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.
7.2 Key Risk Register Update: September 2016 – February 2017	The making available of the information would be likely to otherwise damage the public interest.	See above.
7.3 Accela Implementation Project Cost and Risk Update 8	To enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	See above.
7.4 Kopeopeo Canal Remediation Project Update 13	The making available of the information would be likely to otherwise damage the public interest.	See above.
7.5 Ōpōtiki Harbour Project Update #2	To carry out, without prejudice or disadvantage, commercial activities.	See above.
7.6 Internal Audit - Appendix 1 Investments Report (Executive Summary) Please refer Item 6.5 of the agenda.	To enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	See above.

von Dadelszen/Love
CARRIED

The meeting closed at 12.50pm at the conclusion of the public excluded reporting.

Reports

Receives Only – No Decisions



Report To: Audit and Risk Committee

Meeting Date: 13 June 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 to March 2017 and work programme June 2017 to March 2018.**

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
06 April 2017	Months 1 to 8

2 Audit and Risk Work Programme

Appendix 1 shows the Audit and Risk completed work programme for the period January 2014 to March 2017.

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 and subsequently Mr Bruce Robertson has accepted the appointment.

Mr Robertson brings a broad range of skills, strong principles and high standards and will make a positive and effective contribution to achieve the desired outcomes of the Committee.

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.

4.3 Current Budget Implications

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

4.4 Future Budget Implications

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

Mat Taylor
General Manager, Corporate Performance

6 June 2017

APPENDIX 1

Audit and Risk Work Programme Jan 14 to March 17

***Audit and Risk Completed Work Programme
January 2014 to March 2017***

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 March 2017***

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 March 2017***

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 March 2017***

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 March 2017***

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 March 2017***

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

***Audit and Risk Completed Work Programme
January 2014 to March 2017***

Meeting date	Report title	Purpose of report
2 March 2017 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"> Audit and Risk Committee – Work Programme 	To provide the work programme for the new triennium
	<ul style="list-style-type: none"> Key Risk Register – Quarterly Update September 2016 to February 2017 	Periodic review
	<ul style="list-style-type: none"> Accela Implementation Cost and Risk Update 8 (Confidential) 	To review the Project Status and associated risks
	<ul style="list-style-type: none"> Updated Councillor Expenditure Report July 2015 to June 2016 	To update councillor expenditure for the 2015-2016 financial year.
	<ul style="list-style-type: none"> Internal Audit Status Update 	To provide the Committee with an update on the status of internal audit activities
	<ul style="list-style-type: none"> Kopeopeo Canal Remediation Project Update 13 	Receive Update
	<ul style="list-style-type: none"> External Audit Management Report for the Year Ended 30 June 2016 	Consider external audit management recommendations
	<ul style="list-style-type: none"> Ōpōtiki Harbour Project Update 2 	To review the Project Status and associated risks

APPENDIX 2

Audit and Risk Work Programme June 2017 to March 2018

Audit and Risk Committee Programme

June 2017 to March 2018

June 2017 Tuesday 13 th	September 2017 Tuesday 19 th	December 2017 Tuesday 6 th	March 2018
<ul style="list-style-type: none"> Internal Audit Status Update Internal Audit Work Plan 17/18 to 2019/20 	<ul style="list-style-type: none"> External Audit Arrangements Letter 2016/17 Annual Report Review 		<ul style="list-style-type: none"> External Audit Management Report for the Year Ended 30 June 2017 External Audit Management Report on the LTP 2018-2028 Consultation
<ul style="list-style-type: none"> Key Risk Register – Quarterly Update March 2017 Accela Project Cost & Risk Update 9 Kopeopeo Canal Contamination Remediation Project Cost & Risk Update 14 	<ul style="list-style-type: none"> Internal Audit Annual Report 	<ul style="list-style-type: none"> Internal Audit Annual Progress Report 	<ul style="list-style-type: none"> Internal Audit Status Update
<ul style="list-style-type: none"> Chairperson’s Report (including Work Programme) Awatarariki Fanhead Risk and Liability 	<ul style="list-style-type: none"> Key Risk Register – Quarterly Update August 2017 Accela Project Cost & Risk Update Kopeopeo Canal Contamination Remediation Project Cost & Risk Update 	<ul style="list-style-type: none"> Key Risk Register – Quarterly Update August 2017 Accela Project Cost & Risk Update Kopeopeo Canal Contamination Remediation Project Cost & Risk Update 	<ul style="list-style-type: none"> Key Risk Register – September 2017 – February 2018 Accela Project Cost & Risk Update Kopeopeo Canal Contamination Remediation Project Cost & Risk Update Opotiki Harbour Update
	<ul style="list-style-type: none"> Chairperson’s Report (including Work Programme) Chairman’s Discretionary Fund – Annual Report 	<ul style="list-style-type: none"> Chairperson’s Report (including Work Programme) 	<ul style="list-style-type: none"> Chairperson’s Report (including Work Programme)

External Audit	Internal Audit	Risk	Other
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Report To: Audit and Risk Committee

Meeting Date: 13 June 2017

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

Internal Audit Status Update and Proposed Internal Audit Work Plan 2017/18 to 2019/20

Executive Summary

This report provides an update on the status of internal audit activities as at 31 May 2017 and includes:

- The status of internal audit reviews in the current year;
- The status of follow up of internal audit recommendations and management actions to 31 March 2017;
- Executive summaries for the reviews completed in the time since the last update (confidential Appendices 2 and 3);
- The proposed Internal Audit Work Plan for the three years 2017/18 to 2019/20 (Appendix 1).

Since the last Audit and Risk Committee meeting in March 2017 two internal audit reviews have been completed - Fees and Charges and New Systems - Accela Phase 1.

Two reviews scheduled for 2016/17 have now been deferred to 2017/18 due to the availability of organisational resources.

A full process has been undertaken to follow up with management on open actions resulting from previous reviews. At 31 March 2017 there were 34 open actions.

The proposed Internal Audit Work Plan for the three years 2017/18 to 2019/20 has been prepared and is presented to the Committee for review and approval.

Recommendations

That the Audit and Risk Committee under its delegated authority:

- 1 Receives the report, Internal Audit Status Update and Proposed Internal Audit Work Plan 2017/18 to 2019/20;**
- 2 Notes the changes to the Internal Audit Work Plan 2016/17 which defers the Asset Management Planning and Grants reviews to 2017/18.**
- 3 Approves the Internal Audit Work Plan 2017/18, 2018/19, 2019/20, including the detailed work plan for 2017/18.**

1 Introduction and Context

This report provides the quarterly update on internal audit activity undertaken by internal audit staff and external internal audit specialists, KPMG, as part of Bay of Plenty Regional Council's co-sourced internal audit approach. It includes:

- The status of internal audit reviews in the current year;
- The status of follow up of internal audit recommendations and management actions to 31 March 2017;
- Executive summaries for the reviews completed in the time since the last update (confidential Appendices 2 and 3);
- The proposed Internal Audit Work Plan for the three years 2017/18 to 2019/20 (Appendix 1).

Two reviews, Grants and Asset Management Planning, have now been deferred to 2017/18 due to insufficient internal audit resource being available (staff resignation) and the Edgecumbe flood event on 6 April 2017 respectively. The focus has therefore been on completing reviews underway with KPMG, preparing for the new 2017/18 year, and recruitment of staff.

2 Internal Audit Work Plan 2016/17 Status

On 9 June 2016, the Audit and Risk Committee approved the Internal Audit Work Plan for the three years to 2018/19, including the detailed internal audit work plan for 2016/17. The completed Investments review was reported to the Committee on 2 March 2017. Since that meeting, two internal audit reviews have been completed. They are Fees and Charges and New Systems - Accela Phase 1.

The Grants and Asset Management Planning reviews have been scoped and are fundamentally ready to commence fieldwork, however, they have been deferred to 2017/18 with the approval of the Chief Executive. Council's Internal Auditor staff member left the organisation in early April 2017. As a result, there was insufficient internal audit resource available to continue with the Grants review. The Asset Management Planning review was due to commence on 11 April 2017. Council's largest Asset Management Plan is for Rivers and Drainage. Due to the Edgecumbe flood event on 6 April and the announcement of the Rangitāiki River Scheme (independent) Review on 10 April, the decision was made to defer this review until 2017/18. These events meant that operational staff who were to feed into the review were no longer available and it was also considered that the Internal Audit review would be best placed to follow the independent review.

The following table summarises the status of all internal audit reviews for the current 2016/17 year.

Review	Field work	GM Sponsor	Status	Status of Internal Audit					
				Planning / Draft Scope	Final Scope	Fieldwork	Draft Report	Mgmt Actions	Final Report
Investments	BOPRC	Corporate Performance	Complete	Complete	Complete	Complete	Complete	Complete	Complete
Fees & Charges	KPMG	Regulatory Services	Complete	Complete	Complete	Complete	Complete	Complete	Complete
New Systems - Accela Phase 1	KPMG	Regulatory Services	Complete	Complete	Complete	Complete	Complete	Complete	Complete
Asset Management Planning	KPMG	Corporate Performance	Deferred to 2017/18	Complete	In progress	2017/18	2017/18	2017/18	2017/18
Grants	BOPRC	Integrated Catchments	Deferred to 2017/18	Complete	In progress	2017/18	2017/18	2017/18	2017/18

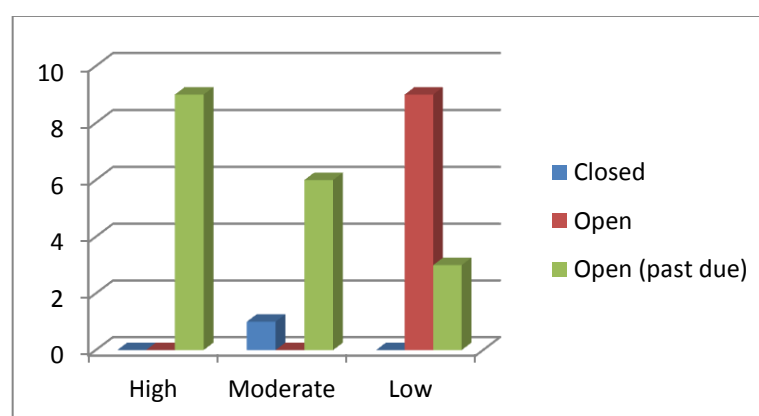
3 Internal Audit Follow Up

Internal Audit has reviewed all open management actions as part of the follow up work in the Internal Audit work plan 2016/17. At the start of the quarter (1 January 2017) there were 28 open management actions.

Since that time nine new actions (arising from the Investments review) have been added, and three actions have been completed/closed. These three actions relate to the reviews of Sensitive Expenditure (one) and Enterprise Risk Management (two).

At 31 March 2017, 34 actions remained open. The majority of these relate to findings in Legislative Compliance Framework (ten), Investments (nine) and Enterprise Risk Management (seven).

The following graph illustrates the management actions by risk ranking – closed, open and the number of open actions which are past due.



The majority (25 out of 34) of all open actions are past their original due date. The overdue actions relate to four reviews – Legislative Compliance Framework, Conflicts of Interest Management, Procurement and Contracts Management and Enterprise Risk Management. The large majority of overdue actions are dependent on objectives

being set and the establishment and development of programmes following recently established resourcing. Target dates for outstanding actions have been revised to align with available resources.

4 Completed Internal Audit Reviews

Since the last Audit and Risk Committee meeting in March 2017, the Fees and Charges and New Systems – Accela Phase 1 reviews have been completed. The executive summaries for these reviews have been attached to this report as confidential/public excluded Appendices 2 and 3 respectively. Both of these reviews were performed by KPMG. They will attend the meeting to present their findings and recommendations.

The Internal Audit Charter sets out the process for management to respond to the findings and recommendations of internal audit reviews. As with previous reviews, management have developed actions in response to the findings and recommendations in two recently completed reviews, which have been incorporated into the internal audit reports. While it is not our approach for all reviews, it is expected that in the current cases the Audit and Risk Committee may wish to hear directly from management in terms of the action plans they have prepared. Separate reports from management have therefore been included in this agenda (public excluded section).

5 Proposed Internal Audit Work Plan to 2020

The first Internal Audit Work Plan was approved by the Audit and Risk Committee in May 2014. This Work Plan is a rolling three-year plan which is reviewed annually. The first review was in June 2015 with this 2017 review being the third.

During April and May 2017, Internal Audit undertook a planning process to refresh the Internal Audit Work Plan for the three years 2017/18 to 2019/20 (provided in Appendix 1). A risk based approach has continued to be used to assess the internal audit needs of the Bay of Plenty Regional Council and audit priorities. The timing of scheduled reviews has been informed by the timing of organisational processes such as the upcoming Long Term Plan 2018-2028. The refresh process has involved the Chief Executive and Leadership Team, as well as a review by KPMG. It has also been broadly discussed with Audit NZ as Council's external auditors.

The Internal Audit work programme for 2017/18 has been developed based on the level of resources currently available/provided for. This is primarily one full time Internal Auditor staff member and funding for consultancy services sufficient for two to three reviews – depending on scope.

The intention is to audit all activities within the audit universe over a rolling three year period. The indicative Work Plan for 2018/19 and 2019/20 therefore indicates the reviews that would need to be undertaken over this two year period to complete a review of all activities in the audit universe over the next three years. This is shown in Appendix A of the Work Plan which indicates that a higher level of resourcing would be required to achieve it than is currently available. As a result a process to consider the level of resourcing for the future has commenced.

The Internal Audit Work Plan for the three years 2017/18 to 2019/20 continues to represent a 'deep dive' approach and an ongoing focus on quality rather than the quantity of reviews. The proposed detailed work plan for 2017/18 is provided within the overall plan and is shown in the following table. At this stage the timing of reviews within 2017/18 is indicative only. Particular influences on the actual timing will be

dependent on the outcomes and timing of the current recruitment process, and the timing of the completion of the Rangitāiki River Scheme (independent) Review. Also indicative only, is whether the review will be undertaken by Regional Council staff or our external provider KPMG (denoted with 'E').

IA Ref	Description	Risk	Indicative timing 2017/18			
			Q1	Q2	Q3	Q4
1	Asset Management Planning E	High	X	X		
12	Accounts Receivable				X	
16	Grants			X		
17	Health and Safety E	Medium		X	X	
22	Payroll					X

Risk Ranking:

Business critical function or process Large value / high risk	Important or significant process Medium value / medium risk	Non key, routine process Lower value / lower risk
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The Internal Audit Work Plan for the three years 2017/18 to 2019/20 has been given management approval by the Chief Executive and is now provided to the Audit and Risk Committee for its review and approval.

6 Internal Audit Annual Report 2016/17

At the next meeting of the Audit and Risk Committee, Internal Audit will provide an Annual Report for the year ending 30 June 2017.

7 Council's Accountability Framework

7.1 Community Outcomes

This work directly contributes to the Regional Collaboration & Leadership Community Outcome in the Council's Long Term Plan 2015-2025.

7.2 Long Term Plan Alignment

This work is planned under the Governance Services activity in the Long Term Plan and the draft Annual 2017/18.

Current Budget Implications

Internal Audit activities carried out in 2016/17 have been accommodated within the budget provision for the year.

Future Budget Implications

The draft Annual Plan 2017/18 contains budget for delivery of the co-sourced Internal Audit Work Plan. This includes staff resources and provision for external resource for

specialist reviews. Funding for the latter years of the Work Plan will be considered as part of the upcoming Long Term Plan 2018-2028 process.

Shelley Hey
Manager Chief Executive's Office

3 June 2017

APPENDIX 1

Proposed Internal Audit Work Plan 2017-18, 2018-19, 2019-20I



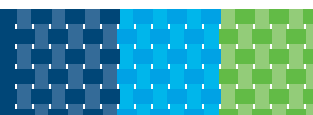
Internal Audit Work Plan

2017/18, 2018/19, 2019/20

This DRAFT document is for the review and approval of:
Audit and Risk Committee, June 2017

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Internal Audit planning process

Introduction

The internal audit planning process was performed during April and May 2017 to develop the Internal Audit Work Plan of Bay of Plenty Regional Council for the three years 2017/18, 2018/19 and 2019/20.

This is a rolling plan which will be reviewed annually. The allocation of audit effort will be reviewed with management during the year and this will include ongoing risk analysis, to ensure an effective level of internal auditing. Any substantial re-prioritisation of audit effort will be reported to the Audit and Risk Committee.

This document sets out a risk based assessment for the Internal Audit Work Plan, based on standards developed by the Institute of Internal Auditors.

Information on Bay of Plenty Regional Council's approach to internal audit, internal control framework, internal audit charter and protocols are set out in the appendices.

Approach

The Internal Audit Work Plan has been developed with input from Bay of Plenty Regional Council councillors, management and Council's external provider for internal audit delivery. The first three-year Work Plan was developed in 2014 and revised in 2015 and 2016. This document represents the third revision of the Work Plan.

A summary of the steps taken to achieve an effective Internal Audit work plan and an effective level of internal auditing is shown below in Diagram 1.

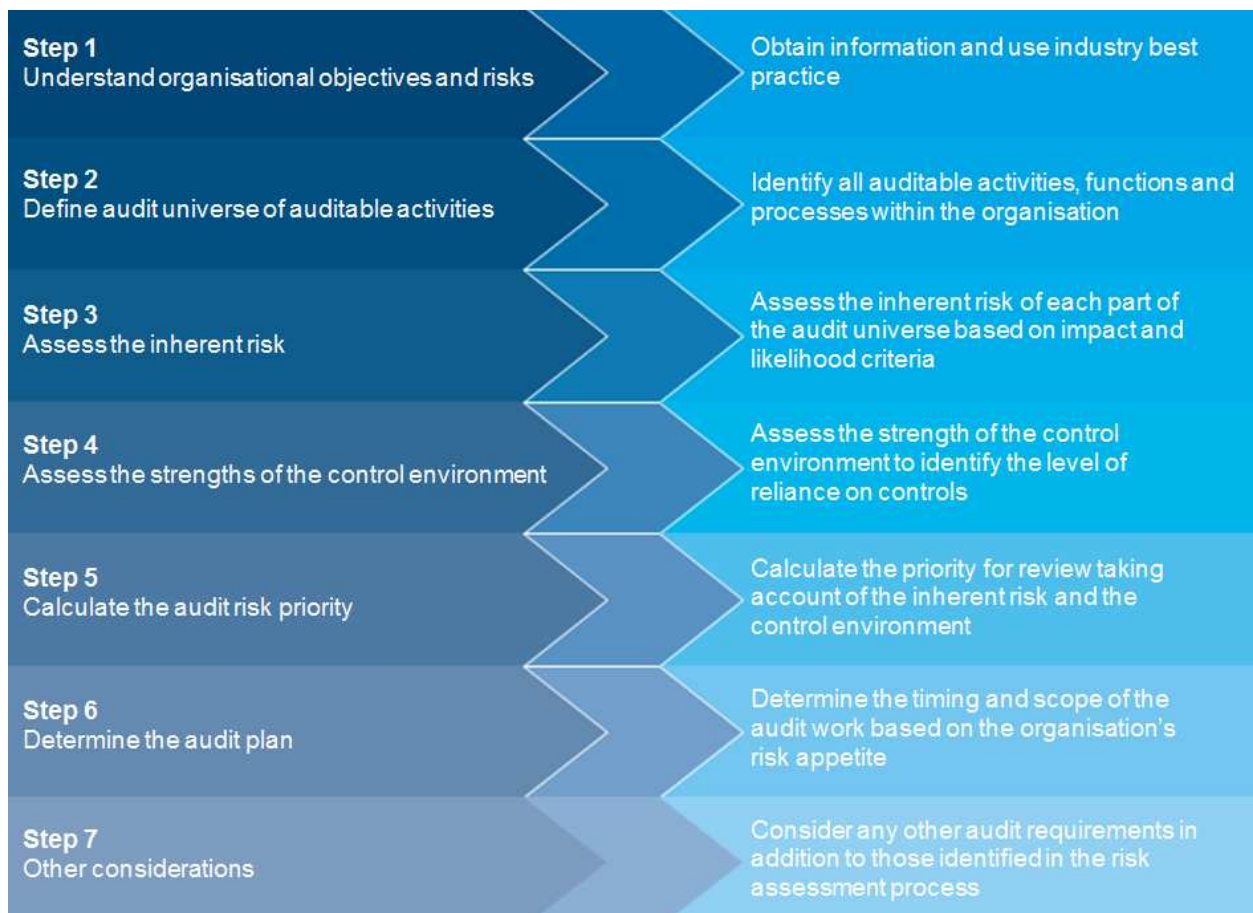


Diagram 1 – The seven steps to success

Risk based assessment

A risk based approach was used to assess the internal audit needs of Bay of Plenty Regional Council.

Key organisational documents were considered, including previous internal audit and external audit documents and Council's most recent strategic risks "risk register". Interviews with executive management and activity managers were conducted where possible to identify areas where internal audit focus would add value, and to identify key risks, controls, projects and anticipated changes. The Council's external auditor, Audit New Zealand was also provided the opportunity to comment. The Audit and Risk Committee reviewed the Internal Audit Work Plan.

Using this information, potential auditable areas were identified. A straightforward risk model – using priority ranking A, B, or C was used to determine the depth of audit coverage. The assessment of the audit priorities was validated with management, to recommend the Internal Audit Work Plan for the three years to 2019/20.

The risk ranking model (below) highlights the differentiation between each group of activities for review.

A Business critical function or process Large value/high risk	B Important or significant process Medium value/medium risk	C Non key, routine process Lower value/lower risk
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Diagram 2 – Risk Ranking Model

Internal Audit Work Plan 2017/18

The detailed Internal Audit Work Plan 2017/18 is set out below and on the follow page. The Internal Audit Work Plan for the three years to 2019/20 is set out in Appendix A.

The Internal Audit Work Plan 2017/18 has been developed based on the level of resources currently available. It provides for 165 days of internal auditing delivered by BOPRC Internal Audit, including 25 days for audit follow up and a contingency of 60 days for responsive reviews. In addition, the Internal Audit Work Plan 2017/18 provides for 80 auditing days delivered by external providers.

The intention is to audit all activities within the audit universe over a rolling three year period. The indicative audit effort is set out below.

The Internal Audit Work Plan 2017/18 makes an estimate of the number of days needed for the following processes to undertake the audit review:

- Prepare and agree scope;
- Undertake internal audit review (fieldwork); and
- Report preparation, including findings, recommendations and management comments.

Each audit will be undertaken using recognised international auditing standards - using guidance on matters such as audit documentation and working papers, and auditing practices to ensure consistency and value. Further information on the internal audit process is set out in the Internal Audit Protocol (Appendix E).

An external quality assurance review process will assist in providing assurance over the quality of internal audit work and assess the Council's use of internal audit, the effectiveness and efficiency of internal audit and identify areas where processes and outcomes can be improved.

Task	BOPRC (days)	EXTERNAL (days)	TOTAL (days)
Delivery of Internal Audit Work Plan	140	80	220
Follow up and tracking of audit management actions	25		25
Annual risk and control assessment and annual planning	10	2	12
Administration, reporting, committee preparing and attendances	15	2	17
Liaison with external auditors	1		1
Quality assurance process	4	1	5
Total Indicative Days	195	85	280

Diagram 3 – Indicative Audit Effort

IA Ref	Description	Risk ¹	Indicative days and timing 2017/18				
			Q1	Q2	Q3	Q4	
1	Asset management planning E		40				
12	Accounts receivable				30		
16	Grants			30			
17	Health and safety E			40			
22	Payroll					20	
Sub-Total Days			40	70	30	20	Total = 160 days
Contingency ²			15	15	15	15	Total = 60 days
Total Days³			55	85	45	35	Total = 220 days

Notes:**¹ Risk ranking**

A Business critical function or process Large value/high risk New or changed systems or process; limited separation of duties; cash related activity; high transactional value	B Important or significant process Medium value/medium risk System procedures and controls not clearly documented and reviewed; medium transactional value	C Non key, routine process Lower value/lower risk Well established system procedures and controls clearly documented and reviewed; low transactional value
--	--	--

² Contingency

This relates to unexpected urgent work, for example fraud investigation or chief executive directed responsive reviews.

³ Total Days

Total indicative annual audit days for one full time equivalent staff member (140) and an external provider (80). This does not include audit follow up, administration or management.

E Denotes reviews which may be undertaken by an external provider.

Internal Audit Work Plan 2018/19 and 2019/20

The intention is to audit all activities within the audit universe over a rolling three year period. The indicative Work Plan for 2018/19 and 2019/20 therefore indicates the reviews that would need to be undertaken over this two year period to complete a review of all activities in the audit universe over the next three years. This is shown in Appendix A which indicates that a higher level of resourcing would be required to achieve it than is currently available.

As a result a process to consider the level of resourcing for the future has commenced.

Appendix A: Internal Audit Work Plan 2017-2020

				Indicative days		
IA ref	Review	Objective	Last audit	2017/18	2018/19	2019/20
Framework reviews						
1	Asset management planning	To assess the adequacy and effectiveness of the framework to manage and monitor key assets and the maturity of that framework.	NA	40		
2	Budgeting and monitoring	To assess the adequacy and effectiveness of the governance and management control framework to support budgeting, monitoring and forecasting.	NA		30	
3	Fraud risk assessment*	To evaluate the vulnerability of the organisation to internal and external fraud including the effectiveness of controls for detecting fraud and mitigating its effects.	NA		30	
4	Project management*	To assess the adequacy and effectiveness of the framework to plan, manage and monitor projects and the maturity of that framework.	NA		40	
5	Risk management	To assess the adequacy and effectiveness of the design and implementation of the risk management framework and processes and the maturity of that framework.	2015/16			
Framework (1 st time review) – Controls (2 nd time review)						
6	Conflict of interest management	To assess the effectiveness of the implementation of the conflict of interest management framework and the operation of key controls and processes.	2015/16			30
7	Contracts management	To assess the effectiveness of the implementation of the contracts management framework and the operation of key controls and processes.	2014/15		40	
8	Fees and charges	To assess whether processes and controls are adequately designed, appropriate and operating effectively to mitigate key business risks relating to the setting and collection of fees and charges.	2016/17			
9	Legislative compliance	To assess the effectiveness of the implementation of the legislative compliance framework and the operation of key controls and processes.	2014/15			30

IA ref	Review	Objective	Last audit	Indicative days		
				2017/18	2018/19	2019/20
10	Procurement	To assess the effectiveness of the implementation of the procurement framework and the operation of key controls and processes.	2014/15		30	
Controls reviews						
11	Accounts payable	To determine whether processes and controls are adequately designed, appropriate and operating effectively to mitigate key business risks relating to the accounts payable process.	2013/14			20
12	Accounts receivable	To determine whether processes and controls are adequately designed, appropriate and operating effectively to mitigate key business risks relating to the accounts receivable process.	NA	30		
13	Bank reconciliations	To determine whether processes and controls are adequately designed, appropriate and operating effectively to mitigate key business risks relating to the accounts bank reconciliations process.	2013/14			20
14	Delegations	To assess the level of compliance with Council's policy and decisions in relation to financial and non-financial delegations and to determine whether key controls are operating effectively.	NA			30
15	Fixed asset security and records	To determine whether processes and controls are adequately designed, appropriate and operating effectively to mitigate key business risks relating to fixed asset processes.	NA			20
16	Grants	To assess the level of compliance with Council's policy and decisions in relation to grant activities and to and to determine whether key controls are operating effectively.	NA	30		
17	Health and safety	To assess the level of compliance with and effectiveness of implementation of the Health & Safety at Work Act 2015.	NA	40		
18	ICT security	To determine whether processes and controls are adequately designed, appropriate and operating effectively to mitigate key business risks relating to specific areas of information, communication and technology (including cybersecurity and disaster recovery).	2014/15 2015/16			30
19	Investments / treasury	To assess the level of compliance with Council's policy and decisions in relation to of investment and treasury activities and to determine whether key controls are operating effectively.	2016/17			20

IA ref	Review	Objective	Last audit	Indicative days		
				2017/18	2018/19	2019/20
20	New systems – ICT	To ensure adequate controls are built into the new system and are operating effectively, and to ensure that end-user needs are met.	2016/17		40	40
21	New systems – monitoring*	To ensure adequate controls are built into new monitoring systems (that feed into regulatory and policy development processes) to ensure that resulting data sets are robust and have integrity.	NA		30	30
22	Payroll	To assess the robustness and effectiveness of controls in place to mitigate key risks in relation to payroll processes (including staff reimbursements).	2013/14	20		
23	Performance measurement	To review a selection of key performance indicators to ensure that predictive reporting is supported and has integrity.	2014/15		20	
24	Rates	To review the process for rates determination, rate deferment decisions, collection of rates, rate rebates and refunds, remissions and monitoring of arrears to ensure compliance with legislation and Council's policies and decisions.	NA		30	
25	Sensitive expenditure	To review the reasonableness of sensitive expenditure incurred in the Council and compliance with policies and procedures for staff and councillors.	2014/15		20	
Sub-total Days				160	310	270
Contingency				60 ¹	60	60
Total Days				220²	370	330

Notes:*** New**

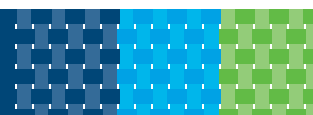
First included in Work Plan in June 2017 revision.

¹ Contingency

This relates to unexpected urgent work, for example fraud investigation or chief executive directed responsive reviews.

² Total Days

Total indicative annual audit days for one full time equivalent staff member (140) and an external provider (80). This does not include audit follow up, administration or management.



Appendix B: Internal Audit Background

1 Introduction and background

At the October 2012 meeting of the Finance and Corporate Committee councillors received a report - Internal Audit and Internal Control. This report set out an approach to audit that included the setting up of a Co-Sourced Audit Model, including an externally sourced audit and review process and an internal audit function to systematically review and audit appropriate functions and processes within Bay of Plenty Regional Council.

Management have since established a structure to systematically review and evaluate key risk areas across the Council. This structure will support management and governance with focused and timely reviews to highlight where improvements and changes can be made.

2 Management review processes

The three elements, or work streams, are:

- Business reviews;
- Strategic risk reviews; and
- Operational risk reviews.

The nature of each review type, highlighting who undertakes the review and the focus for each is shown in Diagram 1 (below).

Management support network of reviews

Business reviews

Undertaken by a business unit such as Organisational Solutions or IT

Reviewing how economically, efficiently and effectively the team, programme or system meets objectives

Examples

Consents lifecycle
HR systems review

Strategic risk reviews

Identified from the risk register and undertaken by an external audit partner

Reviewing key Council risk areas

Examples

Council controlled organisations

Operational risk reviews

Undertaken by internal audit or specialist provider

Reviewing compliance, and the control environment for each operational process

Examples

ICT security
Payments

Diagram 1 – Management review work streams

3 The audit review of risks

The use of both internal and external resources is considered to be the most responsive and flexible approach to the audit review of risks. The approach being taken using a Co-Sourced Internal Audit Model is shown in Diagram 2 (below).



Diagram 2: Co-sourced (external and internal) audit model

Strategic risks

The review of strategic Council risks that are identified within the Risk Management Framework and recorded in the Risk Register requires one-off scopes of work, with an appropriate provider being appointed, dependent on the nature of the risk. These reviews will be high level, assessing why and how a particular programme or activity is established, and the policy and regulatory framework that exists.

Examples of key risks are shown within the work stream for strategic risks above in Diagram 1 – Management Review Work Streams. The Risk Register currently identifies the most significant organisational risks.

Operational risks

Internal audit has been established to systematically review and audit appropriate functions and processes within Council. To be effective and provide reasonable assurance, internal audit reviews do not review all transactions in a particular process or system. Samples are chosen in a systematic way with system reviews being undertaken for each process that is reviewed. In this way, audits will cover a reasonable breadth and depth of operational activity.

The overarching Internal Control Framework set out in Appendix C, has been prepared to highlight and to strengthen and integrate all elements of internal control – including risk management.

The Council's external auditor – Audit New Zealand, provide assurance and regulatory review and commentary to the public, Council and management on a range of important and largely externally focused plans, strategies, and financial statements. Internal audit provides governance and management with independent assurance regarding internal controls and highlights risks, making recommendations for improvements across a range of activities and provides input into process improvement and efficiencies in Council.

Appendix C: Internal Control Framework

1 Definition of internal control

Internal control is a process effected by the Council, management and all staff designed to provide reasonable assurance of effectively and efficiently meeting various governance, compliance, financial, and operational objectives.

Council and staff at Bay of Plenty Regional Council are responsible for establishing internal control processes to keep the Council on course towards meeting its financial goals, manage and minimise risk, and to more effectively deal with change.

2 Component of internal control

Control environment

The control environment sets the tone for Council. It provides discipline and structure and strongly influences the control consciousness of the people within Council. Key factors in the control environment include the integrity, ethical values and competence of staff.

Risk management

Risk management is the identification and effective management of risks which may prevent Council meeting its objectives. The Risk Management Framework has been established to capture and control key and strategic risks.

Control activities

Control activities are the policies and procedures put in place to ensure that councillor and management decisions are implemented. Managers and staff must be aware of and understand all relevant policies and procedures and these must be supplemented with protocols and guidance when necessary.

Information and communication

Pertinent information must be identified, captured, and communicated in a form and timeframe that enables staff to carry out their responsibilities. Strong lines of communication are needed within and across teams.

Monitoring

Monitoring is a process that assesses the quality of the internal control system over time. Management is responsible for monitoring activities, and reporting to the appropriate Council governance body, on levels of control and assurance.

3 Internal control objectives

Management have established internal control objectives in order to effectively assess areas of potential risk.

The following key internal control objectives apply to Bay of Plenty Regional Council:

- Accuracy of financial statements;
- Validity of transactions;
- Timeliness and completeness in processing transactions;
- Compliance with applicable statutory regulations and Council policies.



4 Internal control activities

The following internal control activities are important tools used to accomplish these objectives:

Establishing a control conscious environment

Setting the tone within senior management is essential in developing sound internal control. Ensuring staff are properly trained, knowledgeable of Council policies and procedures and receive regular feedback are key factors to a good control conscious environment.

Segregation of duties

The separation of certain functions such as initiating, authorising, and recording and reconciling transactions is an important control activity. The amount of segregation possible is dependent on the size and structure of individual teams. However, every effort should be made by management to ensure no one person has control of all parts of a transaction.

Authorisation and approval process

Authorisation and approval responsibilities should be limited to as few people as possible. Any delegation should be clearly documented and passwords must be kept confidential. Supporting documentation should be scrutinised for validity, completeness, and accuracy.

Physical control of assets

Managers are responsible for the physical control of assets used by their teams. Safeguards should be implemented to ensure proper accountability of assets.

Monitoring

Monitoring activities carried out by management are reported to Council periodically, and supplemented by reviews undertaken by internal review processes such as Internal Audit.



Appendix D: Internal Audit Charter

1 Introduction

This Charter provides the framework for the conduct of the Internal Audit function in the Bay of Plenty Regional Council.

The Internal Audit function is part of the Chief Executive's Office and the Manager Chief Executive's Office ("Audit Manager") is responsible for the Internal Audit function in Bay of Plenty Regional Council. The Internal Audit function is administered by the Audit Manager; audits are performed by the Internal Auditor and any external organisation appointed as required.

The Chief Executive determines the structure, delegation and authority of Internal Audit in Bay of Plenty Regional Council.

2 Objectives of Internal Audit

Internal Audit provides an independent and objective service to:

- Provide independent assurance to the Chief Executive and Council that the Bay of Plenty Regional Council's financial and operational controls are operating in an efficient, effective, economical and ethical manner; and
- Assist management in improving business performance.

3 Scope of Internal Audit activity

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 the Bay of Plenty Regional Council. The scope of Internal Audit will be agreed in the Internal Audit Work Plan.

The Internal Audit Work Plan may include (but is not limited to) audits with the following orientation:

- The adequacy and effectiveness of internal controls such as those relating to finance, operations, information technology systems and information security;
- Compliance with legislative requirements, New Zealand Local Government and Bay of Plenty Regional Council policies, procedures and guidelines;
- Recording, control and use of Bay of Plenty Regional Council's assets;
- Performance auditing (e.g. key performance indicators);
- Risk management framework monitoring;
- Fraud control; and
- Project management assurance.

The Internal Audit Work Plan is prepared in consultation with the Chief Executive and senior management.

The Internal Audit Work Plan is given management approval by the Chief Executive. The Audit and Risk Committee review and approve the Internal Audit Work Plan.

4 Authority and confidentiality

All reviews are undertaken under the authority of the Chief Executive. Internal Audit is authorised to have full, free and unrestricted access to all functions, premises, systems, assets, personnel, records and other documentation and information that internal audit considers necessary to enable internal audit to meet its responsibilities, subject to Internal Audit protocols.



All records, documentation and information accessed in the course of undertaking internal audit activities are to be used solely for the conduct of these activities. Internal Audit is responsible and accountable for maintaining the confidentiality of the information received during the course of internal audit work.

5 Responsibilities of Internal Audit

Internal Audit will be expected to:

- Play an active role in:
 - Developing and maintaining a culture of accountability, integrity and adherence to high ethical standards;
 - Facilitating the integration of risk management into day-to-day business activities and processes; and
 - Promoting a culture of cost-consciousness and managerial review.
- Prepare an Internal Audit Work Plan that:
 - Aligns the audit priorities with the risk profile of Bay of Plenty Regional Council;
 - Clearly explains the objective of each audit review;
 - Provides an estimate of resources required (internal and external);
 - Includes a rolling three-year timetable (with the first year in detail and the following two years in summary); and
 - Is adaptable and allows for ad hoc or responsive reviews.
- Report annually to the Audit and Risk Committee and quarterly to the Chief Executive on the audit programme including:
 - Audits completed;
 - Progress on implementation of the Internal Audit Work Plan; and
 - Status of the implementation of agreed internal audit recommendations.
- Comply with legislation, auditing standards, professional standards of conduct and Bay of Plenty Regional Council guidelines, policies and procedures, and exercise due professional care in performing the duties of Internal Audit.

The Internal Auditor will perform the majority of the internal audit activity. To maintain independence, the Internal Auditor has no management responsibilities in relation to non-audit activities.

6 Responsibilities of management

- Ensure Internal Audit has full, free and unrestricted access to functions, premises, systems, assets, personnel, records and other documentation and information and systems;
- Provide management responses to Internal Audit reports in a prompt manner, stating whether management agrees or disagrees with the findings and recommendations, and if it disagrees, identify the reasons why;
- Provide the timeframe and position responsible for implementing any internal audit recommendations; and
- Ensure that resourcing is provided to implement any agreed Internal Audit recommendations.

The Chief Executive will provide support for an independent quality assessment to be carried out on the Internal Audit function periodically as required by professional standards.



7 Responsibilities of the Audit and Risk Committee

- Approve and review the Internal Audit Work Plan;
- Review the Internal Audit programme Annual Report;
- Provide Internal Audit free and open access to the Committee Chairperson to strengthen communication and ensure independence;
- Provide feedback about the performance of Internal Audit;
- Periodically review the method of Internal Audit delivery to ensure it meets the Council's needs, taking into consideration the:
 - Nature of the Bay of Plenty Regional Council's risk and control environment;
 - Size, scale, location, and diversity of operations;
 - Complexity, nature and scale of information technology systems; and
 - Reliance placed on the transparency of management controls as well as internal and external assurance.

8 Relationship with external auditors and other assurance activities

Internal Audit will establish and maintain an effective relationship with Audit New Zealand and any other assurance providers through proactive, open dialogue. Internal Audit will plan its activity to help ensure the adequacy of overall audit coverage and to minimise duplication of assurance effort. The external auditors have full and free access to Internal Audit's Work Plan and any documentation relating to Internal Audit activity.

9 Review of the Internal Audit Charter

This Charter will be reviewed at least three-yearly or more frequently if circumstances require it. Any changes will be approved by the Chief Executive.

10 Related Policies and Guidance

Office of the Auditor General - Audit Committees in the Public Sector.

Bay of Plenty Regional Council - Fraud Policy; Internal Audit Framework and Protocol; Internal Control Framework; Risk Management Framework and Policy.



Appendix E: Internal Audit Protocol

1 Introduction

This protocol outlines the respective roles and responsibilities of Internal Audit and management in the course of an audit and the opportunities for consultation during the audit process.

The purpose, responsibilities and authority of the Internal Audit function are set out in the Internal Audit Charter which was approved by the Chief Executive in May 2014.

2 Planning and consultation

Internal Audit prepares an Internal Audit Work Plan in consultation with the chief executive and senior management. The audit Work Plan is based on the risks facing Bay of Plenty Regional Council and the business improvement opportunities available to it.

The Internal Audit Work Plan is approved by the Chief Executive. The Audit and Risk Committee review and approve the Internal Audit Work Plan. The Internal Audit Work Plan is available on request.

In addition, internal audits not on the Work Plan can be commissioned by the Chief Executive.

3 Audit process

The various stages in the audit process are outlined below. The Chief Executive will be consulted where management agreement is not achieved during the audit process.

4 Preliminary consultation

Prior to commencing the audit, Internal Audit will consult with the relevant General Manager (or the Chief Executive where applicable) on the:

- Objectives and scope of the audit;
- Likely commencement date, duration and resources required;
- Locations to be visited;
- Nomination of a responsible manager from the area audited; and
- Legal compliance requirements including the Privacy Act 1993.

Internal Audit will consult the Privacy Officer prior to accessing records containing personal information of staff.

The relevant General Manager (or the Chief Executive where applicable) and the Audit Manager will sign off on each internal audit scope and the resources required to support the audit process.

Any significant changes from the objectives documented in the approved Internal Audit Work Plan will be subject to approval by the Chief Executive.

5 Opening interview

An opening interview will be conducted shortly before the start of the audit with management of the area to be reviewed. The purpose of the opening interview is to:

- Enable the audit team to meet key staff of the area being reviewed;
- Clarify the objectives, scope and timing of the audit;
- Provide an opportunity for staff of the area being reviewed to present their views and perspectives on the matters subject to audit;



- Finalise the plan for conducting the audit in terms of timing, duration, staff involvement; and
- Arrange access to buildings, personnel, files, systems and data in order to commence fieldwork.

6 Fieldwork

Internal audit is committed to a “no surprises”™ approach and ongoing discussions will be held with management as findings emerge and conclusions are developed. At the mid-point of the audit, a formal meeting will be sought with the audited area to discuss the progress of the internal audit and any emerging issues.

If necessary, Internal Audit will communicate significant matters of concern to the Chief Executive prior to the completion of the final report.

At the conclusion of the fieldwork, Internal Audit will hold discussions with nominees of the audited area. The aim of the discussions is to explain the issues identified by Internal Audit and to develop practical responses in cooperation with the area under review.

7 Close out interview

Following the discussions, Internal Audit will prepare a first draft report to be used as the basis for discussion at a close out interview.

The purpose of the close out interview is to:

- Advise management about the provisional findings, conclusions and recommendations;
- Afford management the opportunity to correct any misunderstandings or misinterpretations;
- Discuss findings and conclusions and obtain management’s views; and
- Discuss the practicality of recommendations and timeframes.

8 Draft report

Internal Audit will issue a final draft audit report to management of the work area under review, promptly following the close out interview, generally within 15 working days.

9 Management comments

On receipt of the final draft report, management of the work area under review will:

- Consider the findings and recommendations in the draft report;
- Formally advise Internal Audit whether management agrees or disagrees with the recommendations in the draft report;
- Where management agrees with a recommendation, management will:
 - Prepare an action plan to address the recommendation;
 - Set a timeframe for implementing the action plan; and
 - Nominate the position responsible for implementation;
- Where management disagrees with a recommendation, the reason for the disagreement will be provided.

If any residual errors of fact remain, management must notify Internal Audit promptly.

Management comments are required generally within 15 working days of the receipt of the draft report so that they can be included in the final report.



10 Final report

Generally within five working days of the receipt of management comments, Internal Audit will issue a final report to:

- The Chief Executive;
- The Chief Financial Officer; and
- Management of the audited area, including the relevant General Manager.

Internal audit reports will be issued internally as confidential management reports, subject to the Local Government Official Information and Meetings Act. Bay of Plenty Regional Council staff can access the internal audit reports via management of the audited area.

Where appropriate, lessons learnt and examples of better practice will be disseminated to a wider audience in Bay of Plenty Regional Council.

A client satisfaction questionnaire will be sent with the final report. The manager of the audited area should complete the client satisfaction questionnaire and return it to Internal Audit. Internal Audit will follow up on any feedback indicating possible shortcomings in Internal Audit performance.

11 Monitoring the implementation of agreed recommendations

The relevant General Manager (or Chief Executive where applicable) is responsible for examining all internal audit reports for their areas of responsibility and implementing agreed recommendations.

Internal Audit assists the Chief Executive and the relevant General Manager in monitoring progress in implementing agreed recommendations. Internal Audit will, therefore, periodically seek advice from management regarding progress in implementing agreed recommendations.

With the endorsement of the Chief Executive, Internal Audit may conduct further reviews with a view to determining whether agreed action has been completed and the reported issue satisfactorily addressed.

While management agreement is not always necessary, it would be expected that discussions would be held with the aim of reaching agreement. The reasons for any disagreement will be included in the final audit report together with any Internal Audit response.

12 Related policies and guidance

Office of the Auditor General - Audit Committees in the Public Sector.

Bay of Plenty Regional Council - Fraud Policy; Internal Audit Framework and Charter; Internal Control Framework; Risk Management Framework and Policy.





Receives Only – No Decisions



Report To: Audit and Risk Committee

Meeting Date: 13 June 2017

Report From: Mat Taylor, General Manager, Corporate Performance

Rates setting review

Executive Summary

This report provides the draft Council Rates Resolution, and its specific wording requirements to ensure continued statutory compliance for the setting of Rates 2017/18.

Recommendations

That the Audit and Risk Committee under its delegated authority:

- 1 Receives the report, Rates setting review;**
- 2 Notes the draft rate setting information provided, and the process that will be followed at Council on 29 June 2017.**

1 Rates Setting

1.1 Background

The Local Government Act 2002 (*the Act*) and more specifically the Local Government (Rating) Act 2002 (*the Rating Act*) sets out the process for setting rates for a property. This involves the preparation of three formal documents;

- i. Funding Impact Statement;
- ii. Rates Resolution; and
- iii. Long Term Plan

Funding Impact Statement (FIS)

The FIS is a detailed explanation to the community of what rates will be charged, how they will be calculated and what they will be used for. Ratepayers should be able to work out what they will pay from this document.

To prepare an Annual Plan (Schedule 10, part 2 Clause 20) and Long Term Plan (Schedule 10, part 1 Clause 5 and 15) in accordance with *the Act*, the plan must include a FIS for the year to which it relates. It must be in the prescribed form, and must identify:

- a) The sources of funding to be used by the local authority;
- b) The amount of funds expected to be produced from each source; and
- c) How the funds are to be applied

Rates Resolution (Resolution)

The Resolution is a local authority's formal legal decision to impose specific rates on a community, and creates the obligation to pay. Each rate must be set in keeping with the relevant FIS and Long Term Plan.

The preparation of the Resolution must be in accordance with section 23 of *the Rating Act*. The rates set in the resolution must;

- a) Relate to a financial year;
- b) Be set in accordance with the relevant provisions of the Council's LTP and FIS for that financial year.

Long Term Plan (LTP)

The LTP shows what the Council intends to do and how it will go about it for the next three years. It is finalised after consulting the community.

The detailed legal requirements on what is to be included in the LTP is set out in schedule 10, part 1 of the *Act*. This includes the FIS, a policy governing Council's financial strategy for the next three years and Council's revenue and financing policy. This ensures prudent financial management by providing a guide for the Council to consider proposals for funding and expenditure against.

It also provides the basis for Council's funding mix, including the source of funds.

2 Local Government Rate Setting Reviews

2.1 Audit New Zealand Review

Council has consistently complied with the rate assessment and setting requirements as established by the *Act*.

Council's 2013/14 rates resolution was reviewed in some depth by Audit NZ as issues were discovered in some Territorial Authority's rates resolutions. Positive feedback was received and there were only minor rewording suggested to eliminate any possibility of ambiguity.

Audit NZ reviewed in depth Council's 2014/15 rates resolution with no further changes being required.

2.2 Technical Independent Review

PJ & Associates, who have provided rating advice over a number of years for many Councils, were engaged to review the FIS and Resolution. Their review recommended some minor word changes and the inclusion of a couple of references to the Local Government Act. Management ensured these recommendations were included in the final resolution for 2016/17 rate setting.

Legal Review

With a pending decision relating to Northland Regional Council, Simpson and Grierson have been engaged to perform a current review of statutory compliance for this year's rate assessment and collection processes. This review is still on-going and will be discussed at the meeting.

Management will ensure these recommendations from the review are included in the final resolution for 2017/18.

In order to ensure that the Council's rates documentation continues to be legally compliant it is considered prudent to conduct an annual review of the documents and ensure all relevant points are incorporated.

3 Draft Rates Setting 2017/18

3.1 Changes from 2016/17

The draft rates resolution has been updated to include the payment, penalty and discount dates for each Territorial Authority.

Examples of the impact of rating proposals on each category of land are included at the end of the Funding Impact Statement. Council's categories of land are the areas within the Bay of Plenty e.g. Kawerau.

3.2 Effect on Council's Rates

There is no effect on the amount of Council rates, as these currently comply with the requirements of the Act. Changes only relate to the wording and sequence of rates documentation.

3.3 Draft Rates Resolution 2017/18

Due to the on-going legal and technical review currently underway a draft Rates Resolution and draft schedule of rates 2017/18 is still being prepared, but will be circulated prior to the meeting.

4 Council's Accountability Framework

4.1 Community Outcomes

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

4.2 Long Term Plan Alignment

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

Current Budget Implications

This work is being undertaken within the current budget for the Finance Activity in the Annual Plan 2017/18

Future Budget Implications

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

Andy Dixon

Management Accountant Team Leader

for General Manager, Corporate Performance

5 June 2017