



Receives Only – No Decisions

Report To: Audit and Risk Committee

Meeting Date: 01 March 2018

Report From: Mat Taylor, General Manager, Corporate Performance

External Audit: Management Report on the Long Term Plan 2018-2028 Consultation Document

Executive Summary

The Council has received the external audit Management Report for the Long Term Plan Consultation Document (CD) for the period 1 July 2018 to 30 June 2028. This management report is from Audit New Zealand (our external auditors) and is based on a range of reviews of documents, plans, and processes undertaken by audit staff. The full Audit New Zealand Management Report is contained in Appendix 1 to this report.

The consultation document received an unmodified opinion on 15 February 2018. The audit management report identifies key issues and provides any relevant recommendations.

There were no recommendations for improvements in the report and Audit New Zealand commented that: *“The Council had an effective control environment and good quality review processes for the development of the underlying information and the CD.”*

The Council produced a CD that fulfilled its primary purpose of providing an effective basis for public participation in decisions on the content of the LTP. The CD included all the major matters that we expected, provided preferred and alternative options to address these issues and encouraged the community to provide feedback.”

Recommendations

That the Audit and Risk Committee under its delegated authority:

- 1 Receives the report, External Audit: Management Report on the Long Term Plan 2018-2028 Consultation Document;**
- 2 Notes the final audit of the Long Term Plan 2018-2028 is scheduled to commence 5 June 2018.**

1 Introduction

In February 2018 Audit New Zealand released its final audit Management Report on Bay of Plenty Regional Council's Long Term Plan Consultation Document for the period 1 July 2018 to 30 June 2028.

The report sets out the findings from their audit. The full management report is included in Appendix 1 of this report.

2 Findings from the Management Report

The report provides assurance in the following areas:

- The external audit statutory audit opinion on the consultation document
- Audit scope and objectives
- Control environment

Following the comprehensive review there were no recommendations for improvement highlighted in the report.

3 Areas of Audit Emphasis

During the planning stage of the audit, and during the review of the content of the CD, Audit New Zealand identified the following key business risks and issues. The key comments from the audit of these areas are set out below:

3.1 Content of the CD

Audit New Zealand commented that "The CD included all the major matters that we expected, provided preferred and alternative options to address these issues and encouraged the community to provide feedback."

3.2 Adopting and auditing the underlying information

Audit New Zealand commented that "the Council prepared and adopted the underlying information necessary to support the CD. These were adopted before the adoption of the CD as required by the Act on 15 February 2018."

3.3 Financial Strategy

Financial Strategy – Audit New Zealand reported that "the current Strategy is financially prudent and compliant with legislative requirements."

3.4 Infrastructure Strategy

Quality of asset related forecasting information – Audit New Zealand found that "the Council's systems and methodology for establishing data reliability are robust."

3.5 Project management, reporting deadlines and audit progress

Audit New Zealand commented that “The Council had detailed project plans and timelines for different parts of the LTP, plus overall project plans and timelines. This contributed to the Council being prepared for audit and meeting key LTP deadlines.”

3.6 Self-assessment

Audit New Zealand was satisfied that any key issues and risks highlighted in the self-assessment carried out by the Council have been adequately disclosed in the CD. These matters are included in section 4 below.

4 Other Matters

Audit New Zealand completed the planned work on the areas detailed in the audit proposal and arrangements letter and identified the following other matters:

4.1 Climate change

Audit New Zealand was satisfied that assumptions and challenges associated with climate change have been disclosed within the consultation document.

4.2 Significant growth in passenger transport

Audit New Zealand was satisfied that the changes associated with Passenger Transport have been adequately incorporated in the CD, Financial Strategy and other underlying information.

4.3 Rivers and drainage flood recovery

Audit New Zealand confirmed that proposed targeted rate changes to fund flood repairs had been adequately incorporated into the CD, Infrastructure Strategy and Financial Strategy, Rivers and Drainage Asset Management Plan and other underlying information

4.4 Funding for third party infrastructure

Audit New Zealand was satisfied that funding proposals for third party infrastructure had has been adequately disclosed within the consultation document, infrastructure policy and other underlying information.

4.5 Borrowings

Audit New Zealand agreed with the Council that, by using borrowings, this will take inter-generational equity into account.

4.6 Revenue from Quayside Holdings Limited (QHL)

Audit New Zealand confirmed that increased revenue from QHL has been adequately incorporated into the CD, the Financial Strategy, and other underlying information.

4.7 Flow of information between documents

Audit New Zealand commented that they were satisfied the source information has flowed appropriately into the forecast model including the assumptions around inflation and growth.

5 Future focus

As well as the opinion issued on the Consultation Document, Audit New Zealand will also issue an opinion on the final LTP that will be adopted in June 2018.

6 Conclusion

The external auditors report has discussed the findings of the audit and commented that “The CD included all the major matters that we expected, provided preferred and alternative options to address these issues and encouraged the community to provide feedback”. There were no recommendations to action in the report.

7 Council’s Accountability Framework

7.1 Community Outcomes

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

7.2 Long Term Plan Alignment

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

Current Budget Implications

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

Future Budget Implications

Future work is provided for in Council’s Long Term Plan 2018-2028.

Debbie Hyland
Finance and Corporate Planning Manager

for General Manager, Corporate Performance

27 February 2018