

Audit and Risk Committee

NOTICE IS GIVEN

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

Thursday, 12 September 2019 commencing at 9.30 am.

Fiona McTavish
Chief Executive
5 September 2019



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:	M Pansegrouw

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

Agenda

- 1 Apologies**
- 2 Public Forum**
- 3 Acceptance of Late Items**
- 4 General Business**
- 5 Confidential Business to be Transferred into the Open**
- 6 Declarations of Conflicts of Interests**
- 7 Previous Minutes**
- 7.1 Audit and Risk Committee Minutes - 12 June 2019** **13**
- 8 Reports**
- 8.1 Interim Management Report for year ending 30 June 2019** **21**
 - APPENDIX 1 - Report to Council - Interim Audit of the Year ended 30 June 2019 25
- 8.2 2018/19 Draft Annual Report Review** **53**
- 8.3 Kopeopeo Canal Remediation - Project Update 23** **61**
- 8.4 Expenditure and Koha Report** **71**

APPENDIX 1 - Koha and Expenditure reports 2018 - 19	73
APPENDIX 2 - Koha Report 2017 - 18	85
8.5 Committee Chairperson's Report	89
APPENDIX 1 - Audit and Risk Completed Work Programme March 2017 to September 2019	91
8.6 Chairman's Discretionary Fund 2018/19	99
8.7 Local Government Official Information & Meetings Act 1987 - Annual Report for Period 1 July 2018 to 30 June 2019	103
APPENDIX 1 - Annual LGOIMA Report - Listing	107
APPENDIX 2 - LGOIMA Annual Report - Investigations	113
8.8 Annual Report on Legal Services & Legislative Compliance	119
8.9 Internal Audit Status Update and Annual Report	125
APPENDIX 1 - Internal Audit Annual Report 2018-2019	131
APPENDIX 2 - Executive Summary - Rates	151
APPENDIX 3 - Executive Summary - Procurement and Contract Management	155
9 Public Excluded Section	161

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
9.1 Public Excluded Audit and Risk Committee Minutes - 12 June 2019	Please refer to the relevant clause in the meeting minutes	Good reason for withholding exists under Section 48(1)(a)
9.2 Key Risk Register Quarterly Update - July to September 2019	To protect this information so it doesn't damage public interest	Good reason for withholding exists under Section 48(1)(a)
9.3 Treasury Update Tuatahi 2019/20	To carry out commercial activities	Good reason for withholding exists under Section 48(1)(a)

9.1	Public Excluded Audit and Risk Committee Minutes - 12 June 2019	163
9.2	Key Risk Register Quarterly Update - July to September 2019	169
	APPENDIX 1 - Key Risk Register - September 2019	173
	APPENDIX 2 - Key Risk Register - September 2019 - Heat Map Residual Score	221
9.3	Treasury Update Tuatahi 2019/20	225
	APPENDIX 1 - Treasury Report August 2019	231
	APPENDIX 2 - Toi Moana summary - Sept 2019	241
	APPENDIX 3 - JBWere counterparty assessment for Bay of Plenty Regional Council August 19	245
	APPENDIX 4 - Market Update 26 August 2019	255
10	Confidential Business to be Transferred into the Open	
11	Readmit the Public	
12	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 Wednesday, 12 June 2019 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

Appointees: B Robertson

In Attendance: Councillors: K Winters, L Thurston, N Bruning
Staff: Fiona McTavish - Chief Executive; Mat Taylor - General Manager, Corporate; Chris Ingle - General Manager, Integrated Catchments; Sam Rossiter-Stead - Communications Manager; Steven Slack - Risk & Assurance Manager; Debbie Hyland - Finance and Corporate Planning Manager; Mark Le Comte – Programme Manager Corporate; Andy Dixon - Accounting Team Leader; Claire Gordon - Internal Auditor; Jessica Easton - Solicitor; Mark Townsend – Engineering Manager; Merinda Pansegrouw - Committee Advisor

Apologies: A Tahana

1 Apologies

Resolved

That the Audit and Risk Committee:

- 1 Accepts the apology from Councillor Tahana tendered at the meeting.

**Love/Cronin
CARRIED**

2 Public Forum

Nil

3 Acceptance of Late Items

Nil

4 General Business

Nil

5 Confidential Business to be Transferred into the Open

Nil

6 Declaration of Conflicts of Interest

Bruce Robertson – For the information of the Committee: currently involved with work at Whakatāne District Council which was non-related to Bay of Plenty Regional Council activities

Cr Crosby – Item 9.4 - Treasury Strategy - Quayside Holdings Ltd (Public Excluded Section)

7 Order of Business

Members agreed to the following reordering of items:

- Item 8.5 “Ōpōtiki Harbour Development” to be considered in the public excluded part of the meeting on the basis that withholding the information was necessary to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).

8 Previous Minutes

8.1 Audit and Risk Committee Minutes - 07 March 2019

Resolved

That the Audit and Risk Committee:

- 1 Confirms the Audit and Risk Committee Minutes of 7 March 2019 as a true and correct record.

Cronin/Love
CARRIED

9 Reports

9.1 Committee Chairperson's Report

General Manager, Corporate Mat Taylor updated members on the Audit and Risk Committee's activities and provided an overview of the work programme for the final meeting scheduled for this triennium in September 2019.

Resolved

That the Audit and Risk Committee:

- 1 Receives the report, Committee Chairperson's Report;

- 2 Notes the Committee's completed work programme and forward looking work programme.**

Cronin/Love
CARRIED

9.2 **Internal Audit Status Update and Proposed Internal Audit Work Plan 2019/20 to 2021/22**

Risk & Assurance Manager Steve Slack provided an outline of the report updating the committee on the status of the year to date internal audit activities and the proposed Internal Audit Work Plan for the three years 2019/20 to 2021/22, and responded to questions.

Points Raised by Members

- Commended the status of internal audit reviews for 2018/19 and the progress made to date as reflected on page 34 of the agenda
- Emphasised that, as part of the fraud risk assessment undertaken in liaison with KPMG, key aspects such as bribery and corruption should be reviewed
- Highlighted the importance and value of data for Council and its integrity

Item for Staff Follow-up

- Regular informal discussion sessions with the Chairperson and Deputy Chairperson of the Committee to be convened to provide an update on ICT matters.

Resolved

That the Audit and Risk Committee:

- 1 Receives the report, Internal Audit Status Update and Proposed Internal Audit Work Plan 2019/20 to 2021/22;**
- 2 Approves the Internal Audit Work Plan 2019/20, 2020/21, 2021/22, including the detailed work plan for 2019/20.**

Cronin/Love
CARRIED

9.3 **Review of Performance and Effectiveness of the Audit and Risk Committee**

General Manager, Corporate Mat Taylor updated members on the outcome of the short survey that was sent to all Bay of Plenty Regional Councillors, the independent committee member and the Leadership Team on the performance and effectiveness of the current Audit and Risk Committee.

Points Raised by Members

- Suggested that should future surveys be undertaken, a rating scale (with options 1 to 10) be used rather than a dichotomous scale
- Emphasised the importance of proactively identifying emerging trends and related risks and reviewing policies accordingly
- It was vital for the committee to allow sufficient time for informal discussion to proactively consider and identify risks as part of the assurance function

- Expressed concern that the monthly financial monitoring meetings (detailed financial briefings) arranged for councillors had not been as well attended as expected
- Supported the comment that while effective as an Audit & Risk Committee, it might be better to consider a focus change to Risk and Assurance, which would be a more efficient method of operation and would give the committee a better mandate to have insight into challenges in Council operations within a changing government and political climate for the benefit of the Bay of the Plenty Regional Council
- As part of the induction process for newly elected members following the local authority election, it would be critical to highlight the importance to new members that it was their responsibility to make every effort to understand financial fundamentals/frameworks and policies. A workshop in the new triennium to facilitate this would be beneficial.

Item for Staff Follow-up

- Consider the previous format for the CPMR report for future monthly financial monitoring meetings.

Resolved

That the Audit and Risk Committee:

- 1 Receives the report, Review of Performance and Effectiveness of the Audit and Risk Committee;**
- 2 Notes the survey results and recommends to Council that this information feeds into the upcoming Governance Review of Council's Committee Structures for the new Triennium.**

**Leeder/Von Dadelszen
CARRIED**

9.4 **Setting of Rates 2019/20**

Finance and Corporate Planning Manager Debbie Hyland and Accounting Team Leader Andy Dixon presented the report, providing the draft Council Rates Resolution, and its specific wording requirements to ensure continued statutory compliance for the setting of Rates 2019/20.

Key Points

- The report would be submitted to Council for consideration on 27 June 2019
- Simpson Grierson had been engaged to perform a review of statutory compliance for this year's rate assessment and collection processes
- Pending the outcome of the Annual Plan 2019/20 Deliberations scheduled for 13 June 2019, the report would be updated as required
- Instalment dates would be finalised pending feedback from the various Territorial Authorities.

Points Raised by Members

- Noted that staff was awaiting the outcome of a report on the remissions process followed at Whakatāne District Council; further information would be provided to the Audit & Risk Committee once available
- Pointed out that it would be useful if staff could in future provide both the old rate and the new rate to enable a better understanding of the increases in the different areas

Resolved

That the Audit and Risk Committee:

- 1 Receives the report, Setting of Rates 2019/20;
- 2 Notes the draft rate setting information provided, and the process that will be followed at Council on 27 June 2019.
- 3 Notes that the legal review of statutory compliance for this year’s rate assessment and collection process is still on-going and an update will be provided at the meeting.

Cronin/Von Dadelszen
CARRIED

10:26 a.m. - The meeting adjourned.

10:48 a.m. - The meeting reconvened.

9.5 Public Excluded Section

Resolved

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
9.1 Public Excluded Audit and Risk Committee Minutes - 07 March 2019	Please refer to the relevant clause in the meeting minutes	Good reason for withholding exists under Section 48(1)(a)
9.2 Kopeopeo Canal Remediation Project Update 22	To carry out commercial and industrial negotiations	Good reason for withholding exists under Section 48(1)(a)
9.3 Key Risk Register Quarterly Update - April to June 2019	To protect this information so it doesn’t damage public interest	Good reason for withholding exists under Section 48(1)(a)
9.4 Treasury Strategy 2019/20	To carry out commercial activities	Good reason for withholding exists under Section 48(1)(a)
9.5 Public Transport - NZ Bus Contracting Risks	To protect measures that may prevent or mitigate material loss	Good reason for withholding exists under Section 48(1)(a)

9.6 Presentation: Ōpōtiki Harbour Development	Withholding the information is necessary to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	Good reason for withholding exists under Section 48(1)(a)
--	---	--

**Love/Cronin
CARRIED**

Minute Note

Scott Hamilton - Quayside Holdings Ltd was permitted to remain for the Public Excluded part of meeting considering item 9.4 "Treasury Strategy 2019/20" due to his knowledge of the matter under discussion.

The meeting closed at 12:52 p. m.

Confirmed DATE

Cr John Cronin
Chairperson, Audit and Risk Committee

Reports



Receives Only – No Decisions

Report To: Audit and Risk Committee
Meeting Date: 12 September 2019
Report From: Mat Taylor, General Manager, Corporate

Interim Management Report for year ending 30 June 2019

Executive Summary

The purpose of this report is for the Audit and Risk Committee to receive the Audit New Zealand Interim Audit Management Report for the year ended 30 June 2019 (Appendix 1). The interim audit work was performed in April and June 2019.

The report provides recommendations and prioritises them as urgent, necessary or beneficial. There were no recommendations prioritised as urgent, eleven recommendations prioritised as necessary and one recommendation prioritised as beneficial.

Staff have resolved seven of the twelve actions, and this will be verified by Audit New Zealand as part of future audit work. In addition, Audit New Zealand has closed five of the previous nine actions which had been raised. Work is underway to address the remaining actions.

The final report for the audit of the Bay of Plenty Regional Council for the year ended 30 June 2019 will be available in October 2019.

Recommendations

That the Audit and Risk Committee:

- 1 Receives the report, Interim Management Report for year ending 30 June 2019;**

1 Introduction

In August 2019 Audit New Zealand released the interim audit management report on Bay of Plenty Regional Council for the year ended 30 June 2019. The report, included as Appendix 1, sets out the findings from the interim audit performed in April and June 2019.

Audit New Zealand has identified areas where Council is performing well and recommends areas where improvements could be made, and provided an update on action taken by staff against previous recommendations. The interim management report includes responses from staff where appropriate.

2 Findings from the Audit

Audit New Zealand performed an assessment of the Council’s control environment, considering both the “design effectiveness” and “operational effectiveness”. Overall they assessed the control environment as effective. This means that based on the work performed, the Council has adequate internal controls in place that will either prevent or detect material misstatements in its financial statements or statements of service performance. Audit New Zealand also noted that there are some controls the Council can further strengthen.

3 Recommendations overview

There were eleven necessary recommendations and one beneficial recommendation raised. Detailed information for each recommendation can be found in Appendix 1.

Staff have resolved seven of the twelve new actions; this work will be verified by Audit New Zealand as part of future audit work. In addition, Audit New Zealand has closed five of the previous nine actions which had been raised. Work is underway to address the remaining actions.

A high-level reconciliation of the status of the Audit New Zealand recommendations is set out in the following table.

Table 1 Status of Audit New Zealand Recommendations (staff view)

Priority	Previous Open Actions	New Actions	Closed Actions	Current Open Actions
Beneficiary	-	1	-	1
Necessary	9	11	12	8
Urgent	-	-	-	-
Total	9	12	12	9

4 Next steps

Audit New Zealand has highlighted recommendations from the interim audit for the year ended 30 June 2019; these have been appropriately noted and actions are underway to address the remaining open recommendations.

The final Audit New Zealand report for the audit of the Bay of Plenty Regional Council for the year ended 30 June 2019 will be available in October 2019.

5 Council’s Accountability Framework

5.1 Community Outcomes

This proposal indirectly contributes to all Community Outcomes in the Council’s Long Term Plan 2018-2028.

5.2 Long Term Plan Alignment

This work is planned under the Finance Activity in the Long Term Plan 2018-2028.

Current Budget Implications

This work is being undertaken within the current budget for the Finance Activity in year one of the Long Term Plan 2018-2028.

Future Budget Implications

Future work in relation to the Council's statutory external audit is provided for in the Long Term Plan 2018-2028.

Debbie Hyland

Finance and Corporate Planning Manager

for General Manager, Corporate

5 September 2019

APPENDIX 1

Report to the Council - interim audit of the year ended 30 June 2019

**Report to the Council
on the interim audit of
Bay of Plenty Regional Council**

For the year ended 30 June 2019

Contents

- Key messages 3
- 1 Recommendations 4
- 2 Assessment of internal control 6
- 3 Other matters 10
- 4 Adoption of new accounting standards 14
- 5 Useful publications 15
- Appendix 1: Status of previous recommendations 17
- Appendix 2: Adoption of new accounting standards 20
- Appendix 3: Sensitive Expenditure Policy recommendations 22
- Appendix 4: Disclosures 24

Key messages

We have completed our interim audit for the year ended 30 June 2019. This report sets out our findings from the interim audit and draws attention to areas where the Council is doing well or where we have provided recommendations for improvement.

The main purpose of the interim audit visit was to review and perform testing on the Council's control environment and internal control systems. Our assessment is for the purpose of planning an effective and efficient audit approach in order to enable us to express an audit opinion on the Council's financial statements and performance information. We have assessed the overall control environment to be effective. However we have identified some areas of improvement and made some recommendations in section 2.2.1.

During the current year, the Council has implemented a new purchase order module within TechOne, known as P2P. This new purchase order module replaces Unimarket and has been in place since March 2019. As part of our audit, we have obtained an understanding of the new module and have assessed that the new system has the expected controls in place which means we will continue to take a controls-based approach.

We performed a high level review of the Council's contract management practices. Overall we are satisfied with the Council's contract management practises, however, we have identified a number of improvements that the Council could implement to further enhance contract management practices to be in line with good practice.

We reviewed the Council's Sensitive Expenditure Policy against the Office of the Auditor General's best practice guidelines. We have noted a few areas for improvement and recommend the Council updates the policy to include these best practice recommendations.

The Council has elected to adopt PBE IFRS 9 *Financial Instruments* in preparing the 30 June 2019 financial statements. This is because the Quayside Group is consolidated into the Bay of Plenty Regional Council (together known as the Group) and as Quayside is a for-profit entity, it has to adopt NZ IFRS 9 *Financial Instruments* for the year ended 30 June 2019. We have highlighted the impact of the change in standards to management to ensure that early consideration is given to these accounting standards. Refer to section 3 of this report for more information.

We commend the Council for closing a number of prior year issues.

Thank you

We would like to thank management and staff for their assistance and availability during our interim audit visits.



B H Halford
Appointed Auditor
8 August 2019

1 Recommendations



Our recommendations for improvement and their priority are based on our assessment of how far short current practice is from a standard that is appropriate for the size, nature, and complexity of your business. We use the following priority ratings for our recommendations.

Priority	Explanation
Urgent	Needs to be addressed <i>urgently</i> These recommendations relate to a significant deficiency that exposes the Council to significant risk or for any other reason need to be addressed without delay.
Necessary	Address at the earliest reasonable opportunity, <i>generally within six months</i> These recommendations relate to deficiencies that need to be addressed to meet expected standards of best practice. These include any control weakness that could undermine the system of internal control.
Beneficial	Address, <i>generally within six to 12 months</i> These recommendations relate to areas where the Council is falling short of best practice. In our view it is beneficial for management to address these, provided the benefits outweigh the costs.

1.1 New recommendations

The following table summarises our recommendations and their priority.

Recommendation	Reference	Priority
Limit the ability of staff to self-approve purchase orders and code to different departments in the new P2P system.	2.2.1	Necessary
Ensure appropriate authorisation is obtained prior to approving transactions when the 10% tolerance limit is exceeded.	2.2.2	Necessary
Perform timely review of self-approved journal entries.	2.2.3	Necessary
Perform timely and independent review of reconciliations.	2.2.4	Necessary
Introduce good practice improvements relating to Contract Management.	3.2	Necessary
Review and update the Procurement Policy.	3.3	Necessary

Recommendation	Reference	Priority
Consider best practice recommendations be included in the updated Sensitive Expenditure Policy.	3.5	Necessary
Incur sensitive expenditure in line with policy and review expense claims for coding errors.	3.6	Necessary
Review redundancy calculations to ensure inputs are correct and appropriate (number of years and rates).	3.7	Necessary
Record expenditure in the correct general ledger account and correctly calculate GST.	3.8	Necessary
Complete disposal forms for all asset disposals.	3.9	Necessary
Review IT risks and include these in the Corporate Risk Register.	3.4	Beneficial

1.2 Status of previous recommendations

Set out below is a summary of the action taken against previous recommendations. Appendix 1 sets out the status of previous year's recommendations in detail.

Priority	Priority			
	Urgent	Necessary	Beneficial	Total
Open		2		2
Implemented or closed		5		5
Matters that will be followed up during our final audit visit		2		2
Total	-	9	-	9

2 Assessment of internal control



The Council, with support from management, is responsible for the effective design, implementation, and maintenance of internal controls. Our audit considers the internal control relevant to preparing the financial statements and the service performance information. We review internal controls relevant to the audit to design audit procedures that are appropriate in the circumstances. Our findings relate to our normal audit work, and may not include all weaknesses for internal controls relevant to the audit.

2.1 Control environment

The control environment reflects the overall attitudes, awareness and actions of those involved in decision-making in the organisation. It encompasses the attitude towards the development of accounting and performance estimates and its external reporting philosophy, and is the context in which the accounting system and control procedures operate. Management, with the oversight of those charged with governance, need to establish and maintain a culture of honesty and ethical behaviour through implementation of policies, procedures and monitoring controls. This provides the basis to ensure that the other components of internal control can be effective.

We have performed a high level assessment of the control environment, risk management process, and monitoring of controls relevant to financial and service performance reporting. We considered the overall attitude, awareness, and actions of the Council and management to establish and maintain effective management procedures and internal controls.

We consider that a culture of honesty and ethical behaviour has been created. The elements of the control environment provide an appropriate foundation for other components of internal control.

2.2 Internal controls

Internal controls are the policies and processes that are designed to provide reasonable assurance as to the reliability and accuracy of financial and non-financial reporting. These internal controls are designed, implemented and maintained by the Council and management.

We reviewed the internal controls, in your information systems and related business processes. This included the controls in place for your key financial and non-financial information systems.

We have identified the following matters during our interim audit:

2.2.1 TechOne purchase order system

During the current year the Council has implemented a new purchase order module within TechOne called P2P system. This means the Council has moved away from using the Unimarket purchase order system.

All new purchase orders from 24 March 2019 are raised and processed through the new P2P system. We have obtained an understanding of the processes and controls in the new P2P system and performed a walkthrough as part of this understanding.

During this process, we have identified the following matters:

- Staff members can raise and approve their own purchase orders if they are within their delegated authority (we note that this is consistent with the Unimarket system).
- There is no documented review of the purchase orders that are raised and approved by the same staff member.
- Staff can code to any group of activity or cost centre and are thus not limited to the areas in which they are working.

We recommend staff are only able to code purchase orders to the department that they work in to ensure the accuracy of the cost incurred per group of activity or cost centre.

We recommend the P2P system is configured so that purchase orders are not raised and approved by the same staff member.

We also recommend an independent review is performed of purchase orders that have been raised and approved by the same staff member during the current year.

Management comment

We will develop and implement additional system securities and controls in the TechOne Procure to Pay module and processes, this will include an independent review of the purchasing data.

2.2.2 Tolerance limits within the system exceeded

We understand that when invoices are matched to purchase orders there is a 10% tolerance limit applied. This means, where the difference between the purchase order and invoice is less than 10%, the invoice can be matched and accepted as correct. Where this threshold is exceeded, the invoice has to be approved by the original approver of the purchase order. This was a manual process in the Unimarket system. We note the new P2P system does not allow this to occur and the purchase order has to be amended by staff with the appropriate delegated financial authority.

As part of our expenditure testing we identified one instance where an invoice exceeding the 10% tolerance limit was not approved by the original approver of the purchase order.

The approval was given by a staff member who did not have the appropriate delegated authority. This resulted in an override of the purchase order to match the invoice.

Management comment

We have reviewed this instance. We have implemented the new TechOne P2P module and this required the delegated financial authority to approve any invoices which exceed their purchase order tolerance levels.

2.2.3 Journals are prepared and approved by the same person

We have identified two instances where journal entries have been prepared and approved by the same person. This creates a risk that inappropriate journal entries may be processed due to human error or fraud.

We understand from management that these journal entries were identified by the finance team as part of the month-end process and will be assessed at that point for reasonableness. We do however note that this review has not always taken place in a timely manner.

We recommend that the review of journal entries prepared and approved by the same person is undertaken shortly after month-end has closed to ensure that any inappropriate or incorrect journal entries are identified early.

Management comment

We will implement additional controls in the journal posting process to reduce the risk of fraud and errors by the same person.

2.2.4 Timely review of reconciliations

The timely independent review of reconciliations is an important control that serves to provide comfort over the accuracy and completeness of the general ledger and sub-systems.

During our audit work we identified a number of instances where monthly reconciliations have not been reviewed in a timely manner. These include:

- two instances of debtors reconciliations;
- one instance of payroll reconciliations;
- two instances of suspense account reconciliations;
- one instance of the bank reconciliation; and
- monthly reconciliations for operational and infrastructure assets are being prepared but are not being reviewed.

We recommend that monthly reconciliations are reviewed in a timely manner and evidence of this review is clearly documented within the system. Best practice suggests that a timely review is one that is performed in the month following the month for which the reconciliation is prepared.

Management comment

We will ensure timely preparation and review of balance sheet and other account reconciliations by the Accounting Team; this will be reported on and monitored by management on a monthly basis.

3 Other matters

3.1 Borrowings from the Local Government Funding Agency (the LGFA)

The Council has borrowed \$140 million in the current year from the LGFA. Of this, \$50 million has been loaned to Quayside, and \$25 million of the remaining \$90 million was being spent on capital expenditure. The remaining \$65 million has been invested in term deposits for future cash flow requirements of the Council. These borrowings are in line with the Long Term Plan 2018-2028.

As part of the final audit, we will confirm the disclosures are in accordance with the accounting standards and at the correct amounts.

3.2 Contract Management

We have performed a high level review of the Council's contract management practices. Overall we are satisfied with the Council's contract management practises, however, we have identified a number of improvements that the Council could implement to further enhance contract management practices to be in line with good practice.

These include ensuring:

- functional contract management systems capture all contracts, link directly to the Financial Management Information System and payment system and help the Council actively manage contracts;
- data and documentation supporting contract management are accurate and up to date;
- the information system interfaces or is integrated with the financial system and allows budget monitoring;
- the contract management system links performance information to payments and informs contract renewal decisions; and
- categorisation is implemented to inform a differential approach to contract management.

Management comment

The TechOne Strategy and Roadmap includes provision for the development and implementation of a contracts management system. We will be carrying out this work once the latest contract management module from the vendor is available, this is anticipated in 2019/20.

3.3 Procurement Policy

The Procurement Policy was last updated in May 2016 and was due for review in May 2019. We understand that the Policy and related procurement manual are currently being reviewed by an external consultant. Once this review has been finalised any recommendations from the consultant will be considered when the Policy and manual are updated.

We will review the updated Procurement Policy as part of our final audit if it is available at that time.

Management comment

We will make the necessary updates to our Procurement framework as part of Council's continuous improvements. This includes remediating actions identified through the Internal Audit of Procurement and Contracts Management.

3.4 Review IT risks and include them in the Corporate Risk Register

The IT Risk register has not been reviewed and updated since 2017. There is also no process for including IT risks that are noted in the IT Risk register in the organisational Corporate Risk Register.

Significant IT risks should be brought into the Corporate Risk Register for review by management and reporting to governance. This is to ensure that mitigations and levels of residual risk are in line with management and the Council's overall risk appetite.

We recommend that regular reviews of IT risks be performed and actions taken to reduce or mitigate risks.

Management comment

We will review our risk assessment and reporting of IT risks.

3.5 Sensitive Expenditure Policy

We reviewed the Council's Sensitive Expenditure Policy against the Office of the Auditor-General's best practice guidelines. We have noted a few areas for improvement and recommend the Council updates the Policy to include these best practice recommendations. Refer to Appendix 3.

Management comment

We will make the necessary updates to our Sensitive Expenditure framework as part of Council's continuous improvements.

3.6 Sensitive expenditure

Through our sensitive expenditure testing we have identified one instance where alcohol was purchased. The Sensitive Expenditure Policy does not allow for the purchase of alcohol and this transaction is a breach of the Policy.

We also identified one instance of an expense claim coded to an incorrect general ledger account.

We recommend the Council complies with its own policies in relation to sensitive expenditure. When reviewing expense claims, the reviewer should also be considering whether the general ledger codes being used are reasonable and appropriate.

Management comment

We will continue to provide ongoing communication and training to staff on the Sensitive Expenditure policy and framework.

3.7 Redundancies and payments in lieu of notice

We have performed testing on payments made in relation to redundancies and payments in lieu of notice. This is to ensure that payments follow a principled approach, the payments are based on accurate calculations, are based on individual employment agreements, and comply with legislation.

We have identified the following from our testing:

- Three instances where the number of years' service has been rounded up to calculate redundancy payments, therefore paying incorrect amounts.
- One instance where the rate used for the redundancy and payment in lieu of notice calculation is higher than the rate used for the final pay, leading to the Council paying an incorrect amount.
- One instance where a payment considered to be for redundancy as part of a settlement agreement has not been coded as redundancy in the general ledger.

We recommend that all payroll related payments are calculated and paid in accordance with the agreements between the Council and the employee.

We also recommend that all redundancy payments are correctly coded to the general ledger.

Management comment

We will provide additional training and support to staff to ensure that the review of redundancies and payments in lieu of notice is performed effectively.

3.8 Expenditure - incorrect coding and GST calculations

We have identified the following from our expenditure testing:

- Two instances where expenditure has been coded incorrectly to the general ledger.
- One instance where GST was calculated incorrectly.

We recommend the Council ensures that expenses are coded correctly and that the appropriate GST is recorded.

Management comment

We will provide additional training and support to staff to ensure that the review of expenses claims is performed effectively. We also perform data analytics to help detect these types of errors.

3.9 Disposal of fixed assets

We have identified one instance where the disposal of a fixed asset was not supported by an authorised Disposal Form. This creates a risk that assets may be disposed of inappropriately.

We recommend that the Disposal Form be completed for all asset disposals, and appropriate authorisation is documented to confirm the disposal.

Management comment

We will provide additional training and support to staff to ensure that assets are disposed on with the correct supporting documentation.

4 Adoption of new accounting standards



The Council has elected to early-adopt PBE IFRS 9 *Financial Instruments* in preparing the 30 June 2019 financial statements. Quayside Group is consolidated into the Council and as Quayside is a for-profit entity, it is required to adopt NZ IFRS 9 for the year ended 30 June 2019.

Management is responsible for performing the necessary transition work to successfully implement this new standard. This includes:

- documenting an impact assessment of the new standard and identifying changes required to accounting practices;
- implementing changes to systems and processes that may be necessary to support changes in accounting practices;
- updating the Council's accounting policies;
- when required, making adjustments to the financial statements in accordance with the transitional provisions of the new standard and providing support for these adjustments;
- updating the Council's financial instrument-related disclosures in the financial statements; and
- keeping relevant parties informed, such as your auditor and Audit Committee.

The transition to this new standard may be complex and time-consuming for some entities. It is therefore important that the Council substantially completes its transition work on these new standards well in advance of the year-end date.

We are responsible for reviewing management's transition work, and ensuring transition adjustments are reasonable and complete. We encourage the Council to share its transition plan and transition work with us early in the audit process so we can agree issues and adjustments in a timely manner.

Refer to Appendix 2 for more information on the adoption of new accounting standards.

5 Useful publications



Based on our knowledge of the Council, we have included links to some publications that the Council and management may find useful.

Description	Where to find it
Client updates	
<p>In March and April 2019, we hosted a series of client updates. The theme was “Our high performing and accountable public sector”.</p> <p>These included speakers from both Audit New Zealand and external organisations.</p> <p>Relevant sessions for the Bay of Plenty Regional Council include</p> <ul style="list-style-type: none"> • Procurement and Contract management; and • Accounting technical update. 	<p>On our website under publications and resources.</p> <p>Link: Client updates</p>
Model financial statements	
<p>Our model financial statements reflect best practice we have seen to improve financial reporting. This includes:</p> <ul style="list-style-type: none"> • significant accounting policies are alongside the notes to which they relate; • simplifying accounting policy language; • enhancing estimates and judgement disclosures; and • including colour, contents pages and subheadings to assist the reader in navigating the financial statements. 	<p>On our website under publications and resources.</p> <p>Link: Model Financial Statements</p>
Tax matters	
<p>As the leading provider of audit services to the public sector, we have an extensive knowledge of sector tax issues. These documents provide guidance and information on selected tax matters.</p>	<p>On our website under publications and resources.</p> <p>Link: Tax Matters</p>

Description	Where to find it
Data in the public sector	
<p>The Office of the Auditor-General (the OAG) has published a series of articles about how data is being used in the public sector. These cover:</p> <ul style="list-style-type: none"> • functional leadership; • building capability and capacity; • collaboration; and • security. 	<p>On the OAG’s website under publications. Link: Data in the public sector</p>
Matters arising from the 2016/17 audits	
<p>The OAG has published a report on the results of the 2016/17 audits for the sector.</p>	<p>On the OAG’s website under publications. Link: Recent publications</p>
Audit Committees	
<p>The OAG has released various best practice information on Audit Committees.</p>	<p>On the OAG’s website under “Our Work – Audit Committee Resources” Link: Audit Committee Resources</p>
Infrastructure as a Service	
<p>The OAG has completed a performance audit on Infrastructure as a Service and considered whether the benefits are achieved.</p>	<p>On the OAG’s website under publications. Link: Infrastructure as a Service</p>

Appendix 1: Status of previous recommendations

Open recommendations

Recommendation	First raised	Status
Necessary		
<p>Declaration of interests</p> <p>We recommended all interests are declared and recorded in the Interest Registers.</p>	2018	<p>We have identified instances where interests have not been declared in the Interest Registers.</p> <p>Management comment</p> <p><i>Noted.</i></p>
<p>Fraud Policy</p> <p>Based on the Ministry of Justice’ guidance we recommended that the Council updates its Fraud Policy to include the following:</p> <ul style="list-style-type: none"> • purpose of the policy should include that it is to be used to raise awareness about how to recognise fraud and corruption, as well as behaviours and circumstances known to be associated with it; • policy should reiterate that the Council is committed to its legal obligations to act fairly, honestly and in good faith when conducting investigations; • policy should warn of the high penalties that people can face if they are convicted of fraud or corruption offences under the Crimes Act 1961 or the Secret Commissions Act 1910. Maximum penalties range from substantial fines and/or 14 years imprisonment; • policy should provide a brief explanation (with examples) of the difference between the Council’s fraud policy, and other policies enable staff to distinguish fraud and corruption from code of conduct and privacy breaches; 	2017	<p>Our high-level assessment of the Council’s updated Policy (references to Fraud) together with the Fraud and Corruption Standard Operating Procedures indicate that the new fraud policies and standard operating procedures adopted by the Council do not adequately reflect the guidance and guidelines of the Office of the Auditor-General and Ministry of Justice. We recommend the Fraud and Corruption Standard Operating Procedures be reviewed against the Ministry of Justice’ guidelines to meet best practice standards.</p> <p>Management comment</p> <p><i>Noted.</i></p>

Recommendation	First raised	Status
Necessary		
<ul style="list-style-type: none"> policy should outline the details of how investigations will be conducted; and policy should also include a system for undertaking regular reviews of transactions, activities, or locations that may be susceptible to fraud. 		
<p>Property, plant, and equipment valuations – process improvements</p> <p>We recommended the Council implements systems for processing asset revaluations in the accounting system, to ensure all assets to be revalued are accounted for.</p>	2018	We will follow up on this matter during our final audit.
<p>Property, plant, and equipment valuations – assets not valued in line with accounting policy</p> <p>We recommended that revaluations are performed with sufficient regularity, and in line with the Council’s accounting policy, to ensure that the carrying value of an asset does not differ materially from its fair value.</p>	2018	We will follow up on this matter during our final audit.

Implemented or closed recommendations

Recommendation	First raised	Status
<p>Timely review of creditor’s masterfile changes report</p> <p>We recommended that independent review is carried out, within a month of the end of the week for which the report relates to. This helps to ensure that the creditor information within the system is genuine and correct, and any incorrect or inappropriate changes are identified within a timely manner.</p>	2017/18	<p>Closed</p> <p>During our testing we found in all instances preparation and review were completed in a timely manner.</p>

Recommendation	First raised	Status
<p>Reporting of Transport Fare Recovery Ratio</p> <p>We recommended that as best practice, where data is available, to monitor actual versus targeted results on a regular basis. This would enable the Council to better monitor and implement interventions where key performance indicators reflect the Council is not on track.</p>	2017/18	<p>Closed</p> <p>This performance measure is no longer reported against in the 2018/28 Long Term Plan. As such, we consider this issue to no longer be applicable.</p>
<p>Air Quality Performance reporting</p> <p>We recommended the Council rectifies the inconsistency in relation to the number of exceedances uploaded onto the Council website and the 24 hour live data. Council needed to ensure that it reports on accurate and complete information on the measure for live monitoring and the annual report.</p>	2017/18	<p>Closed</p> <p>This performance measure is no longer reported against in the 2018/28 Long Term Plan. As such, we consider this issue to no longer be applicable.</p>
<p>Treatment of GST on land purchases</p> <p>We recommended all land purchases and sales of land are reviewed to ensure the appropriate treatment of GST is applied and accounted for, especially in instances where the other party is a non-registered person.</p>	2018	<p>Closed</p> <p>We have not identified any concerns with the treatment of GST in 2019.</p>
<p>Sensitive expenditure</p> <p>We recommended the Council ensures transactions are coded correctly and supporting documentation is attached to ensure all transactions have sufficient evidence and are allocated to the correct General Ledger.</p>	2018	<p>Closed</p> <p>We have not identified any instances here P-card transactions did not have supporting documentation.</p>

Appendix 2: Adoption of new accounting standards

Some key facts about PBE IFRS 9:

- Applies to public benefit entities with reporting periods that commence on or after 1 January 2021, with early application permitted.
- Replaces PBE IPSAS 29 *Financial Instruments: Recognition and Measurement*.
- Introduces new criteria for determining whether a financial asset is subsequently measured at fair value (and whether fair value movements are recognised in profit/loss or reserves) or amortised cost.
- For share investments not held for trading, fair value movements are recognised in profit/loss unless an entity makes an irrevocable designation at acquisition to measure the shares at fair value through other comprehensive income.
- The impairment model is based on expected credit losses, meaning credit losses may be recognised earlier than under PBE IPSAS 29. Application of the expected credit loss model may be complex for some entities.
- The hedge accounting requirements have been updated, including changes to hedge effectiveness testing, and hedging with options. However, transition to the new PBE IFRS 9 hedging requirements is currently optional. This means entities have a choice in the meantime to either transition to the new PBE IFRS 9 hedging requirements or continue to apply the PBE IPSAS 29 hedging requirements.
- There are options on whether to adopt PBE IFRS 9 by restating comparatives or adopting from the start of the first year of applying the standard. The transition provisions are complex.
- The disclosure requirements of PBE IFRS 7 have been amended by PBE IFRS 9. These revised disclosures will need to be carefully considered on transition.

Mixed group issues

The Bay of Plenty Regional Council (parent) has for-profit entities that are consolidated into the public benefit entity (PBE) group. Consolidation adjustments may be necessary due to the different for-profit and PBE accounting requirements for financial instruments.

For the 2018/19 annual report, there are three significant for-profit standards that will be applicable to the Quayside Group. The Council needs to assess the impact of these changes and reflect the adjustments in the Council's financial statements. These standards are:

- NZ IFRS 15 Revenue from Contracts with Customers;
- NZ IFRS 9 Financial Instruments; and

- NZ IFRS 16 *Leases* (not early adopted by Quayside) in 2019.

Please refer to the 2018 Report to the Council dated 16 November 2018 for more information on the standards noted above.

We encourage management to discuss these “mixed group” reporting issues with the consolidating entities.

Appendix 3: Sensitive Expenditure Policy recommendations

We have identified the following best practice recommendations for inclusion in the updated Sensitive Expenditure Policy:

- policies that specify the monitoring and reporting regime and, where applicable, any internal audit checks that may be applied;
- specifically state the approval of sensitive expenditure of the Chief Executive Officer be given by the Chair and the sensitive expenditure by the Chair should be approved by another Board Member, for example the Chair of the Audit and Risk Committee;
- include a clause stating claims relating to sensitive expenditure must be submitted promptly after the expenditure is incurred;
- credit card policies set out the process for cancelling and destroying cards, who is responsible in the case of misuse of the cards;
- credit card policies set out when credit cards can be used for cash advances. The Policy should state that credit cards should not be used to obtain cash advances unless cash is required in an emergency or cash is required for official purposes;
- credit card policies should state that internet purchases using credit cards need to reflect good security practice;
- to include a clause on cash advances. Specifically, when an employee without an entity's credit card but is required to travel overseas. Individual cash advances are provided if the entity's policies and procedures allow for this;
- travel policies cover the use of telecommunication equipment including what costs are reimbursable for telephone calls and Wi-Fi usage while travelling;
- travel policies state that discounted economy or economy class is used for journeys of up to a specified number of hours (at least four) of uninterrupted flight duration, except where the distance or hours travelled, work schedule on arrival, or personal health, safety, or security reasons make business class preferable;
- travel policies have a clearly explained rationale whenever they pay for first class travel;
- to include in section 5.2 that airline club memberships must be supported by a clear business purpose;
- travel policies outline the costs that may be paid when staff members stay with a friend or relative rather than in commercial accommodation;

- include policies and procedures outlining the use of corporate vehicles (provided outside remuneration arrangements);
- for entertainment-related expenditure, include policies on whether alcohol will be paid for by the entity and, if so, the circumstances and limits that apply;
- for entertainment-related expenditure, include clear guidance about what is an acceptable level of expenditure, if any, on seasonal occasions such as a Christmas event;
- for entertainment-related expenditure, include names of parties entertained as appropriate documentation;
- include policies around loyalty reward scheme benefits. In particular that the entity, to the extent that it is practically possible within the requirements of the law, treats loyalty rewards accruing to staff carrying out their official duties as the property of the entity, and applies those loyalty rewards only for the benefit of the entity and ensures that staff keep a record of loyalty rewards accrued and applied for the benefit of the entity, and regularly supply the entity with a report of this record;
- include a clause that ensures that the receipt of gifts, except for inexpensive gifts that are openly distributed by suppliers and clients, be disclosed, recorded in a gifts register, and remain the property of the entity; and
- include a clause that ensures that koha are not confused with any other payments that an entity makes to an organisation.

Appendix 4: Disclosures

Area	Key messages
Our responsibilities in conducting the audit	<p>We carry out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the financial statements and performance information. This responsibility arises from section 15 of the Public Audit Act 2001.</p> <p>The audit of the financial statements does not relieve management or the Council of their responsibilities.</p> <p>Our audit engagement letter contains a detailed explanation of the respective responsibilities of the auditor and the Council.</p>
Auditing standards	<p>We carry out our audit in accordance with the Auditor-General’s Auditing Standards. The audit cannot and should not be relied upon to detect every instance of misstatement, fraud, irregularity or inefficiency that are immaterial to your financial statements. The Council and management are responsible for implementing and maintaining systems of controls for detecting these matters.</p>
Auditor independence	<p>We are independent of the Bay of Plenty Regional Council in accordance with the independence requirements of the Auditor-General’s Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): <i>Code of Ethics for Assurance Practitioners</i>, issued by New Zealand Auditing and Assurance Standards Board.</p> <p>To date, in addition to the audit we have carried out engagements in the areas of the Debenture Trust Deed, which are compatible with those independence requirements. Other than the audit and these engagements, we have no relationship with or interests in the Bay of Plenty Regional Council or its subsidiaries.</p>
Fees	<p>The audit fee for the year is \$132,165, as detailed in our Audit Proposal Letter.</p> <p>To date, other fees in the period are \$6,000, for the debenture trust deed engagement.</p> <p>There was also an audit fee for the subsidiary, the Quayside Group.</p>
Other relationships	<p>To date, we are not aware of any situations where a spouse or close relative of a staff member involved in the audit occupies a position with the Bay of Plenty Regional Council or its subsidiaries that is significant to the audit.</p> <p>We are not aware of any situations to date where a staff member of Audit New Zealand has accepted a position of employment with the Bay of Plenty Regional Council or its subsidiaries during or since the end of the financial year.</p>

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

PO Box 621, Tauranga 3144

Phone: 04 496 3099

www.auditnz.govt.nz





Receives Only – No Decisions

Report To: Audit and Risk Committee
Meeting Date: 12 September 2019
Report From: Mat Taylor, General Manager, Corporate

2018/19 Draft Annual Report Review

Executive Summary

This report presents the Draft Annual Report 2018/19 and Draft Annual Report Summary 2018/19 to the Audit and Risk Committee. These reports contain the draft financial and non-financial performance results of the Council for the year ended 30 June 2019. The Audit Director, Ben Halford will be in attendance at the meeting.

The Draft Annual Report contains both Council (Parent) and Group results. The Council Group results include our 100 percent Council-owned subsidiary, Quayside Holdings Limited. Quayside has a 54.14 percent share in the Port of Tauranga Limited. Quayside's Annual Report 2018/19 was approved by its board of directors on 4 September 2019; staff must now prepare a set of draft consolidated accounts for the Council Group for review by Audit New Zealand.

Council delivered its work programme for year one of the Long Term Plan 2018-2028 through operating expenditure of \$126.3 million compared to a budget of \$133.0 million; this is an underspend of \$6.7 million. As a result, Council's draft operating surplus is \$4.7 million which is \$6.5 million higher than the budgeted deficit of \$1.8 million. Council delivered a significant capital works programme with capital expenditure of \$56.6 million (2018: \$36.5 million) compared to a budget of \$57.9 million.

The Long Term Plan 2018-2028 includes 32 performance measures of which Council has achieved 78 % (or 25) of the targets for these measures for the year ended 30 June 2019. The main reasons for financial and non-financial variations are outlined in sections 3 and 4 of this report.

This audit of the Council for the year ended 30 June 2019 is currently in progress. Staff anticipate that Council will receive verbal audit clearance from Audit New Zealand on 19 September 2019. The final 2018/19 Annual Report will be presented for adoption by Council on 26 September 2019.

The Draft Annual Report 2018/19 and Draft Annual Report Summary 2018/19 are supporting documents to this report; these two documents will be provided under separate cover prior to the Audit and Risk Committee meeting due to the timing of preparing the draft consolidated accounts for review by Audit New Zealand.

Recommendations

That the Audit and Risk Committee:

1 Receives the report, 2018/19 Draft Annual Report Review;

1 Introduction

Council's Long Term Plan 2018-2028 came into effect on 1 July 2018. The plan introduced a new strategic framework for focussing our work towards achieving our vision 'Thriving together - mō te taiao, mō ngā tāngata'. At the centre of our strategic framework are our four community outcomes: a healthy environment; freshwater for life; safe and resilient communities; and a vibrant region.

This is Council's first draft Annual Report relating to the delivery of our Long Term Plan 2018-2028. In addition to key financial and non-financial performance information, the draft Annual Report 2018/19 includes some of our achievements, challenges and key projects that contribute to the delivery of our Community Outcomes. Highlights of work delivered during the year broken down for each of the nine Groups of Activity are also included. The Draft Annual Report Summary 2018/19 provides a summary of the information included in the full Draft Annual Report 2018/19.

The Council meeting on the 26 September 2019 is scheduled to receive and adopt the Annual Report and Annual Report Summary for the year ended 30 June 2019. The supporting documents, Draft Annual Report 2018/19 and Draft Annual Report Summary 2018/19, are provided to the Audit and Risk Committee in its role to receive and review the draft Annual Report. The Audit Director, Ben Halford will be in attendance at the meeting.

The supporting documents will be provided under separate cover prior to the meeting. This is due to the timing of the preparation of the draft consolidated accounts for review by Audit New Zealand.

2 Overview of Performance for 2018/19

The Draft Annual Report 2018/19 contains both Council and Group results. Group results include our 100 percent Council-owned subsidiary, Quayside Holdings Limited. Quayside Holdings has a 54.14 percent share in the Port of Tauranga Limited. Quayside's Annual Report 2018/19 was approved by its board of directors on 4 September 2019; staff must now prepare a set of draft consolidated accounts for the Council Group for review by Audit New Zealand.

Council delivered its work programme for year one of the Long Term Plan 2018-2028 through operating expenditure of \$126.3 million compared to a budget of \$133.0 million; this is an underspend of \$6.7 million. As a result, Council's draft operating surplus is \$4.7 million which is \$6.5 million higher than the budgeted deficit of \$1.8 million. Council delivered a significant capital works programme with capital expenditure of \$56.6 million (2018: \$36.5 million) compared with a budget of \$57.9 million.

The Long Term Plan 2018-2028 includes 32 performance measures of which 78 % (or 25) of targets for these measures have been achieved for the year ended 30 June

2019. The main reasons for financial and non-financial variations are outlined in sections 3 and 4 of this report.

3 Financial Performance

3.1 Operating Revenue

Total operating revenue was \$131.0 million which was close to budget of \$131.2 million. Major variances within the revenue classes are:

- Subsidies and grant revenue - \$1.1 million lower than budget mainly due to timing of grant funding from the Ministry for the Environment in relation to the Rotorua Te Arawa Lakes Programme.
- Finance revenue - \$0.8 million higher than budgeted mainly due to reinvesting additional pre-funded capital in line with forecast cash-flows.
- An unbudgeted subvention payment from Quayside of \$3 million. This was offset with lower than anticipated interest earned on the Toi Moana Fund due to timing on the establishment of the fund with Quayside as investment managers, as well as timing in receiving insurance recoveries in relation to the Rivers and Drainage April 2017 Flood Recovery Project.

3.2 Operating Expenditure

Operating expenditure of \$126.3 million is \$6.7 million lower than budget of \$133.0 million due to:

- Rotorua Te Arawa Lakes Programme - \$6.1 million underspend as a result of slower than planned Land Use Change Incentives payments.
- Savings of \$1.2 million due to the organisational fit for purpose review and staff vacancies.

3.3 Capital Expenditure

Capital expenditure of \$56.6 million is \$1.3 million lower than budget of \$57.9 million. During the year, Council approved a revised capital expenditure budget of \$66.2 million due to capital budget carried forward from 2017/18 into 2018/19. The major capital works in 2018/19 were:

- Rivers and Drainage – Council has spent \$21.9 million on assets, with the largest projects being the Rangitāiki Floodway Upgrade, the Kopeopeo Canal Remediation Project and April 2017 Flood Recovery Project. The Kopeopeo Canal Remediation Project is nearing completion.
- Other large capital projects included in the expenditure are the Kaituna River Re-diversion \$11.6 million and the Buildings Upgrade Project - Regional House in Tauranga \$11.6 million and Quay Street, Whakatane \$3.9 million.

4 Non-Financial Performance

Through the Long Term Plan 2018/2028, Council set the Levels of Service it will provide to the community for each of the nine Groups of Activities. Council also set

performance measures and targets for those Levels of Service; a number of new performance measures were introduced often with challenging targets.

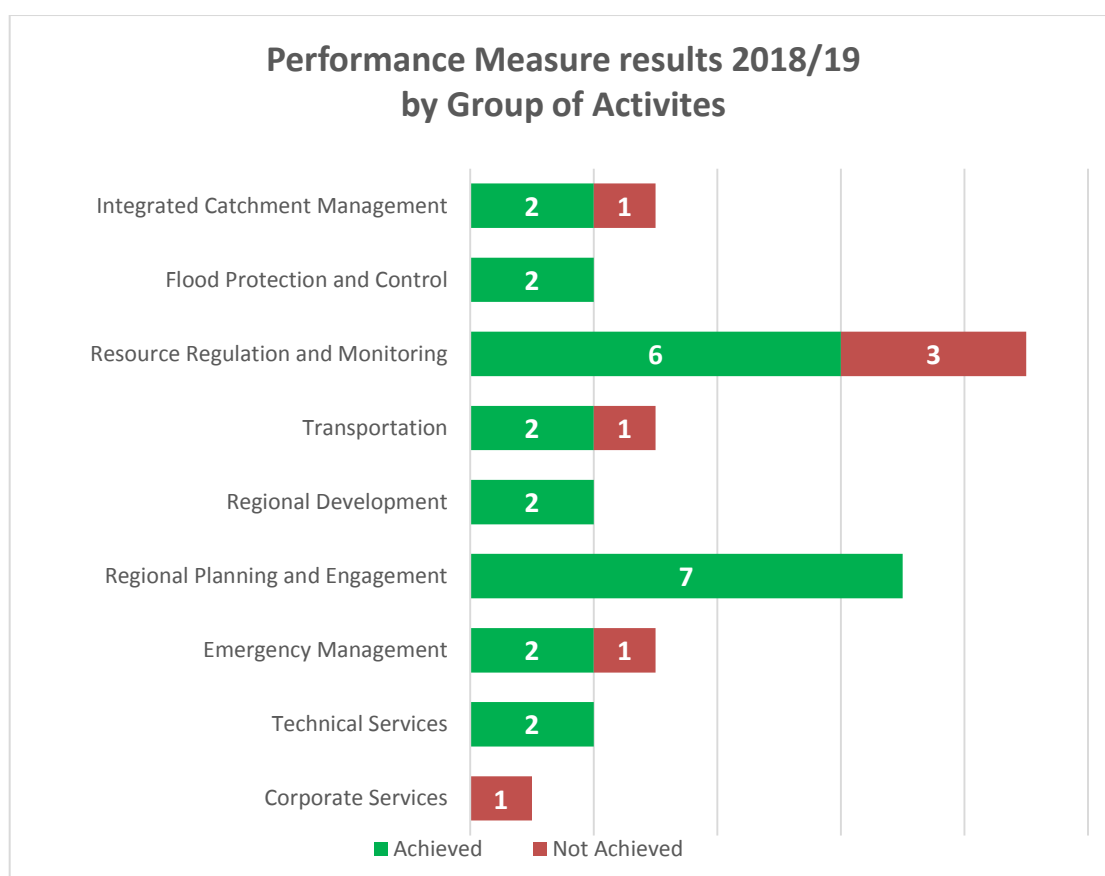
Performance measures have been monitored and reported on through the year in Arotake, Council's performance monitoring reports. These reports are published on the Bay of Plenty Regional Council website.

In 2018/19 Council achieved 78% or 25 out of the 32 targets for these measures. Council has seen significant improvement in some of its measures, including resource consent processing times and governance targets. Council has also increased the level of satisfaction with the resource consenting process, although were not able to meet the higher target than had been set (compared to targets in previous years).

By comparison, in 2017/18 Council reported on 46 KPIs and achieved 87% (or 40) targets and did not achieve six.

Of the 32 measures that Council used to track its performance in 2018/19, the summary graph below shows that:

- Council achieved the targets for 25 measures (78%)
- Council did not achieve the targets for seven measures (22%)



4.1 Performance Measures Not Achieved

Further detail on the measures where the target has not been met are provided in the table below.

Group of Activities	Performance measure	Result	Target	Comment
Integrated Catchment Management	Number of Rotorua Lakes that have reached their Trophic Level Index (TLI), based on the three year rolling TLI	1	2	<p>The TLI for one of the Rotorua Lakes we monitor (Lake Rotorua) was reached in 2018/19, compared to the target of two.</p> <p>This measure is focused on the outcome we are seeking to achieve through our work to improve the health of the Rotorua Te Arawa Lakes and is dependent on a range of variables both in and outside Council control.</p> <p>The longer term trend shows improvement in the TLI for the Rotorua Lakes, however short term data is influenced by climate variables.</p>
Resource Regulation and Monitoring	Replace of non-compliant burners in Rotorua Airshed	145	200	<p>Over 325 replacements of non-compliant solid fuel burners in the Rotorua Airshed have been identified. Of these 145 are able to be attributed to the Rotorua Air Programme, of the remaining, many will have been influenced by the work carried out by the Rotorua Air Programme however it is not possible to determine exactly how many should be attributed.</p> <p>There has been an unanticipated decline in both Point of Sale burner removals and solid fuel burner building consent applications for the Rotorua Airshed.</p>
Resource Regulation and Monitoring	Percentage of customers satisfied with consent services provided	77%	80%	<p>The result for this measure of was slightly below the target of 80% with 77% of customer either satisfied or very satisfied. Council will continue to work to build the level of satisfaction to meet the target for 2019/20.</p> <p>Note: The target for this measure was increased in 2018/19, the result in 2018/19 is an improvement from when the measure was last reported when a result of 72% was recorded.</p>
Resource Regulation and Monitoring	Percentage of monitoring inspections undertaken as directed by RMA and BA Charges Policy	77%	80%	<p>The result for this measure was slightly below the target of 80%. This was a result of several factors, including decisions to prioritise higher risk activities and to utilise desktop performance monitoring instead of site visits where deemed advisable.</p> <p>This was a new measure for 2018/19 and Council will continue to focus on this area of work for 2019/20. Including, where possible, through changes to inspection frequency and appropriate dedicated resourcing of reactive and/or high risk</p>

				work
Transportation	Number of passenger transport trips taken in the region	2,712,930	2,800,000	<p>The patronage target of delivering 2,800,000 passenger transport trips during the year was not achieved. The final result missed the target by 3.1 percent. Some of the missing patronage is a result of responding to the Tauranga service outages at the start of 2019, where some buses did not have operative ticketing equipment installed, or it was being used improperly.</p> <p>Across the 11 services operated across the region, patronage has grown on five of the services with patronage increasing for the Tauranga BayHopper urban, Ōhope, Te Puke and Katikati/Ōmokoroa services. Declines were seen on the remaining services in particular the Tauranga BayHopper Schools and Rotorua bus services.</p> <p>It has been positive to see patronage increases for a number of services some services growing including the Tauranga BayHopper urban service which is the largest service operated by Council. We expect to see an increase in the use of the Tauranga BayHopper Schools following the introduction of fare free bus service trial for Tauranga school children beginning in 2020, and a review of the Rotorua bus network that is underway in 2019.</p>
Emergency Management	Percentage of staff identified for ECC (Emergency Coordination Centre) that are trained to appropriate level	64%	85%	<p>An increase in the level of training required to meet the 'trained' standard has contributed to this target not being achieved in 2018/19.</p> <p>A programme is in place to offer this training to all Emergency Coordination Centre staff and significant improvements have been seen during the year with the level of trained staff increasing from 18% at the start of the year to 64% at the end of the year.</p> <p>Council will continue to focus on building the percentage of staff trained to an appropriate level and meeting the target in 2019/20.</p>
Corporate Services	Reduction of carbon emissions from building energy use at the TGA + WHK offices	Not achieved	80%	<p>Achieving this target is dependent on completion of the upgrade of the Whakatāne and Tauranga offices, as the environmentally sustainable design features being installed in each of these sites aim to significantly reduce the</p>

				<p>organisation’s energy use and carbon footprint.</p> <p>A range of factors impacted project delivery during the year with resulting delays to project timing meaning the reduction in building energy use has been delayed and the target not met for 2018/19.</p> <p>The project is on track to be completed in 2019/20 and the benefits (reduction in carbon emissions through reduced energy use) will accrue following project completion.</p>
--	--	--	--	--

5 Next Steps

The external audit of the Bay of Plenty Regional Council for the year ended 30 June 2019 is currently in progress. At the time of writing this report, the draft consolidated results for the Council Group are being prepared for review by Audit New Zealand.

The Draft Annual Report 2018/19 and Draft Annual Report Summary 2018/19 will be provided under separate cover prior to the Audit and Risk Committee meeting.

Further changes, for example rounding, may be made for the final Annual Report. Staff anticipate receiving verbal audit clearance from Audit New Zealand on 19 September 2019. The final Annual Report will be presented for adoption by Council on 26 September 2019.

Due to the close timeframe of the two meetings, any changes from the Audit and Risk review may need to be tabled at the Council meeting.

6 Community Outcomes

The Annual Report 2018/19 provides a report on the financial and non-financial performance of Council for the year ended 30 June 2019. As a result it directly contributes to all four Community Outcomes.

Debbie Hyland
Finance and Corporate Planning Manager

for General Manager, Corporate

5 September 2019



Receives Only – No Decisions

Report To: Audit and Risk Committee

Meeting Date: 12 September 2019

Report From: Chris Ingle, General Manager, Integrated Catchments

Koapeo Canal Remediation - Project Update 23

Executive Summary

This paper provides an update on the Koapeo Canal Remediation Project (KCRP), highlighting progress since the last report to the Audit and Risk Committee on 12 June 2019. It is expected that this will be the last regular update to this committee.

Dredging of the 5.1km project section of the Koapeo Canal has been completed and validated according to the consent required. A total of 34,500 cubic metres of sediment has been dredged from the canal and safely stored in geobags within a purpose built lined cell at two containment sites.

Containment Site 1 (CS1) has been partially capped with topsoil and bioremediation initiated through the inoculation of fungus and planting of trees through the topsoil into the geobags. Inoculation of fungus for bioremediation has commenced at Containment Site 3 (CS3) and is expected to be completed in mid-October 2019. Topsoil covering will follow at CS3 with tree planting to follow. Public access through CS3 will be created once physical capping works are completed around the end of the calendar year.

The total cost of the project is \$21.3 million (from 2011 to 2019). A claim to the Ministry for the Environment (MfE) for the remainder of their share (\$9.9 million) is progressing. The total requested MfE funding is less than 50% of the total project cost, due to some items such as land purchase not being eligible for MfE funding.

The investigation into contamination of the Koapeo Canal to the west of SH30 will now recommence, with options to be brought to Council for consideration by June 2020.

Recommendations

That the Audit and Risk Committee:

- 1 Receives the report, Koapeo Canal Remediation - Project Update 23;**
- 2 Notes that this is the final report for the Koapeo Canal Remediation project.**

1 Background

The purpose of the Koepoepo Canal Remediation Project was to safely remove elevated levels of dioxin contaminated sediment from the 5.1km of Koepoepo Canal at its eastern end (Figure 1). The project consisted of physical works to safely remove and securely contain contaminated sediment within two containment sites, followed by bioremediation for up to 15 years. The first phase to remove and safely contain the dredged contaminated sediment has been achieved.

The Koepoepo Canal Remediation Project has been jointly funded by Bay of Plenty Regional Council and the Ministry for the Environment through their Contaminated Site Remediation Fund.

The bioremediation phase is being initiated and is currently only funded by Bay of Plenty Regional Council.

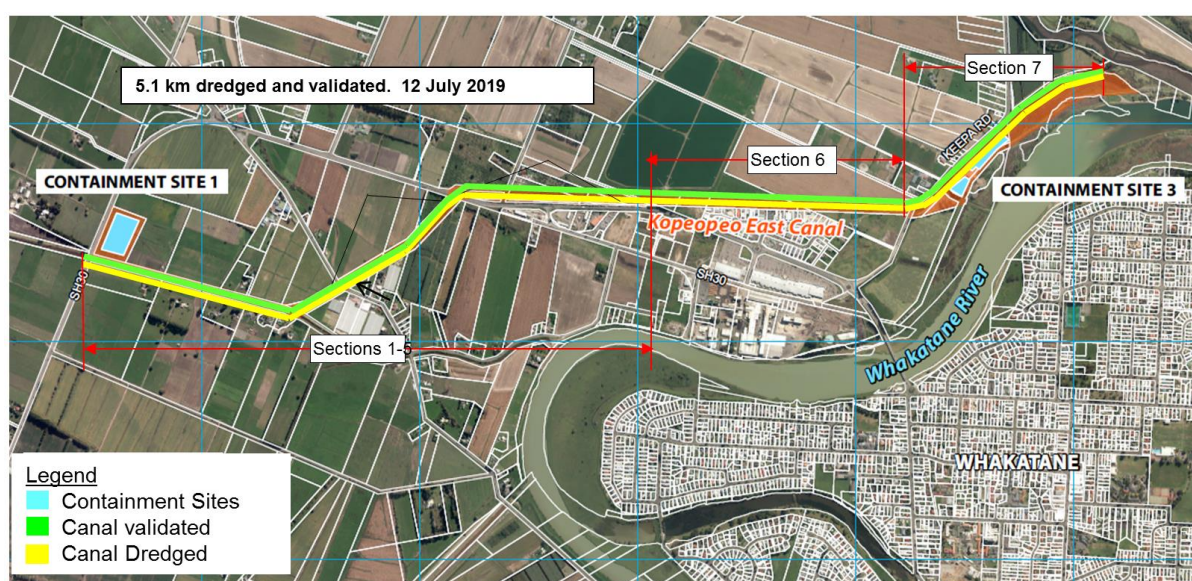


Figure 1. Koepoepo Canal Remediation Project site with dredging completed 12 July 2019.

2 Koepoepo Canal Remediation Project Progress

2.1 Dredging, validation and decommissioning

Since the previous report to this committee (12 June 2019), dredging and validation of the entire length of canal (5.1 km) has been completed. Validation results have been posted on the project website.

Contaminated sediment has been pumped into 17 geotube bags at CS3 (Figure 2) in addition to the storage of contaminated sediment in 26 geotube bags at CS1.



Figure 2. Geotube bags filled at CS3

Since completion of dredging, successful decommissioning of the water treatment plant and dredge has been undertaken and Contractor equipment demobilised (Figure 3).



Figure 3. Demobilisation of the dredging excavator and barge.

Site clean up has been completed at CS1 and the site handed back to the Principal (BOPRC). Clean up is progressing well at CS3 and it is expected that the site will be ready to hand back to BOPRC by the end of September 2019. Some equipment (dredging pipeline and water tanks) may be stored temporarily at the site (Figure 4).



Figure 4. Ongoing clean-up of Containment Site 3.

2.2 Containment site capping

Placement of topsoil over geobags and grass seeding has been partially completed at CS1 (Figure 5). Capping at CS3 is due to commence in October. Once completed, public vehicle access to the Whakatāne River will be re-established through the site, while maintaining the containment cell secure from public access.



Figure 5. Topsoil capping at CS1.

2.3 Flood control Structure removal

Following the completion of dredging and validation, the flood control structures at the ends of the dredged part of the canal have been modified or removed (Figure 6). Flood Control Structure – West (FCS-W) at State Highway 30 has been modified to allow the full re-establishment of drainage from west to east, while still preventing sediment movement from west to east. Flood Control Structure East at the end of the Koapeope

Canal, just upstream of the junction with the Orini Stream, has been completely removed, re-establishing connectivity between the Orini Stream and the Kopeopeo Canal. This allows the flood levels in the Orini to be mitigated using the Kope/Orini Flood Pump Station and also allows tidal flows into the Kopeopeo and its saltmarsh area through the Orini Floodgate.



Figure 6. Modified FCS-West and FCS-East removed.

2.4 Communication

The project has provided communication to the community through the regular Community Liaison Group (CLG) meetings, via the project website, regular 1XX radio announcements and project newsletters and emails.

A media release was made celebrating the completion of dredging and the final CLG meeting. Interviews with Brendon Love (Project Manager) and John Pullar (CLG Chairman) were held with 1XX radio shortly after the last CLG meeting and have been broadcast regularly. The project website will continue to provide information on ongoing monitoring, bioremediation and progress with the Kopeopeo Extension West investigation.

3 Kopeopeo Issues and Risks

The majority of the key risks associated with the Kopeopeo Canal Remediation Project have been addressed or mitigated with the completion of the dredging phase and the removal of the flood control structures. Risks that still remain include the following:

3.1 Risk of contaminated material moving from west to the east

Dioxin contaminated sediment has been identified in the Kopeopeo Canal to the west of SH30. Remediation options are being investigated as part of the Kopeopeo Extension West Project discussed below. Full removal of the flood control structure at SH30 would have exposed the cleaned part of the canal to potential migration of contaminated material from the west. To mitigate this risk, the structure was modified rather than removed, so that it allows the re-establishment of drainage flows without allowing migration of potentially contaminated sediment.

Water velocity measurements will help quantify any residual risk. The modified flood control structure includes rock armouring on the up-gradient side of the structure to reduce the risk of upstream sediment being transported. The canal bed immediately upstream of the base of the structure has been covered by geotextile fabric to contain sediment, further reducing any chance of sediment being mobilised by water flows.

3.2 Ministry for the Environment contribution

Until MfE signs the funding deed on the award of \$1.03M towards the project (granted by letter in April 2019), this funding cannot be claimed. Furthermore the additional \$1.9M of funding (for the Re-set agreement), requested from the MfE in March 2019, remains at risk until awarded. Due to the need to keep the project moving, Council has spent funds on the project ahead of MfE granting formal funding deeds for these two requests. Engagement and discussion with MfE in this regard continues.

4 Lessons Learnt

A lessons learnt report is being prepared. Key lessons learnt, that will be included in the report, include the following:

- Gaining community support from the outset is critical, including community consultation and engagement. The community was polarised after the consent hearing and an Environment Court appeal was lodged against the consent. It took significant effort and a change in the contaminant removal method to re-gain community support for the project and resolve the appeal. Providing a dedicated webpage and being fully transparent with the community and having a Community Liaison Group helped win back support from the community for the project.
- Better communication of the risks to the community early in the project could have addressed a number of community concerns and reduced the resistance to the project. Having an Independent Monitor oversee the project and provide independent advice to the community helped facilitate accurate risk communication and reduce community concerns associated with the project. The new methodology trial and open day tours also assisted in addressing community concerns.
- Thorough investigation into and determination of the historical activity on the site could have reduced unexpected dredging requirements and provided clearer costing of the dredging task. The selection of containment sites was largely based on proximity of available land adjacent to the canal and no investigations were carried out to determine if there were any constraints on using that land for that purpose.
- A dredge expert should have been included on the procurement team to ensure appropriate dredging methods and associated dredging and water treatment plant was to be used leading to more accurate costs being presented for the dredging component of the project.
- It would have been better to separate the civil works, which could have been managed and coordinated by Council staff, from the main dredging contract. All work being under one contract resulted in pressures to complete civil works (with additional costs due to weather delays) due to dredging subcontractors being dependent on completion of the civil works.
- Adequate resourcing and staffing of complex projects of this nature is essential. Initially the project was managed by a staff member with competing priorities. A dedicated project manager and project administrator were found to be essential. Other roles that were required and not initially budgeted for included the Engineer to Contract and Engineers Representative on site, and as a Resource Consent requirement, the Independent Monitor, Independent Monitor's site representative, and Cultural Monitor. All played a crucial role in getting the project completed.

- A better overall cost estimate, with adequate contingency would have reduced the need to go back to Council and MfE several times to request additional funding. A more agile funding process is needed from MfE for complex projects of this nature with major time related contract commitments. The project is still waiting for approval of MfE funding after the dredging is complete and the requested funding spent. This places Council at risk of being left carrying a disproportionate share of the costs.
- The RMA consent process is time consuming and costly, especially if variations are required through a methodology change. These costs and time constraints need to be recognised and accounted for in project planning. There is always uncertainty around what consent conditions may be applied, which add cost, such as unexpected monitoring requirements (e.g. Independent Monitor and Cultural Monitor).
- Reporting has been time consuming and repetitive, significantly increasing the project overhead costs. Similar but slightly different information has needed to be reported to MfE, Project Advisory Group, Project Steering Group, Community Liaison Group, Consent Authority, Council Committees and for the Council Quarterly Report.

5 Bioremediation

Inoculation of the 26 geobags at CS1 has been completed to initialise the bioremediation process. Trees have been planted into those geobags that have been capped with topsoil (Figure 7). Inoculation of the 17 geobags at CS3 is underway and is expected to be completed in mid-October. Topsoil capping will be undertaken once the inoculation is complete, and trees planted next winter on the remainder of the geobags at CS1 and at CS3.



Figure 7. Bioremediation progress – tree planting and initial growth at CS1.

6 Investigation of Koapeo Canal West of SH30

The Koapeo canal sediment investigation west of SH30 was delayed during the completion of the Koapeo Canal Remediation Project. This work has re-commenced and involves investigating the extent and volume of dioxin contaminated contamination in the privately owned section of the Koapeo Canal to the West of SH30 and assessment of possible remediation options. Progress is being made on surveys to

determine the volume of sediment that may require remediation over the 4km stretch of canal to the west of SH30 (Figure 8).

A number of questions were raised by attendees at the last CLG and Project Steering Group meetings. Most of these questions were deferred, due to the investigation being incomplete at this stage. However attendees at these meetings clearly support addressing contamination in this upstream portion of the canal and then fully removing the modified flood control structure at SH30. Investigation and Assessment of Remediation Options will be reported to Council by mid 2020.

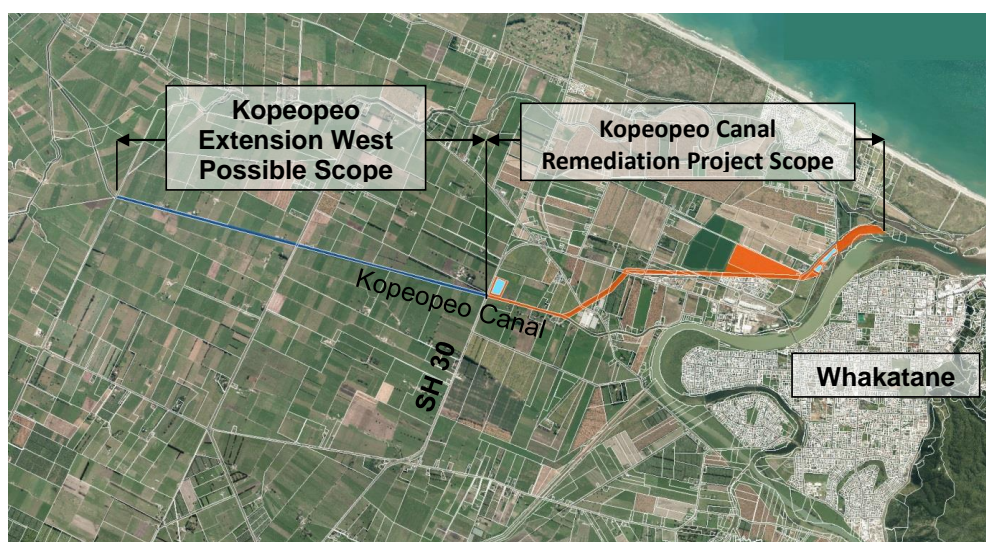


Figure 8. Location of Koepoepo Extension West (KEW) investigation work.

7 Maori Implications

The project Cultural Monitor provided input to the Project Team and Contractor in relation to cultural considerations and requirements. They monitored dredged material to ensure that cultural matters were addressed within the guidelines of a discovery protocol. The Cultural monitor has recommended participation in the bioremediation process moving forward.

8 Budget Implications

The total cost of the project has been \$21.3 million. To date \$5.9 million has been claimed from MfE, with a further \$4.0 million yet to claim. Of this, \$2.9 million can only be claimed once MfE deeds are signed.

Table 1. Koepoepo Canal Remediation Project, costs over entire project from 2011 to 2019.

Kopeopeo Canal Remediation Project	Total Cost	Spent to Date	MfE portion Claimed	MfE Portion to Claim
	\$000	\$000	\$000	\$000
Project Cost Estimate at Beginning of Works	15,451	15,242	5,892	1,131
Additional Funding Granted 16 April 2019	2,070	2,070		1,035
Additional Funding Requested March 2019	3,778	3,974		1,889
TOTAL	21,299	21,286		4,055

8.1 Current year budget

The Current 2019/20 budget for the Kopeopeo Projects is \$1.12 million as indicated in Table 2 below. Expected revenue (excl. pending requested funding) is \$1.4 million.

8.2 Future Budget Implications

Future funding is available for bioremediation as shown in Table 2 (\$1.05 million from 2020/21 to 2028/29).

Table 2. Kopeopeo Projects current and future budget.

Kopeopeo Canal Remediation Projects	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Revenue										
KCRP funding deed	1,035									
KCRP project closure	15									
KEW funding deed	358									
Total Revenue	1,408									
Capital Expenditure										
Kopeopeo Canal Remediation Project	300									
Kopeopeo Bioremediation	200	50	200	50	200	50	200	50	200	50
Kopeopeo Extension West	620									
Total Capital Expenditure	1,120	50	200	50	200	50	200	50	200	50

Bruce Crabbe
Rivers and Drainage Operations Manager
for General Manager, Integrated Catchments

4 September 2019



Receives Only – No Decisions

Report To: Audit and Risk Committee
Meeting Date: 12 September 2019
Report From: Mat Taylor, General Manager, Corporate

Expenditure and Koha Report

Executive Summary

This report provides open and transparent information about Council’s supplier spend. The annual supplier spend report (Appendix 1) provides total spend per supplier where the total spend is greater than \$50,000 excluding GST for the twelve months ending 30 June 2019.

It also provides details of koha spend. There has been previous interest in Council disclosing this information and therefore a list has been included of koha spend over the last two financial years (Appendix 1 and 2).

Recommendations

That the Audit and Risk Committee:

- 1 Receives the report, Expenditure and Koha Report;**

1 Background

This annual supplier spend report provides open and transparent information of Council’s significant payments to third parties including suppliers, contractors and consultants for the year ended 30 June 2019.

It also provides details of koha spend. There has been previous interest in Council disclosing this information and therefore a list has been included of koha spend by the Council over the last two financial years.

2 Information

The expenditure information has been extracted from the Council’s financial management system. The annual supplier spend report including koha for the twelve months ended 30 June 2019 is provided in Appendix 1. Koha spend for the twelve months ended 30 June 2018 is provided in Appendix 2.

The supplier spend report lists the total spend per supplier for the period stated, where the total is greater than \$50,000 (excluding GST). This helps to keep the report length and detail within a manageable size. This report provides information for expenditure values only, and it does not show where revenue has been received to offset payments. Statutory bodies e.g. Inland Revenue and ACC, are excluded from the annual supplier spend report.

3 Budget Implications

3.1 Current Year Budget

This report has no direct budget or financial implications for the current year.

3.2 Future Budget Implications

This report has no direct budget or financial implications for future years.

4 Community Outcomes

This item directly contributes to all Community Outcome in the Council's Long Term Plan 2018-2028.

Debbie Hyland
Finance and Corporate Planning Manager

for General Manager, Corporate

4 September 2019

APPENDIX 1

Koha and Expenditure Reports 2018 - 19

Expenditure and Koha report for the twelve months to 30 June 2019

Koha

Receiver	Amount
AHC Limited	130
Graham and Carlton	600
Hei Marae	200
Hei Marae Trustees	113
H O'Callaghan	200
J Te Kawhai	200
Marae	375
Maungatapu Marae	200
Ngati Awa	250
Ngati Awa Kaumatua	250
Ngati Rangiwewehi Iwi Trust	500
Ngati Uenukukopako	300
Opihi Trust	174
P Pirika	200
Tahuwhakatiki Marae	200
Te Hokowhitu A Tu Marae	200
Te Kuirau marae	250
Te Maru O Kaituna	600
Tunohopu Marae Ladies Committee - Koha	200
various	199
Wairuru Marae Committee	200
WhakaueMarae	200
W Stewart	50
Grand Total	5,792

Supplier - Alphabetically

Account description	Category	Excl Amount
4Sight Consulting Limited	Consultancy	92,567
A & R Rust Contracting	Earthworks	496,617
A G Carter & M A Wilson Contracting	Earthworks	117,239
A1 Environmental Ltd	Pest control, planting & monitoring	372,564
Accela (NZ) Pty Ltd	IT services and licensing	246,461
Active Earthworx and Demolition Ltd	Contractor	96,412
Adcorp New Zealand Ltd	Media	108,295
AECOM New Zealand Ltd	Engineering consultant/contractor	149,982
AgResearch Limited	Research	73,264
allaboutXpert	Consultancy	65,006
Angelika Stadler	Contractor	54,950
Aon New Zealand	Insurance	1,378,842
Aquaculture Direct Ltd	Consultancy	52,179
Aqualinc Research Limited	Technical Services	76,370
Aquatic Informatics Australia Pty Ltd	Technical Services	54,187
Aqueus Consulting Limited	Contractor	248,616
AR & Associates Ltd	Technical Services	56,698
Archaeology BOP Heritage Consultants	Consultancy	49,891
ASB Bank Investments - Super Master Trust	Superannuation	106,343
Ashworth (Employment) Consulting	Consultancy	87,000
AskYourTeam	IT services and licensing	66,900
Aspect Furniture Systems Ltd	Plant and Property	181,879
AsureQuality Limited	Laboratory services	262,478
Audit New Zealand	Audit Services	135,997

Account description	Category	Excl Amount
Bay Marine Works Ltd	Marine Works	234,658
Beca Ltd	Consultancy	420,926
Bethlehem Coachlines	Bus Services	330,579
Blue Duck Design Ltd	Engineering consultant/contractor	176,726
Boffa Miskell	Consultancy	90,367
BOPLASS Limited	Environmental monitoring consultancy design services	296,002
BP Oil New Zealand Ltd	Fuel	270,209
Britton Consultants Ltd	Engineering consultant/contractor	128,630
Canam Construction BOP Limited	Construction	14,597,244
Cardlink Systems Limited	Security	64,041
CC & M Hammond Farm Partnership	Compensation	129,927
Chapman Consulting	Consultancy	198,389
Chow:Hill Architects Ltd	Architect	154,000
Cirtex Industries Limited	Technical Services	61,531
CJ Hanson Contracting Ltd T/A Rotorua Heating Solutions	Rotorua Air	131,903
Coastlands Plant Nursery Ltd	Planting	181,548
Colmar (2008) Ltd	Rental	72,315
Conroy and Donald Consultants Ltd	Consultancy	76,600
Control Tech Limited	Engineering consultant/contractor	129,465
Cooney Lees Morgan	Legal Services	1,435,430
Corporate Connect Centre Limited	Call Centre	71,961
CR & JA Ward T/A Floragrow	Contractor	103,807
CSG Finance (NZ) Limited	Photocopiers	77,734
CSG Technology Limited	IT services and licensing	120,473
Cucumber Ltd	Consultancy	71,902
Cybersmart Limited	Monitoring	74,255
D & J Brightwell Ltd	Consultancy	84,160
DairyNZ Ltd	Consultancy	68,995
Datacom Systems Limited	IT services and licensing	95,660
Debbie Muckle	Contractor	63,378
Den Otter Associates	Consultancy	103,963
Department of Conservation	Local Government	164,199
DHI Water & Environment Ltd	Contractor	310,510
Dovaston Agriculture Ltd	Agricultural	87,866
Draintech Contractors 2018 Ltd	Rivers and drainage contractor	59,887
Eagle Technology Group Ltd	IT services and licensing	98,375
Earth Consult Ltd	Technical Services	65,148
Easy Insulation Ltd	Rotorua Air	262,617
Electronic Ticketing Systems Ltd	Technical Services	76,486
Ellice Tanner Hart Limited	Legal Services	699,082
Energise NZ	Consultancy	167,791
Enspire Consulting Limited	Consultancy	378,846
Environet Limited	Consultancy	68,100
Envirowaste Services Ltd	Rivers and drainage contractor	5,415,084
Ewert Contracting Ltd (Geoff Ewert)	Contractor	293,552
Ferntech	Aerial Imaging	57,239
Ford Motor Company of NZ Ltd	Vehicle supplier and maintance	301,274
Fore Business Services Ltd	Consultancy	87,627
Fulton Hogan Ltd	Construction	167,306
G & RA Van Den Top	Land Compensation	125,575
Gartner Australasia Pty Ltd	IT services and licensing	75,193
Genesis Energy	Electricial	627,707
GHD Limited	Environmental monitoring consultancy design services	668,449
GNS Science	Geological services	373,181
Go Bus Transport Limited	Bus Services	7,345,200
Grant Farms Ltd	Rivers and drainage contractor	303,812
Greenfield Diving Services	Diving Operations	96,312
Greenstone Group	Building Project management services	240,342

Account description	Category	Excl Amount
GREENWOOD	Building services	111,437
Guardian Angel Security Ltd	Security	61,001
H H Wall Ltd	Rental	141,333
HAIL Environmental Ltd	Rivers and drainage contractor	145,325
Harrison Grierson Consultants	Engineering consultant/contractor	454,445
Henley Hutchings	Consultancy	52,185
Heritage Hills Farm Limited	Landmanagement	56,779
Holland Beckett Lawyers	Legal Services	1,224,308
HP New Zealand	Facilities	281,841
HTS Group Ltd	Geotechnical Services	372,548
Hyundai Motors New Zealand Limited	Vehicle supplier and maintance	259,491
Ian Kusabs & Associates Ltd	Technical Services	109,532
Ice Geo & Civil	Construction	258,899
Ingrid McNiven	Contractor	63,654
Insight Enterprises (NZ) Limited	IT services and licensing	448,234
Interpine Group Ltd	Contractor	430,565
iSite Limited T/A QMS NZ	Advertising	53,253
Ixom Operations Pty Ltd.	Chemicals	283,372
J Swap Contractors Ltd	Contractor	11,410,398
Jacobs New Zealand Ltd	Technical Services	283,290
JFB Environmental	Pest control, planting & monitoring	140,945
John Galbraith Ltd	Consultancy - Bay of Connections	61,522
Josephs Earthmoving Ltd	Rivers and drainage contractor	207,321
Kale Print	Stationery	53,483
Key Industries Ltd	Pest control, planting & monitoring	81,427
Key Research Ltd	Research services	54,900
Kiwi Land Developments Ltd	Contractor	87,811
Kiwifruit Vine Health Incorporated	Pest control, planting & monitoring	67,607
LabWare Australia Pty Ltd	IT services and licensing	77,143
Landcare Research NZ Limited	Research services	736,153
Landconnect Limited	Contractor	63,300
Law Creative Group	Signage	97,558
Lexel Systems Limited	IT services and licensing	69,768
Local Government New Zealand	Local Government	59,822
Lucens Environmental and Planning Ltd	Technical Services	72,959
Madison Recruitment Ltd	Contractor	80,979
Mahy Crane Hire 2008 Ltd	Contractor	86,301
Maketu Ongatoro Wetland Society Inc.	Pest control, planting & monitoring	98,638
Market Economics Ltd	Consultancy	53,554
Mediaworks Radio Ltd - Tauranga	Media	88,174
Mitsubishi Motors New Zealand Ltd	Vehicle supplier and maintance	113,219
MVM - Marathon Visual Media	Media	90,121
National Provident Fund	Superannuation	79,374
Naturally Native NZ Plants (2013)	Planting	291,349
ND Kiwi Tours Ltd - T/A Kate's Kabs	Bus Services	54,450
New Zealand Bus Tauranga Ltd	Bus Services	8,330,507
New Zealand Cabs 2005 Limited	Taxi services	77,243
New Zealand Transport Agency	Motor vehicle licensing and consultancy services	193,422
NIWA	Environmental consultancy services	548,188
Norconsult New Zealand Ltd.	Engineering services	139,590
Norris Ward McKinnon Lawyers	Legal Services	586,665
Northland Regional Council	Local Government	52,683
Nutech Security Ltd	Security	61,673
NZ Rays Ltd T/A Green Earth Parks	Agricultural	70,645
NZ Safety Blackwoods	Safety	85,952
NZME Publishing Ltd	Media	113,851
Objective Corporation Solutions NZ Ltd	IT services and licensing	294,671
Oceansports Marine Ltd	Property and plant - Maritime	77,819
OCS Ltd	Cleaning services and consumables	198,857

Account description	Category	Excl Amount
OfficeMax NZ Ltd	Office Supplies	100,646
Omataroa Kaitiaki Limited	Pest control, planting & monitoring	85,307
Opotiki District Council	Local Government	150,347
Opotiki Helicopters NZ Ltd	Aerial Photography	96,881
Opus International Consultants	Consultancy	463,854
Orbit Corporate Travel	Travel and Accomodation	492,241
Otago Regional Council	Local Government	1,197,473
Pattern Limited	IT Software	403,341
Pattillo Ltd	Consultancy - Bay of Connections	78,490
Pattle Delamore Partners Limited	Consultancy	237,166
Peppercorn Catering Tauranga	Catering	55,487
Peppers Building Supplies	Property and plant	53,046
Perrin Ag Consultants Limited	Environmental consultancy services	292,891
Perry Geotech Ltd	Geotechnical Services	53,187
Personnel Resources/Temp Resources Ltd	Contractor	212,879
Peter McLaren	Contractor	53,154
Phillips Contracting 2016 Limited	Contractor	609,275
Place Enviromental Planning Group Limited	Contractor	228,928
Priority One WBOP Inc	Economic Development	69,126
PromotionsOnly NZ Ltd	Promotional	79,866
Pukeko Trust	Rental	119,822
Quotable Value Ltd	Valuations	68,000
R J Hill Laboratories Limited	Laboratory services	185,921
R Mahy Contracting	Earthworks	1,214,831
Radiola Limited	IT services and licensing	216,265
Rakauoa Quarry Ltd	Earthworks	1,500,189
Reesby Rotorua Ltd	Bus Services	2,287,046
Reid Technology Limited	Property and plant	52,281
Rider Levett Bucknall	Quantity Surveying Services	86,400
Ritchies Transport Holdings	Bus Services	1,139,013
River Lake Ltd	Technical Services	55,093
RiverSpace Limited	Technical Services - Crticial asept inspections	50,171
Roera Nominees Limited	Land management	142,573
Rope & Rail Limited	Building Materials	143,348
Rotorua Lakes Council	Local Government	8,897,552
Rotorua Lakes Council	Local Government	101,571
Rotorua Quarry Ltd	Rock Supply	212,351
Rotorua Taxi Society Ltd	Taxi services	118,397
Ryan & Alexander Consulting	Contractor	75,135
S&P Global Ratings Australia Pty Ltd	Technical Services - Credit rating	121,941
Sealegs International Limited	Property and plant - Maritime	190,000
Shine PR Ltd	Consultancy	101,713
Shine PS Limited	Consultancy - Bay of Connections	173,464
Signs Direct 2011 Limited	Signage	56,611
Smartrak Limited	GSP	80,792
Spark Digital, a division of Spark New Zealand Trading Ltd	Telecommunications	65,122
Spark New Zealand Trading Ltd	Telecommunications	435,409
StayPut Limited	Pest Management	62,358
Stratum Consultants Ltd	Consultancy - Resource Consenting	132,414
Streamlined Environmental Ltd	Techncial services - monitoring programme	105,433
Success Realty Ltd TA Bayleys Real Estate Ltd	Rental	103,622
Sundry/Occasional	Miscellaneous	2,484,594
Taotaoroa Quarries Ltd	Rock Supply	210,640
Tapuika Iwi Authority	Legal Fees - reimbursement	62,229
Tauranga City Council	Local Government	1,515,409
Tauranga Environment Centre Charitable Trust	RIF	100,000
Tauranga Quarries Ltd	Rock Supply	857,625
Tauranga Taxi Society Ltd	Taxi services	374,451
Tauranga Tertiary Campus Charitable Trust	RIF	5,249,738
Te Arawa Lakes Trust	Consultancy	128,301

Account description	Category	Excl Amount
Technology One NZ Ltd	IT services and licensing	817,914
The Audio Consultant Ltd	Software	189,502
The Environmental Collective	Laboratory services	158,054
The Testing Consultancy Limited	Software	69,600
The University of Waikato	Consultancy	1,219,158
Thermo Fisher Scientific N Z Ltd	Property and plant - Science and Lab	58,351
Tiaki Plantations Company	Earthworks	64,803
Tirohanga Group Ltd	Rental	446,008
Toitu Te Waonui Limited	Land management	63,263
Tonkin & Taylor Ltd	Engineering consultant/contractor	357,349
Toyota New Zealand Limited	Vehicle supplier and maintance	160,458
Tracks Concrete (2002) Ltd	Rivers and drainage contractor	3,008,560
Transform Consulting Ltd	Consultancy	72,050
Treeline Native Nursery Limited	Land management	96,328
Uzabus	Bus Services	1,142,689
Various Contractors	BAU/Temp Roles	52,165
Vegetation & Tree Services (VATS)	Land management	85,992
Vigor Contracting Limited	Contractor	73,466
Waikato Regional Council	Local Government	84,516
Waiotahi Contractors Limited	Rivers and drainage contractor	4,724,363
Ward Contracting Ltd	Contractor	68,200
Watercare Laboratory Services Limited	Laboratory services	292,422
WBE Construction Limited	Rivers and drainage contractor	2,207,010
Western BOP District Council	Local Government	964,642
Whakatane Dial A Cab 2006 Ltd	Taxi services	77,328
Whakatane District Council	Local Government	1,049,685
Whakatane Kiwi Trust	Land management	71,640
Wildland Consultants	Consultancy	522,713
Williamson Water	Contractor	124,833
Wilson Bros Earthmovers Ltd	Contractor	86,737
WM Ross Engineering Ltd	Contractor	81,806
Yaku Consulting Ltd	Engineering consultant/contractor	127,392

Supplier - by Value

Account description	Category	Excl Amount
Canam Construction BOP Limited	Construction	14,597,244
Inland Revenue Department	Finance	14,460,548
J Swap Contractors Ltd	Contractor	11,410,398
Rotorua Lakes Council	Local Government	8,897,552
New Zealand Bus Tauranga Ltd	Bus Services	8,330,507
Accident Compensation Corpn	ACC	99,343
Go Bus Transport Limited	Bus Services	7,345,200
Envirowaste Services Ltd	Rivers and drainage contractor	5,415,084
Tauranga Tertiary Campus Charitable Trust	RIF	5,249,738
Waiotahi Contractors Limited	Rivers and drainage contractor	4,724,363
Tracks Concrete (2002) Ltd	Rivers and drainage contractor	3,008,560
Sundry/Occasional	Miscellaneous	2,484,594
Reesby Rotorua Ltd	Bus Services	2,287,046
WBE Construction Limited	Rivers and drainage contractor	2,207,010
Tauranga City Council	Local Government	1,515,409
Rakauroa Quarry Ltd	Earthworks	1,500,189
Cooney Lees Morgan	Legal Services	1,435,430
Aon New Zealand	Insurance	1,378,842
Holland Beckett Lawyers	Legal Services	1,224,308
The University of Waikato	Consultancy	1,219,158
R Mahy Contracting	Earthworks	1,214,831

Account description	Category	Excl Amount
Otago Regional Council	Local Government	1,197,473
Uzabus	Bus Services	1,142,689
Ritchies Transport Holdings	Bus Services	1,139,013
Whakatane District Council	Local Government	1,049,685
Western BOP District Council	Local Government	964,642
Tauranga Quarries Ltd	Rock Supply	857,625
Technology One NZ Ltd	IT services and licensing	817,914
Landcare Research NZ Limited	Research services	736,153
Ellice Tanner Hart Limited	Legal Services	699,082
GHD Limited	Environmental monitoring consultancy design services	668,449
Genesis Energy	Electrical	627,707
Phillips Contracting 2016 Limited	Contractor	609,275
Norris Ward McKinnon Lawyers	Legal Services	586,665
NIWA	Environmental consultancy services	548,188
Wildland Consultants	Consultancy	522,713
A & R Rust Contracting	Earthworks	496,617
Orbit Corporate Travel	Travel and Accomodation	492,241
Opus International Consultants	Consultancy	463,854
Harrison Grierson Consultants	Engineering consultant/contractor	454,445
Insight Enterprises (NZ) Limited	IT services and licensing	448,234
Tirohanga Group Ltd	Rental	446,008
Spark New Zealand Trading Ltd	Telecommunications	435,409
Interpine Group Ltd	Contractor	430,565
Beca Ltd	Consultancy	420,926
Pattern Limited	IT Software	403,341
Enspire Consulting Limited	Consultancy	378,846
Tauranga Taxi Society Ltd	Taxi services	374,451
GNS Science	Geological services	373,181
A1 Environmental Ltd	Pest control, planting & monitoring	372,564
HTS Group Ltd	Geotechnical Services	372,548
Tonkin & Taylor Ltd	Engineering consultant/contractor	357,349
Bethlehem Coachlines	Bus Services	330,579
DHI Water & Environment Ltd	Contractor	310,510
Grant Farms Ltd	Rivers and drainage contractor	303,812
Ford Motor Company of NZ Ltd	Vehicle supplier and maintance	301,274
BOPLASS Limited	Environmental monitoring consultancy design services	296,002
Objective Corporation Solutions NZ Ltd	IT services and licensing	294,671
Ewert Contracting Ltd (Geoff Ewert)	Contractor	293,552
Perrin Ag Consultants Limited	Environmental consultancy services	292,891
Watercare Laboratory Services Limited	Laboratory services	292,422
Naturally Native NZ Plants (2013)	Planting	291,349
Ixom Operations Pty Ltd.	Chemicals	283,372
Jacobs New Zealand Ltd	Technical Services	283,290
HP New Zealand	Faciltiites	281,841
BP Oil New Zealand Ltd	Fuel	270,209
Easy Insulation Ltd	Rotorua Air	262,617
AsureQuality Limited	Laboratory services	262,478
Hyundai Motors New Zealand Limited	Vehicle supplier and maintance	259,491
Ice Geo & Civil	Construction	258,899

Account description	Category	Excl Amount
Aqueus Consulting Limited	Contractor	248,616
Accela (NZ) Pty Ltd	IT services and licensing	246,461
Greenstone Group	Building Project management services	240,342
Pattle Delamore Partners Limited	Consultancy	237,166
Bay Marine Works Ltd	Marine Works	234,658
Place Environmental Planning Group Limited	Contractor	228,928
Radiola Limited	IT services and licensing	216,265
Personnel Resources/Temp Resources Ltd	Contractor	212,879
Rotorua Quarry Ltd	Rock Supply	212,351
Taotaoroa Quarries Ltd	Rock Supply	210,640
Josephs Earthmoving Ltd	Rivers and drainage contractor	207,321
OCS Ltd	Cleaning services and consumables	198,857
Chapman Consulting	Consultancy	198,389
New Zealand Transport Agency	Motor vehicle licensing and consultancy services	193,422
Sealegs International Limited	Property and plant - Maritime	190,000
The Audio Consultant Ltd	Software	189,502
R J Hill Laboratories Limited	Laboratory services	185,921
Aspect Furniture Systems Ltd	Plant and Property	181,879
Coastlands Plant Nursery Ltd	Planting	181,548
Blue Duck Design Ltd	Engineering consultant/contractor	176,726
Shine PS Limited	Consultancy - Bay of Connections	173,464
Energise NZ	Consultancy	167,791
Fulton Hogan Ltd	Construction	167,306
Department of Conservation	Local Government	164,199
Toyota New Zealand Limited	Vehicle supplier and maintance	160,458
The Environmental Collective	Laboratory services	158,054
Chow:Hill Architects Ltd	Architect	154,000
Opotiki District Council	Local Government	150,347
AECOM New Zealand Ltd	Engineering consultant/contractor	149,982
HAIL Environmental Ltd	Rivers and drainage contractor	145,325
Rope & Rail Limited	Building Materials	143,348
Roera Nominees Limited	Land management	142,573
H H Wall Ltd	Rental	141,333
JFB Environmental	Pest control, planting & monitoring	140,945
Insitu Heritage Limited	Technical Services	47,620
Norconsult New Zealand Ltd.	Engineering services	139,590
Audit New Zealand	Audit Services	135,997
Stratum Consultants Ltd	Consultancy - Resource Consenting	132,414
CJ Hanson Contracting Ltd T/A Rotorua Heating Solutions	Rotorua Air	131,903
CC & M Hammond Farm Partnership	Compensation	129,927
Control Tech Limited	Engineering consultant/contractor	129,465
Britton Consultants Ltd	Engineering consultant/contractor	128,630
Te Arawa Lakes Trust	Consultancy	128,301
Yaku Consulting Ltd	Engineering consultant/contractor	127,392
G & RA Van Den Top	Land Compensation	125,575
Williamson Water	Contractor	124,833
S&P Global Ratings Australia Pty Ltd	Technical Services - Credit rating	121,941
CSG Technology Limited	IT services and licensing	120,473
Pukeko Trust	Rental	119,822

Account description	Category	Excl Amount
Rotorua Taxi Society Ltd	Taxi services	118,397
A G Carter & M A Wilson Contracting	Earthworks	117,239
NZME Publishing Ltd	Media	113,851
Mitsubishi Motors New Zealand Ltd	Vehicle supplier and maintance	113,219
GREENWOOD	Building services	111,437
Ian Kusabs & Associates Ltd	Technical Services	109,532
Adcorp New Zealand Ltd	Media	108,295
ASB Bank Investments - Super Master Trust	Superannuation	106,343
Streamlined Environmental Ltd	Techncial services - monitoring programme	105,433
Den Otter Associates	Consultancy	103,963
CR & JA Ward T/A Floragrow	Contractor	103,807
Success Realty Ltd TA Bayleys Real Estate Ltd	Rental	103,622
Shine PR Ltd	Consultancy	101,713
Rotorua Lakes Council	Local Government	101,571
OfficeMax NZ Ltd	Office Supplies	100,646
Tauranga Environment Centre Charitable Trust	RIF	100,000
Maketu Ongatoro Wetland Society Inc.	Pest control, planting & monitoring	98,638
Eagle Technology Group Ltd	IT services and licensing	98,375
Law Creative Group	Signage	97,558
Opotiki Helicopters NZ Ltd	Aerial Photography	96,881
Active Earthworx and Demolition Ltd	Contractor	96,412
Treeline Native Nursery Limited	Land management	96,328
Greenfield Diving Services	Diving Operations	96,312
Datacom Systems Limited	IT services and licensing	95,660
4Sight Consulting Limited	Consultancy	92,567
Boffa Miskell	Consultancy	90,367
MVM - Marathon Visual Media	Media	90,121
Mediaworks Radio Ltd - Tauranga	Media	88,174
Dovaston Agriculture Ltd	Agricultural	87,866
Kiwi Land Developments Ltd	Contractor	87,811
Fore Business Services Ltd	Consultancy	87,627
Ashworth (Employment) Consulting	Consultancy	87,000
Wilson Bros Earthmovers Ltd	Contractor	86,737
Rider Levett Bucknall	Quantity Surveying Services	86,400
Mahy Crane Hire 2008 Ltd	Contractor	86,301
Vegetation & Tree Services (VATS)	Land management	85,992
NZ Safety Blackwoods	Safety	85,952
Omataroa Kaitiaki Limited	Pest control, planting & monitoring	85,307
Waikato Regional Council	Local Government	84,516
D & J Brightwell Ltd	Consultancy	84,160
WM Ross Engineering Ltd	Contractor	81,806
Key Industries Ltd	Pest control, planting & monitoring	81,427
Madison Recruitment Ltd	Contractor	80,979
Smartrak Limited	GSP	80,792
PromotionsOnly NZ Ltd	Promotional	79,866
National Provident Fund	Superannuation	79,374
Pattillo Ltd	Consultancy - Bay of Connections	78,490
Oceansports Marine Ltd	Property and plant - Maritime	77,819
CSG Finance (NZ) Limited	Photocopiers	77,734
Whakatane Dial A Cab 2006 Ltd	Taxi services	77,328

Account description	Category	Excl Amount
New Zealand Cabs 2005 Limited	Taxi services	77,243
LabWare Australia Pty Ltd	IT services and licensing	77,143
Conroy and Donald Consultants Ltd	Consultancy	76,600
Electronic Ticketing Systems Ltd	Technical Services	76,486
Aqualinc Research Limited	Technical Services	76,370
Gartner Australasia Pty Ltd	IT services and licensing	75,193
Ryan & Alexander Consulting	Contractor	75,135
Cybersmart Limited	Monitoring	74,255
Vigor Contracting Limited	Contractor	73,466
AgResearch Limited	Research	73,264
Lucens Environmental and Planning Ltd	Technical Services	72,959
Colmar (2008) Ltd	Rental	72,315
Transform Consulting Ltd	Consultancy	72,050
Corporate Connect Centre Limited	Call Centre	71,961
Cucumber Ltd	Consultancy	71,902
Whakatane Kiwi Trust	Land management	71,640
NZ Rays Ltd T/A Green Earth Parks	Agricultural	70,645
Lexel Systems Limited	IT services and licensing	69,768
The Testing Consultancy Limited	Software	69,600
Priority One WBOP Inc	Economic Development	69,126
DairyNZ Ltd	Consultancy	68,995
Ward Contracting Ltd	Contractor	68,200
Environet Limited	Consultancy	68,100
Quotable Value Ltd	Valuations	68,000
Kiwifruit Vine Health Incorporated	Pest control, planting & monitoring	67,607
AskYourTeam	IT services and licensing	66,900
Earth Consult Ltd	Technical Services	65,148
Spark Digital, a division of Spark New Zealand Trading Ltd	Telecommunications	65,122
allaboutXpert	Consultancy	65,006
Tiaki Plantations Company	Earthworks	64,803
Cardlink Systems Limited	Security	64,041
Ingrid McNiven	Contractor	63,654
Debbie Muckle	Contractor	63,378
Landconnect Limited	Contractor	63,300
Toitu Te Waonui Limited	Land management	63,263
StayPut Limited	Pest Management	62,358
Tapuika Iwi Authority	Legal Fees - reimbursement	62,229
Nutech Security Ltd	Security	61,673
Cirtex Industries Limited	Technical Services	61,531
John Galbraith Ltd	Consultancy - Bay of Connections	61,522
Guardian Angel Security Ltd	Security	61,001
Draintech Contractors 2018 Ltd	Rivers and drainage contractor	59,887
Local Government New Zealand	Local Government	59,822
Thermo Fisher Scientific N Z Ltd	Property and plant - Science and Lab	58,351
Ferntech	Aerial Imaging	57,239
Heritage Hills Farm Limited	Landmanagement	56,779
AR & Associates Ltd	Technical Services	56,698

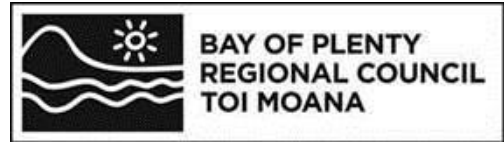
Account description	Category	Excl Amount
Signs Direct 2011 Limited	Signage	56,611
Peppercorn Catering Tauranga	Catering	55,487
River Lake Ltd	Technical Services	55,093
Angelika Stadler	Contractor	54,950
Key Research Ltd	Research services	54,900
ND Kiwi Tours Ltd - T/A Kate's Kabs	Bus Services	54,450
Aquatic Informatics Australia Pty Ltd	Technical Services	54,187
Market Economics Ltd	Consultancy	53,554
Kale Print	Stationery	53,483
iSite Limited T/A QMS NZ	Advertising	53,253
Perry Geotech Ltd	Geotechnical Services	53,187
Peter McLaren	Contractor	53,154
Peppers Building Supplies	Property and plant	53,046
Northland Regional Council	Local Government	52,683
Reid Technology Limited	Property and plant	52,281
Henley Hutchings	Consultancy	52,185
Aquaculture Direct Ltd	Consultancy	52,179
Various Contractors	BAU/Temp Roles	52,165
RiverSpace Limited	Technical Services - Critical asset inspections	50,171

APPENDIX 2

Koha Report 2017 - 18

Koha report for the twelve months to 30 June 2018

Receiver	Amount
A Belcher	200
H Kepa-Woods	400
Higgins Whanau Trust	7
Hire Health	31
Huria Marae	200
Katikati Kindergarten	50
Kaumatua	1,000
Korean delegation visit	78
Motiti Island - Food Purchased	38
Ngai Tai Iwi Authority	200
Ngāti Moko Marae	1,200
Omalo Marae	200
Opureora Marae	200
Pukehina Marae	200
R Larsen	200
Taiao Wānanga o Te Whare Marae	200
Tamapahore Marae	200
Tapuaeharuru marae	200
Tapuika Iwi Authority	200
Tapuika Iwi Authroity	481
Te Kaha Marae	100
Te Roopu a Iwi Te Arawa Charitable Trist	200
Te Rūnanga o Ngāti Whakaue	200
T Mallett	56
Tuawhenua Trust Ratahuna	38
Volunteers	400
Waimana Kaaku	45
Waiohau Marae	200
Waitetī Marae Fundraising Committee	200
Welcome Bay Plunket	100
Grand Total	7,024



Receives Only – No Decisions

Report To: Audit and Risk Committee
Meeting Date: 12 September 2019
Report From: Mat Taylor, General Manager, Corporate

Committee Chairperson's Report

Executive Summary

This report provides the Committee with an update on Audit and Risk Committee activities for the current Triennium.

Recommendations

That the Audit and Risk Committee:

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

1 Audit and Risk Completed Work Programme – Triennium Review

Appendix 1 shows the Audit and Risk completed work programme for the period March 2017 to June 2019.

This appendix highlights the areas of focus for this Committee relating to council activities, and the general nature of Committee's work.

Risk and Assurance

The Committee received a comprehensive quarterly Key Risk Register at each meeting, along with risk reports relating to the following specific projects and activities:

- Kopeopeo Canal Contamination Remediation Project Updates (23)
- Accela Software Implementation
- Transport
- Forestry Debris Risks

- Bus Contract Procurement Review

External and Internal Audit Reporting

- External auditors presented to the Committee the outcomes of all Annual Report audits, and for the Long Term Plan.
- Internal audit provided regular status updates, summaries of reviews, and annual reports.

Reviews and Frameworks

- Rangitaiki River Scheme Review Implementation Plan
- Committee effectiveness review
- Treasury Strategy
- Rates Setting

2 Budget Implications

2.1 Current Year Budget

This work is being undertaken within the current budget for the Governance Activity in Year 2 of the Long Term Plan 2018-2028.

2.2 Future Budget Implications

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

3 Community Outcomes

This item indirectly contributes to the Community Outcome in the Council's Long Term Plan 2018-2028.

Mat Taylor
General Manager, Corporate

5 September 2019

APPENDIX 1

APPENDIX 1 Audit and Risk Completed Work Programme March 2017 to September 2019

***Audit and Risk Completed Work Programme
March 2017 to June 2019***

Meeting date	Report title	Purpose of report
2 March 2017 Committee Meeting	<ul style="list-style-type: none"> Audit and Risk Committee Work Programme 	This report set out the intended proposed work programme areas for the Committee at the start of the Triennium to ensure the Committee met the Terms of Reference requirements.
	<ul style="list-style-type: none"> Councillor Expenditure Report July 2015 to June 2016 	An updated expenditure report is presented in respect of allowances and expenses paid to Councillors for the period 1 July 2015 to June 2016.
	<ul style="list-style-type: none"> External Audit: Management Report for the Year ended 30 June 2016 	Review of Council activity for the previous financial year. The report provides recommendations and prioritises them as urgent, necessary and beneficial.
	<ul style="list-style-type: none"> Internal Audit Status Update 	Review of all financial and non-financial policies and operations, over time as set out in the rolling three year Internal Audit Work Plan. Internal Audit reviews may cover any of the programmes and activities of BOPRC.

Meeting date	Report title	Purpose of report
13 June 2017 Committee Meeting	<ul style="list-style-type: none"> Internal Audit Status Update and Proposed Internal Audit Work Plan 2017/18 to 2019/20 	Provides an update on the status of internal audit activities as at 31 May 2017.
	<ul style="list-style-type: none"> Rates setting review 	Provides the draft Council Rates Resolution, and its specific wording requirements to ensure continued statutory compliance for the setting of Rates 2017/18.
19 September 2017 Committee Meeting	<ul style="list-style-type: none"> External Audit Arrangements Letter for the Audit to 30 June 2017 	To receive Audit New Zealand's audit arrangements letter for audit of the Regional Council's Annual Report for the year ending 30 June 2017
	<ul style="list-style-type: none"> External Audit Interim Audit Management Report for the year ended 30 June 2017 	to receive the Audit New Zealand Interim Management Report for the year ended 30 June 2017
	<ul style="list-style-type: none"> Internal Audit Annual Report 2016/17 and Internal Status Update 2017/18 	Periodic Review
	<ul style="list-style-type: none"> Quarterly Key Risk Report to September 2017 	Periodic Review
	<ul style="list-style-type: none"> Accela Implementation Project Cost and Risk Update 10 	To review the Project Status and associated risks
	<ul style="list-style-type: none"> Kopeopeo Canal Contamination Remediation Project Update 15 	To review the project status and associated risks
	<ul style="list-style-type: none"> 2016/17 Draft Annual Report Review 	To provide the draft 2016/17 Annual Report and Summary to the Audit and Risk Committee.
	<ul style="list-style-type: none"> Chairman's Discretionary Fund 2016/17 	To provide a report on the Chairman's Discretionary Fund expenditure in 2016/17

***Audit and Risk Completed Work Programme
March 2017 to June 2019***

Meeting date	Report title	Purpose of report
	<ul style="list-style-type: none"> Regional Council Rates Update 	To review the scope of section 53 of the Local Government (Rating) Act and how Regional Councils work with TA's including agreeing updated agreements, formalising approval processes for rates assessments, penalties and remissions.
	<ul style="list-style-type: none"> Legislative Compliance Review 	This report has been prepared to address concerns of the Audit and Risk Committee raised at the 13 June 2017 meeting

Meeting date	Report title	Purpose of report
19 December 2017 Committee Meeting	<ul style="list-style-type: none"> Audit Engagement Letter: Audit of the consultation document and Long-Term Plan for the period commencing 1 July 2018 	The purpose of the report is outline the terms of the Audit New Zealand audit of the consultation document and Long Term Plan for the period commencing 1 July 2018
	<ul style="list-style-type: none"> External Audit Management Report for the year ended 30 June 2017 	The purpose of this report is for the Audit and Risk Committee to receive the Audit New Zealand Management Report for the year ended 30 June 2017
	<ul style="list-style-type: none"> Kopeopeo Canal Remediation Project Update 16 	The purpose of the report is to provide an update on the Kopeopeo Canal Remediation project
	<ul style="list-style-type: none"> Internal Audit Status Update 2017/18 	To provide an update of the Internal Audit work program for 2017/18
	<ul style="list-style-type: none"> Quarterly Key Risk Register Update – October to December 2017 	The purpose of this report is to update the Committee on key risks across the organisation

Meeting date	Report title	Purpose of report
1 March 2018 Committee Meeting	<ul style="list-style-type: none"> Key Risk Register – Quarterly Update December 2017 to February 2018 	Periodic review
	<ul style="list-style-type: none"> Internal Audit Status Update 2017/18 	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 17 	Receive Update
	<ul style="list-style-type: none"> External Audit Management Report for the Long Term Plan 2018-28 Consultation Document 	Consider external audit management recommendations
	<ul style="list-style-type: none"> Rangitāiki River Scheme Review: Implementation update 	To update on progress Council is making to implement the recommendations contained in the Rangitāiki River Scheme Review

***Audit and Risk Completed Work Programme
March 2017 to June 2019***

Meeting date	Report title	Purpose of report
12 June 2018 Committee Meeting	<ul style="list-style-type: none"> Key Risk Register – Quarterly Update March 2017 to May 2018 	Periodic review
	<ul style="list-style-type: none"> Review of Performance and Effectiveness of the Audit and Risk Committee 	To propose a review of the Performance and Effectiveness of the Audit and Risk Committee
	<ul style="list-style-type: none"> Setting of Rates 2018/19 	To review the format of the annual rates setting process
	<ul style="list-style-type: none"> Treasury Framework for Long Term Plan 2018-2028 	Receive Update
	<ul style="list-style-type: none"> Internal Audit Status Update and Proposed Internal Audit Work Plan 2018/19 to 2020/21 	To provide the Committee with an update on the status of internal audit activities and Propose Work plan
	<ul style="list-style-type: none"> Internal Audit Health and Safety Review 	Receive Update
	<ul style="list-style-type: none"> Kopeopeo Canal Remediation Project Update 18 	Receive Update
	<ul style="list-style-type: none"> Kopeopeo Extension West Risk Report 	Receive Update
	<ul style="list-style-type: none"> Rangitāiki River Scheme Review (April 2017 Flood Event): Implementation update 	To update on progress Council is making to implement the recommendations contained in the Rangitāiki River Scheme Review

Meeting date	Report title	Purpose of report
11 September 2018 Committee Meeting	<ul style="list-style-type: none"> 2017/18 Draft Annual Report Review 	To provide the draft 2017/18 Annual Report to the Audit and Risk Committee.
	<ul style="list-style-type: none"> Key Risk Register – Quarterly Update June 2018 to September 2018 	Periodic review
	<ul style="list-style-type: none"> Production Forestry Debris Mobilisation Risk for the Bay of Plenty 	To update the Audit and Risk Committee on the risk of debris mobilisation from production forests in our region
	<ul style="list-style-type: none"> Chairman’s Discretionary Fund 2017/18 	To provide a report on the Chairman’s Discretionary Fund expenditure in 2017/18
	<ul style="list-style-type: none"> Rangitāiki River Scheme Review (April 2017 Flood Event): Implementation update 	To update on progress Council is making to implement the recommendations contained in the Rangitāiki River Scheme Review
	<ul style="list-style-type: none"> External Audit: Final Management Report on the audit of the Long Term Plan 2018-2028 	To receive Audit New Zealand’s Report on the audit of the Long Term Plan 2018-2028
	<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"> Internal Audit Annual Report 2017/18 and Review Update 	Receive Update
	<ul style="list-style-type: none"> Kopeopeo Canal Remediation Project Update 19 	Receive Update
	<ul style="list-style-type: none"> Transport Activities Risks 	To update the Committee on the risks to the successful delivery of the Council’s Transport Activities

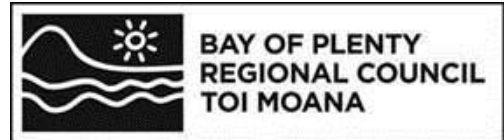
Audit and Risk Completed Work Programme
March 2017 to June 2019

Meeting date	Report title	Purpose of report
28 November 2018 Committee Meeting	<ul style="list-style-type: none"> External Audit: Final Management Report on the audit of the Annual Report for the year ending 30 June 2018 	To receive Audit New Zealand final Management Report on the Audit of the audit of the Bay of Plenty Regional Council and Group for the year ending 30 June 2018
	<ul style="list-style-type: none"> Legal Services Annual Report & Legislative Compliance 	To provide an update on the legislative compliance framework on the Council's legislative compliance during the year.
	<ul style="list-style-type: none"> Update on Preparation for CouncilMARK Assessment 	To update the Committee on the progress to date in preparing this assessment.
	<ul style="list-style-type: none"> Rangitāiki River Scheme Review (April 2017 Flood Event): Implementation update 	To update on progress Council is making to implement the recommendations contained in the Rangitāiki River Scheme Review.
	<ul style="list-style-type: none"> Internal Audit Status Update 2018/19 	To provide the Committee with an update of internal audit activities.
	<ul style="list-style-type: none"> Internal Audit 2018/19 Review Update 	To provide the Committee with an update internal audit activities.
	<ul style="list-style-type: none"> Kopeopeo Canal Remediation Project Update 20 	Receive update
	<ul style="list-style-type: none"> Key Risk Register Quarterly Update – October to December 2018 	Periodic Review.

Meeting date	Report title	Purpose of report
7 March 2019 Committee Meeting	<ul style="list-style-type: none"> Update on Preparation for CouncilMARK Assessment 	To update the Committee on the progress to date in preparing for this assessment.
	<ul style="list-style-type: none"> 2018/19 External Audit Plan 	To receive the draft New Zealand Audit Plan for the audit of the BOPRC for the year ending 30 June 2019.
	<ul style="list-style-type: none"> Internal Audit Status Update 2018/19 	To update the Committee on the status of the internal audit recommendations and management actions to 31 December 2018.
	<ul style="list-style-type: none"> Bus Contract Procurement Review 	To update the Committee on the procurement and planning approach leading to the appointment of New Zealand Bus Tauranga Ltd to provide the Western Bay of Plenty public transport services.
	<ul style="list-style-type: none"> Key Risk Register Quarterly Update – January to March 2019 	To update the Committee of our risk related information for our most significant and high profile risks, including items that would have a current risk factor of major or catastrophic in relation to the ability of Council to meet key objectives.
	<ul style="list-style-type: none"> Kopeopeo Canal Remediation Project Update 21 	To provide an update on the Kopeopeo Canal Remediation Project, highlighting progress since the last report to the Audit and Risk Committee on 28 November 2018.

***Audit and Risk Completed Work Programme
March 2017 to June 2019***

Meeting date	Report title	Purpose of report
12 June 2019 Committee Meeting	<ul style="list-style-type: none"> • Internal Audit Status Update and Proposed Internal Audit Work Plan 2019/20 to 2021/22 	To update the Committee on the status of internal audit activities as at 30 April 2019.
	<ul style="list-style-type: none"> • Review of Performance and Effectiveness of the Audit & Risk Committee 	To update the Committee on the results of the survey undertaken about the insight into the Regional Council's activities through our Audit & Risk Committee.
	<ul style="list-style-type: none"> • Setting of Rates 2019/20 	To provide the draft Council Rates Resolution and requirements to ensure statutory compliance for the setting of Rates 2019/20
	<ul style="list-style-type: none"> • Kopeopeo Canal Remediation Project Update 22 	To provide an update on the Kopeopeo Canal Remediation Project, highlighting progress since the last report to the Audit & Risk Committee on 12 June 2019.
	<ul style="list-style-type: none"> • Key Risk Register Quarterly Update – April to June 2019 	To update the Committee of our risk related information for our most significant and high profile risks, including items that would have a current risk factor of major or catastrophic in relation to the ability of Council to meet key objectives.
	<ul style="list-style-type: none"> • Treasury Strategy 	To provide an outline of the key treasury management decisions for 2019/20.
	<ul style="list-style-type: none"> • Public Transport – NZ Bus Contracting Risks 	To provide details of what steps we have taken to mitigate each of these risks and how we will continue to strengthen Council's position and reduce the three prominent risks to Council at present.



Receives Only – No Decisions

Report To: Audit and Risk Committee
Meeting Date: 12 September 2019
Report From: Fiona McTavish, Chief Executive

Chairman's Discretionary Fund 2018/19

Executive Summary

The Chairman's Discretionary Fund has been operated by the Chairman of the Regional Council for the last three trienniums. The fund was established to provide financial assistance for individuals and/or organisations to participate in events/activities that meet certain criteria.

In the 2018/19 financial year three requests totalling \$11,506.32 were accepted. The three recipients were; Whakatāne District Council for the Eastern Bay Regional Growth Leadership Project: Ministerial Visit, Aqua-Ag Limited for the Aquatic Weed Spraying at Lake Aniwanuiwa, and Tauranga City Council for the Western Bay of Plenty Assessment and Feasibility Study.

Recommendations

That the Audit and Risk Committee:

1 Receives the report, Chairman's Discretionary Fund 2018/19.

1 The Chairman's Discretionary Fund

The Chairman's Discretionary Fund has been operated by the Chairman of the Regional Council for the last three terms within parameters. The purpose of the fund is to:

1. Assist an individual to participate in an event or activity that will further their personal development in their chosen field. The Fund provides financial assistance for registration, materials, flights and accommodation to help the individual achieve their goals. This is limited to \$5,000.
2. Assist an organisation to participate in an event or activity that has an alignment with Regional Council outcomes. This is limited to \$5,000 per organisation.
3. In exceptional circumstances, determined jointly by the Chairman and Chief Executive, funding can be provided to organisations above the \$5,000 limit.

4. All funding allocated from this fund must be consistent with the sensitive expenditure policy and directly link to Council outcomes.

The budget for this Fund is held by the Chief Executive. In 2018/19 the budgeted amount was \$20,400.

2 2018/19 Chairman's Discretionary Fund Activity

	Requests Accepted	Amount
1	Whakatāne District Council - Eastern Bay Regional Growth Leadership Project: Ministerial Visit	\$4,347.83
2	Aqua-Ag Limited - Aquatic Weed Spraying at Lake Aniwaniwa	\$2,158.49
3	Tauranga City Council - Western Bay of Plenty Assessment and Feasibility Study	\$5,000
	Total	\$11,506.32

2.1 Whakatāne District Council - Eastern Bay Regional Growth Leadership Project: Ministerial Visit

On 21 August 2018, there was a Ministerial visit to the Eastern Bay of Plenty as part of the Eastern Bay Regional Growth Leadership Project. The purpose of the visit was to hear about and see potential economic growth developments and opportunities. Funding was provided in support of the Ministerial visit.

2.2 Aqua-Ag Limited - Aquatic Weed Spraying at Lake Aniwaniwa

The Lake Aniwaniwa community and lake users requested weed spraying at the recreational area of Lake Aniwaniwa. Joint funding was provided with Whakatāne District Council and Nova to have the weed spraying completed by Aqua-Ag Limited.

Funding was provided from this fund as a one-off, in recognition of the considerable effort this community has put in to clear the lake.

2.3 Tauranga City Council - Western Bay of Plenty Assessment and Feasibility Study

Tauranga City Council requested funding and support to assess the feasibility of a Western Bay of Plenty sub-regional multi-purpose stadium. Funding was provided to assist in completing the first two phases of the project, which were to complete: a needs assessment to ascertain if a stadium is needed, and a feasibility study to examine the viability of the proposal.

3 Budget Implications

3.1 Current Year Budget

This work is being undertaken within the current budget held by the Chief Executive.

3.2 Future Budget Implications

The Chairman's Discretionary Fund will continue to be included in a budget held by the Chief Executive.

4 Community Outcomes

This item directly contributes to the 'A Vibrant Region' Community Outcome in the Council's Long Term Plan 2018-2028.

Fiona McTavish
Chief Executive

15 August 2019



Receives Only – No Decisions

Report To: Audit and Risk Committee

Meeting Date: 12 September 2019

Report From: Mat Taylor, General Manager, Corporate

Local Government Official Information & Meetings Act 1987 - Annual Report for Period 1 July 2018 to 30 June 2019

Executive Summary

This report provides Council with information relating to the Local Government Official Information & Meetings Act 1987 (LGOIMA) requests for 2018/19.

There were 132 requests for official information during the period.

Council has also responded to four investigations of complaints to the Office of the Ombudsman during the period.

The Ombudsman conducted five targeted investigations of local government agencies which are summarised in this report.

Recommendations

That the Audit and Risk Committee:

- 1 Receives the report, Local Government Official Information & Meetings Act 1987 - Annual Report for Period 1 July 2018 to 30 June 2019;**

1 Background

The Local Government Official Information & Meetings Act 1987 (LGOIMA) established processes for interested parties to request and receive official information held by local government agencies.

The grounds for withholding information are limited and generally speaking any information held in documentary or written form that is not subject to privacy, confidentiality, commercial sensitivity, considered free and frank advice of officials, prejudicial to negotiations or commercial activity, or subject to legal professional privilege - can be requested under LGOIMA.

Part 2 of LGOIMA prescribes the processes, statutory timeframes and the duty to provide assistance for requests. There is an ability to charge the requester reasonable fees to cover the costs of researching, collating and providing official information.

2 Information Requests

There were a total of 132 requests processed during the 2018/19 financial year.

Statistics demonstrate an increasing number of official information requests.

FINANCIAL YEAR	NUMBER OF REQUESTS
2018 / 19	132
2017 / 18	126
2016 / 17	80
2015 / 16	67
2014 / 15	59

Table 1 - Number of Requests

The majority of information requests concerned Council's regulatory activities. Table 2 sets out the number and percentage of requests across the Groups. The table also provides the number and percent of requests where charging was imposed.

The ability to charge, when this is considered justifiable, is one tool to discourage potentially frivolous and multiple requests for information that would otherwise be a cost to ratepayers, and as a way of ensuring that third party costs incurred in collating information can be passed on to the requester.

For the 2018/19 financial year, Council has charged for 48% of our requests (i.e. 64 out of 132 requests) with total invoicing of \$26,581.77.

For the 2018/19 financial year, Council has achieved 99% compliance in meeting statutory timeframes under LGOIMA (i.e. 3 out of 132 requests were responded to after the 20 working days). This was an improvement on last year's 95% compliance rate.

	Regulatory Services	Corporate	Strategy & Science	Integrated Catchments	Total
No. requests	68	24	20	20	132
Percent of total	52%	18%	15%	15%	100%
No. requests with charging	32	8	6	18	64
Group charging percent of their requests	47%	33%	30%	90%	

Table 2 - Group Breakdown for Requests

When comparing our figures from the 2017/18 financial year, the deviations for the total percentage of official information requests were as follows - Regulatory Services up 6%; Corporate down 2.6%; Strategy & Science up 2.5%; and Integrated Catchments down 0.9%

Appendix 1 sets out the full list of LGOIMA requests and categories under each Group.

3 Office of the Ombudsman

If a requester is not satisfied with how their request has been dealt with, the person has the right to seek an investigation by the Ombudsman under section 27(3) of LGOIMA.

The Ombudsman's investigators are encouraging early resolution of a complaint through informal engagement and to avoid full-scale investigations.

We have been advised that from December 2018 the Ombudsman would begin publishing data of LGOIMA complaints received and completed every six months. This data can be found at <http://www.ombudsman.parliament.nz/resources-and-publications/oia-complaints-data>.

For the 2018/19 financial year, Council has responded to four investigations:

- This matter was reported to Council in the 2017/18 financial year. Request for information on Awatarariki Fanhead, Matatā (requested by Mrs R. Whalley). Council disclosed a substantial amount of information but withheld 35 documents on the grounds of confidence, prejudice supply of similar information, free and frank advice, and legal privilege. As a result of preliminary inquiry with the Ombudsman, Council proactively released 16 documents but maintained its withholding grounds for 19 documents. The Ombudsman's provisional opinion has recommended release of further 12 documents, 3 documents with redactions and the legal privilege withholding ground has been sustained for the remainder of the documents. We are awaiting the Ombudsman's final decision.
- Request for draft technical assessment report on Awatarariki Fanhead, Matatā (requested by Mrs R. Whalley). Council withheld the draft report on the grounds of confidence, prejudice supply of similar information, and legal privilege. The Ombudsman's provisional opinion has recommended release, but a number of circumstances have changed with additional LGOIMA withholding grounds now relevant. We are awaiting the Ombudsman's final decision.
- Request for investigation under the Ombudsman Act 1975 (i.e. general jurisdiction) on alleged illegal dumping of coal ash (requested by Mr D. Dawson). This complaint followed a number of LGOIMA requests by Mr Dawson. The matter was settled through the informal investigation process. Council clarified our regulatory handling of the issue, provided additional information to the requester and the complaint was closed by the Ombudsman.
- Request for information on bus and transport matters (requested by Mr R. Frew). There was an oversight in logging this request into Council's LGOIMA tracking system. The matter was settled through the informal investigation process. Council apologised to the requester, immediately provided the information and the complaint was closed by the Ombudsman.

Targeted Investigations of Local Government

Under section 13 of the Ombudsman Act 1975, the Ombudsman has conducted five self-initiated targeted investigations of local government agencies (i.e. Horowhenua District Council, Greater Wellington Regional Council, Tasman District Council, Far

North District Council and Auckland Council) on their LGOIMA performance during 2017/18.

The selection criteria for these investigations included having a mix of council structures and different locations, the level of resources and size of the council, the nature of complaints about any given council, and whether a council had been dealing with high-profile issues contributing to an increasing number of complaints.

The rationale for the targeted investigations aligned with principles that LGOIMA is a key accountability tool for local government, is an integral part of being a democratic and accountable organisation, the close connections with governance, community engagement and communication functions, and although LGOIMA obligations are not seen as regulatory or compliance activity – it sits at the heart of good local government practice.

Each council investigated was measured against a set of five key dimensions and indicators, including:

- Leadership and culture of the council
- Organisational structure, staffing and capability
- Internal policies, procedures and resources
- Current practices around official information and meetings
- Performance monitoring and learnings

Appendix 2 sets out a summary of the five investigations to date, LGOIMA request statistics and compliance, key findings and actions suggested by the Ombudsman for improvements.

4 Budget Implications

4.1 Current Year Budget

This work is being undertaken within the current budget for the Corporate Services Activity in Year 2 of the Long Term Plan 2018-2028.

5 Community Outcomes

This work indirectly contributes to the Community Outcomes in the Council's Long Term Plan 2018-2028.

Donna Llewellyn
In-House Legal Counsel

for General Manager, Corporate

3 September 2019

APPENDIX 1

Appendix 1 for Annual LGOIMA Report - Listing

APPENDIX 1 - LGOIMA ANNUAL REPORT

GROUP	REQUESTER NAME - SUBJECT MATTER	CATEGORY	REFERENCE
CORPORATE - 24 Requests (18% of total)	Rob Paterson - Regency House, Tauranga	Expenditure	2018-07 18-0065
	Sunday Star Times - Town halls	Expenditure	2018-07 18-0073
	Nelson City Council - All MOU's between Council & local Iwi	Policy & Processes	2018-07 18-0074
	NZ Taxpayers Union - Borrowing costs	Expenditure	2018-08 18-0081
	NZ Tax Payers Union - Provincial Growth Fund	Funding	2018-08 18-0082
	NZ Tax Payers Union - Flights and international trips	Expenditure	2018-08 18-0079
	NZ Tax Payers Union - Cost of Chairperson's vehicle	Expenditure	2018-08 18-0085
	Bay of Plenty Times - All elected members expenses for the last financial year to 30 June 2018	Councillors	2018-09 18-0088
	NZ Green Building Council - More sustainable built environment	Environment	2018-09 18-0099
	Radio NZ - Bullying complaints	Complaints	2018-11 18-0110
	NZ Tax Payers Union - Koru Club expenditure	Expenditure	2018-11 18-0114
	Tabitha Lorck - Council's koha and donations	Expenditure	2018-11 18-0119
	Fairfax Media - Spending on advertising in past five financial years	Expenditure	2019-01 19-0004
	Garrick Wright-McNaughton - 2019 Ratepayers' Report (Regional Authorities)	Funding	2019-02 19-0005
	NZ Tax Payers Union - Economic grants to Toyota NZ	Funding	2019-01 19-0002
	Genevieve Toop - Councillor's business connections	Councillors	2019-02 19-0010
	Mitchell Alexander - Total costs Christmas Party 2018 and/or festive celebrations	Expenditure	2019-03 19-0019
	Susan Muir - Rural / Urban Rates	Funding	2019-03 19-0023
	NZ Tax Payers Union - Chief Executive's remuneration	Expenditure	2019-05 19-0053
	Radio NZ - Council owned cameras (including but not limited to CCTV)	Policy & Processes	2019-05 19-0048
	NZ Tax Payers Union - Payments since October 2017 to David Cunliffe and associated businesses	Expenditure	2019-06 19-0062
	Jody O'Callaghan - Diversity	Operations	2019-06 19-0067
	Newshub - Theft in hospitals	Media	2018-10 18-0101
	Indira Stewart - Churches & religious groups located in Council's area	Operations	2019-03 19-0025
INTEGRATED CATCHMENTS - 20 Requests (15% of total)	Rayna Ledbetter (Whakatane High School Student) - Farm run-off questions	Environment	2019-06 19-0069
	Matt Francis - Uretara Stream stopbanks	Operations	2019-05 19-0050
	Kate Dillon for WMC Chambers - Inspection notes for College Road Floodwall	Policy & Processes	2019-04 19-0040
	Kate Dillon for WMC Chambers - Floodwall Situated At 54-64 College Road, Edgumbe	Policy & Processes	2019-04 19-0032
	Tim Herewini - Otara River works	Operations	2019-03 19-0026
	David Syme - Bell Road drainage clean out	Operations	2019-03 19-0027
	Kate Dillon for WMC Chambers - Matahina Dam	Operations	2019-03 19-0028
	Richard Holmes - Te Whetu Road gravel extraction	Operations	2019-03 19-0014
Richard Holmes - Browns Pit extraction	Operations	2019-03 19-0015	

	Robert Thode - Bell Road drainage	Operations	2019-03 19-0016
	Richard Holmes - Whakatane and Waimana River erosion problems	Operations	2019-03 19-0017
	Richard Holmes - Upper Waimana River	Environment	2018-11 18-0109
	Samantha White - Mitigation steps for land adjacent to Ōhau Channel, Rotorua	Environment	2019-01 19-0001
	Richard Holmes - Gravel Extraction Waimana River	Environment	2018-11 18-0112
	Richard Holmes - Gravel extraction Waimana River	Environment	2018-11 18-0113
	Richard Holmes - Extraction information Upper Waimana River	Operations	2018-11 18-0104
	David Field - Flooding in the Waiteti Stream catchment	Environment	2018-09 18-0096
	Atkins Holm Majurey - Okere control gates - Cultural Management Plan	Māori	2018-09 18-0097
	Wildland Consultants Ltd - Request for emails	Environment	2018-08 18-0086
	Omataroa Rangitaiki No2 Trust - Otipa & Matahina quarries - Extraction and sale of rock by Wilson Bros	Operations	2018-07 18-0068
REGULATORY SERVICES - 68 Requests (52% of total)	Isaac Mutu - Breach notices and prosecutions against Tegel Foods since 1960 in the Bay of Plenty Region	Prosecutions	2018-07 18-0069
	Niki Gladding - Awaiti Canal aquifer	Water	2018-07 18-0066
	Colin Job - Copy of consent decision RM17-0272 Taylor Bros Ltd	Consent	2018-07 18-0067
	Mamaku Residents Representative - Mamaku stormwater testing	Compliance	2018-07 18-0071
	Sam Olley - Documentation regarding fines issued for illegal dumping	Waste	2018-08 18-0083
	Sam Olley - Chemical spill at Oji Fibre Solutions at Tasman Millon 25 June 2018 (transfer from MfE)	Compliance	2018-08 18-0084
	Marty Sharpe - Dairy effluent prosecutions, abatement & infringements notices year ended 30 June 2018	Compliance	2018-08 18-0076
	Sharron Wooler - Upcoming application for resource consent	Consent	2018-08 18-0078
	NZME - Chemical Spill at Oji Fibre Solutions	Pollution	2018-08 18-0080
	Holland Beckett Law for Blaymires Engineering Limited - Peak Panel and Paint	Complaints	2018-09 18-0089
	The Western Ward Residents & Ratepayers Association (Inc) - Consent for subdivision at Hanlen Ave, Waihi	Consent	2018-09 18-0098
	Waste Management NZ Limited - Stormwater sampling results	Consent	2018-09 18-0092
	Nicole Fletcher - NZ Drinking Water Policy Research	Water	2018-09 18-0093
	Holland Beckett Law - Sulphur dioxide modelling reports	Compliance	2018-09 18-0094
	Gavin & Gaynor Russell - 1840 Manawahe Road	Consent	2018-11 18-0106
	Stuart Ryan for Akarana Chambers - Pond 7 - Kennedy Road at Mortlake Heights	Consent	2018-11 18-0107
	Fraser & Gillian McLean & Searle - Report for consent 65800	Compliance	2018-11 18-0108
	Overseas Investment Office (LINZ) - Consent infringements for the Kinleith Mill / Oji Fibre Solutions	Consent	2018-11 18-0120
	Amber Rakuraku-Rosieur - Opotiki Harbour Development	Consent	2018-11 18-0121
	Brendon Verhoeff - Consent application RM18-0171	Consent	2018-11 18-0122
	Rachel Whalley - WDC Plan Change 1 & BOPRC Plan Change 17 - CDEM Submission	Civil Defence	2018-12 18-0125
	Peta Berry - Chicken egg and chicken meat bird farm consent applications	Consent	2018-12 18-0126
	Renee Kiriona-Ritete - Rotorua groups prosecuted by BOPRC for pollution or non-compliance past 24 months	Pollution	2018-12 18-0127
	Holland Beckett Law for Blaymires Engineering Limited - Peak Panel and Paint	Compliance	2018-12 18-0128
	Andrew Lawler - Civil Defence Centres	Civil Defence	2018-12 18-0129

Kevin Ward - 42 Park Road consent conditions	Consent	2018-12 18-0130
Mona Oliver - Feedlots and feed pads	Consent	2018-11 18-0117
NZ Kiwifruit Growers - Consent details	Consent	2018-11 18-0118
John Mathieson Armadilla - RM 18-0019 Pyes Pa West School	Consent	2019-02 19-0006
Gillian Searle - Reports to Council for consent 65800 Schedule 7 for 2017 and 2018	Compliance	2019-02 19-0008
Oliver Moorecroft Harris Tate - 101 Aerodrome Road, Mount Maunganui	Compliance	2019-02 19-0009
Shiou-Shin Lin - Dairy farm consent compliance	Compliance	2019-03 19-0018
Chris Webster (University of Auckland) - Quarrying aggregate	Consent	2019-02 19-0011
Katikati Waihi Beach Residence & Ratepayers Assn - 44 Park Road Katikati	Consent	2019-01 19-0003
Paul Chalmers - List Of consentHolders who have an effluent discharge to water or farm water take consents	Consent	2019-03 19-0029
Niki Gladding - Discharge consent documents	Consent	2019-03 19-0030
Niki Gladding - All consens covering Antipodes and Orivida water bottling plants	Consent	2019-04 19-0031
Pia Bennett - Hauraki tribes	Māori	2019-03 19-0020
Pia Bennett - Unconsented water takes project	Water	2019-03 19-0021
Katikati Waihi Beach Ratepayers Assn - Consent RM18-0283-LC01	Consent	2019-04 19-0033
Katikati Waihi Beach Ratepayers Assn - RM16-0394-LC01 Dust Management Plan& copies of compliance audits	Compliance	2019-04 19-0034
Dr Roz Holland (SAFE for Animal) - Applications for Chicken farming operations	Consent	2019-03 19-0024
Holland Beckett Law for Blaymires Engineering Limited - Air discharge concerns	Compliance	2019-04 19-0037
Goldenlight Enterprise Limited - Resource consent 67246 compliance	Compliance	2019-04 19-0038
Goldenlight Enterprise Limited - RMA & Regional Plan & Hydrological and Hydraulic Guidelines	Compliance	2019-04 19-0039
Tompkins Wake - Resource consent RM18-0311	Consent	2019-05 19-0041
Nigel Donovan - Consented landfill sites	Consent	2019-02 19-0013
Jane Pearson - Civil Defence Emergency Mangament Gap Analysis Minute	Civil Defence	2019-05 19-0047
Tauranga Moana Fumigant Action Group (TMFAG) - Methyl Bromide recapture	Consent	2019-05 19-0043
Maria Russell - Firing and shooting ranges in Bay of Plenty Region	Compliance	2019-05 19-0044
Ngai Tai Iwi Authority - Resource consent applications	Consent	2019-05 19-0054
Maree Agnew for Owen Douglas - End of life tyres	Compliance	2019-05 19-0055
Ministry of Health - Use of the Environmental Health Officers Qualifications Regulations 1993	Operations	2019-05 19-0056
Karen Stowers - Te Tumu Kaituna 14 Trust & Te Tumu Kaituna 7B2 Trust	Consent	2019-06 19-0057
Gillian Chappell - Consents held by Ixom NZ LTD (or associated companies)	Consent	2019-06 19-0058
Holland Beckett Law for Blaymires Engineering Limited - Peak Panel and Paint Di-isocyanate Monitoring	Compliance	2019-06 19-0059
The Real New Zealand News On Facebook - Harvesting resource consents Whiti kau Forest and Whio Recovery	Consent	2019-06 19-0060
NZ Home Heating Association - Suppliers list for subsidised heating programme within Rotorua Clean Air Shed	Expenditure	2019-06 19-0061
Romae Calland - Tauranga PM10 Emission consent applications and compliance monitoring	Consent	2019-05 19-0049
Mark Armstrong - Cultural mapping	Policy & Processes	2019-06 19-0063
Mark Beech - Copies of consents and policies	Consent	2019-06 19-0064
Katikati Waihi Beach Residents & Ratepayers Assn - Breaches of consent conditions at Park Road Katikati	Compliance	2019-06 19-0070

	Emma Jones - Consent Information for proposed expansion in the Water Bottling Industry	Consent	2019-06 19-0068
	Bob Official Information - Consents for commercial water bottling	Consent	2019-05 19-0052
	Katikati Waihi Beach Residents & Ratepayers Assn - RM16-0394 Compliance Hanlen Avenue Subdivision Waihi	Compliance	2019-06 19-0066
	Ministry of Business, Innovation & Employment - Biddle C2-01986 (transfer from MBIE)	Investigations	2018-08 18-0075
	Isaac Mutu - Breach, abatement and infringement notices issued to Tegal Group Holdings Ltd	Prosecutions	2018-07 18-0064
	The Tarn Group - Building Consents	Operations	2018-10 18-0100
STRATEGY & SCIENCE - 20 Requests (15% of total)	Metro News -Smartgrowth Plan proposed Regional Airport (Paengaroa or Pyes Pā)	Transport Services	2019-06 19-0065
	Christine Taylor - Applications to the High Court under the Marine and Coastal Area (Takutai Moana) Act 2011	Environment	2019-05 19-0051
	Motiti Rohe Moana Trust - Coastal Plan	Māori	2019-05 19-0045
	Motiti Rohe Moana Trust - Council's functions & duties under section 30 RMA	Māori	2019-05 19-0046
	Nigel Haselden - Grace Avenue bus route inspection report	Transport Services	2019-05 19-0042
	Jeff Cook - RMA definition and Bay of Plenty RMA Policy and Plans	Policy & Processes	2019-04 19-0035
	Max Lewis for the Transit Group - Data for Transit Group business case funding to the Annual Plan 2019/20	Transport Services	2019-04 19-0036
	Bay of Plenty Times - Copy of signed contract BOPRC and NZ Bus	Contracts	2019-03 19-0022
	Samantha Motion for NZME - Information relating to delay of Tauranga's new electric buses	Transport Services	2019-02 19-0012
	Awatarariki Residents Incorporated - Awatarariki debris flow (transfer from WDC)	Environment	2018-11 18-0123
	Awatarariki Residents Incorporated - Awatarariki debris flow (transfer from GNS Science)	Environment	2018-12 18-0124
	Hugh Sayers - BOPRC and Motiti Litigation 2009 - 2018	Policy & Processes	2018-11 18-0105
	ANZ - Bus route information	Transport Services	2018-11 18-0115
	James Meager for Parliament - Costs incurred whilst considering a regional fuel tax	Transport Services	2018-10 18-0102
	Rachel Whalley - Plan Change 17 request for submissions	Submissions	2018-10 18-0103
	Rachel Whalley - Request for supporting documents Plan Change 17 submission process	Policy & Processes	2018-09 18-0090
	Rachel Whalley - Request for further information Plan Change 17	Policy & Processes	2018-09 18-0091
	Media Works - Communications between BOPRC & Minister of Transport - Implementing a regional fuel tax	Transport Services	2018-08 18-0077
	Rachel Whalley - BOPRC minutes & resolutions regarding Awatarariki Fanhead	Policy & Processes	2018-07 18-0072
	Graham Carter - Development of trout farming	Expenditure	2018-07 18-0070

APPENDIX 2

Appendix 2 for LGOIMA Annual Report - Investigations

APPENDIX 2 - OMBUDSMAN'S TARGETED INVESTIATIONS FOR 2017/18

Horowhenua District Council (reported June 2019)

LGOIMA Requests	141
Compliance with legislative timeframes	87.9%
27 actions suggested No formal recommendations	Decision-making authority delegated to Tier 3 Managers

- ✓ Good policies and practices – the building blocks were all there
 - ✓ Excellent technology systems and resources for size of this council
 - ✓ Live streaming of council meetings
 - ✓ Webpage for information requests
-
- Need to foster organisation wide culture and reputation for openness
 - Proactive release policy and guidance required
 - Position within Information Services function risks “silo” and divorced from governance and community engagement functions
 - Significant number of requests not treated as LGOIMA’s
 - More guidance, peer review and staff training

Greater Wellington Regional Council (reported July 2019)

LGOIMA Requests	187
Compliance with legislative timeframes	98.5%
21 actions suggested No formal recommendations	Decision-making authority delegated to Tier 2 Managers

- ✓ Maintained compliance with “impressive consistency”
 - ✓ Robust guidance documents and tracking workflow
 - ✓ High rate of timeline compliance not at expense of high quality
 - ✓ Healthy relationship between Council and Executive Management
 - ✓ Mixed model (i.e. business units assisted via Democratic Services function)
-
- Multiple, disparate systems for information management
 - Proactive release policy and guidance required
 - Website could be more prominent or intuitive
 - Review of redaction software required
 - Ensure staff receive induction and targeted training to suit roles
 - Opportunity to improve access to minutes of public excluded meetings where reasons for exclusion no longer apply
 - No statistical credit for requests not in formal LGOIMA system (i.e. media and contact centre inquiries)

APPENDIX 2 - OMBUDSMAN'S TARGETED INVESTIATIONS FOR 2017/18

Tasman District Council (reported July 2019)

LGOIMA Requests	145
Compliance with legislative timeframes	83%
21 actions suggested No formal recommendations	Not clear if decision-making practice within council's delegations register

- ✓ Positive and open culture driven by leadership, governance and operational units
 - ✓ Dedicated LGOIMA staff member beneficial
 - ✓ Adequate training for staff
 - ✓ Active monitoring by leadership team, with complex requests reviewed by Executive Advisor
- Risk averse when considering information on controversial topics
 - Key priority to address problematic record keeping and information management storage and retrieval
 - Public perception only releases information that reflects in positive light
 - Staff concerns about time and resources for dealing with LGOIMA's
 - Consider whether a complaints process might address some concerns and mitigate volume of LGOIMA requests
 - Encourage better use of notifying an extension if timeframes unlikely to be met
 - Informal requests dealt with directly by staff, not recorded in formal LGOIMA system thereby may not get statistical credit for all requests
 - A council workshop is not a formal council meeting such that decisions cannot be made in workshop forums
 - Need for review of LGOIMA delegations

Far North District Council (reported August 2019)

LGOIMA Requests	184
Compliance with legislative timeframes	97%
30 actions suggested No formal recommendations	Decision-making authority delegated to Tiers 2 and 3 Managers

- ✓ Some good practice but areas of vulnerability
 - ✓ Introduction of a reputation measure (i.e. annual residents opinion survey) seen as excellent example of transparency and accountability in practice
 - ✓ Results published on website
 - ✓ Overseen by Corporate Services function (including Governance and Legal teams)
- No council policies, no induction or targeted staff training, guidance for staff insufficient
 - Lack of visibility of senior leadership and culture that promotes good practices
 - Big challenges given remote location, size of district, diverse communities, small ratepayers base, resourcing challenges and high staff turnover in recent years

APPENDIX 2 - OMBUDSMAN'S TARGETED INVESTIATIONS FOR 2017/18

- Website for official information needs to be more helpful and easier to locate
- Concerns about extent to which elected members are involved in operational matters
- LGOIMA requests dependent on one individual (Legal Services officer) which is vulnerability
- More staff could be trained and delegated
- Improve reporting to senior leadership to improve awareness and help inform proactive release of information

Auckland Council (reported August 2019)

LGOIMA Requests	960
Compliance with legislative timeframes	90%
29 actions suggested No formal recommendations	Decision-making authority delegated to Tiers 2, 3 and 4 Managers

- ✓ Strong culture of openness, led by the Chief Executive, who demonstrates a commitment to LGOIMA and transparency more generally
 - ✓ Proactive release and publication of information such as transparency reports, restatement of items heard in public excluded meetings, LGOIMA responses, resident survey results and performance measures
 - ✓ Suite of useful LGOIMA resources to guide staff
 - ✓ One-on-one LGOIMA training to staff as needed, formal training course on Governance Fundamentals, targeted training for the Communications team
 - ✓ Recent introduction of an e-learning module on information management that will be mandatory for new staff
 - ✓ Good working relationship between Council staff and elected members
 - ✓ Dedicated group of Councillor Support Advisors that elected members approach directly for administrative support, research and advice – which facilitates productive relationships between different arms of council
 - ✓ Excellent initiative developing a protocol for elected members' access to council information
 - ✓ Partly centralised model for requests – team of Privacy Act and LGOIMA specialist “business partners” who work with liaisons in designated portfolio groups
 - ✓ Pleasing to see that material produced by LGNZ, DIA and Office of the Ombudsman are monitored and distributed to relevant staff
- Opportunities to improve council's website and location for LGOIMA material
 - Potential vulnerability in system where a business unit lacks a designated liaison or the liaison is unable to respond to business partner in timely manner (i.e. competing with business as usual)
 - Different information systems across the organisation may lead to risks in document retrieval
 - Council's LGOIMA Review Group – to avoid any perception of political interference, ensure the group does not include a representative from the Mayor's Office
 - Current policy of withholding names of officials considered “incidental” to a request, need to amend guidelines to clarify all information (including staff names) will be released, unless good reason under LGOIMA to withhold the information
 - Council needs to finalise its protocol for managing requests involving CCO's
 - May benefit from improving its record of the LGOIMA decision-making process
 - Media and Customer Services teams responding to straightforward requests, must ensure that such requests are handled in accordance with LGOIMA



Receives Only – No Decisions

Report To: Audit and Risk Committee

Meeting Date: 12 September 2019

Report From: Mat Taylor, General Manager, Corporate

Annual Report on Legal Services & Legislative Compliance

Executive Summary

The Legal Services Annual Report & Legislative Compliance reports details another successful year for our in-house legal services and key legal attendance for the 2018/19 financial year.

The report formally reports on Regional Council's legislative compliance during the year and provides an update on the legislative compliance framework.

Recommendations

That the Audit and Risk Committee:

- 1 Receives the report, Annual Report on Legal Services & Legislative Compliance;**

1 Background

Following the report Internal Audit Status Update and Proposed Internal Audit Work Plan 2017/18 to 2019/20 – and in response to its recommendations, Regional Council has established in-house legal services.

Our first In-House Legal Counsel (Donna Llewellyn) was appointed in August 2016 with an additional Solicitor (Jessica Easton) appointed in March 2018.

This report summarises key legal work and augmentation of in-house legal services; formally reports on Council's legislative compliance for the 2018/19 financial year; and provides an update on a legislative compliance framework.

2 In-House Legal Services

The second appointment to the legal team has diversified our in-house legal services by the addition of legal skills and senior experience in commercial matters, contractual disputes, liability and risk, governance, health and safety, employment, privacy and official information.

This legal skill set has been critically felt this financial year in that we have been able to deal with and substantially deliver in-house legal advice and support for the NZ Bus contractual dispute and related transport issues since December 2018 (and ongoing). Overall, 78% of legal instructions for our In-House Solicitor has been commercial, property and corporate related matters this year.

During this financial year it is estimated that the time spent on providing in-house legal services to the organisation has an equivalent value of approximately \$1.8 million, if such legal advice had have been sourced from external legal providers.

There has been a growing involvement of in-house legal in matters of high organisational risk and for legal input into strategic matters. The legal team has continued to proficiently deliver legal services for the organisation, including building organisation skills and capacity. Key legal attendance has included:

- Providing legal advice across all Council groups and functions;
- Providing legal advice and support direct to Chief Executive and Leadership Team for significant organisational matters (i.e. Ngongotahā Flood Review, Rangitāiki Floodway Bifurcation Project resource consent hearing, NZ Bus dispute, Biosecurity - Mediterranean Fanworm, Kaituna River Closure, Breach of Code of Conduct, Gravel Investigation and Awatarariki Fanhead, Matatā Proposed Plan Changes).
- Providing legal advice and support to Councillors as requested, including direct advice in attending Council, various Committee and Co-Governance meetings;
- Participating in the Enforcement Decision Group – where decisions are taken regarding regulatory compliance problems;
- Review approximately 10-15% of complex LGOIMA responses, managing four investigations undertaken by the Office of the Ombudsman and managing one complaint to the Human Rights Commission;
- Ongoing property work post-Edgecumbe Flood and Kaituna Wetlands Acquisition Agreement;
- Attendances for a number of litigation risk matters and proceedings on behalf of Regional Council (including mediation and settlement of a District Court civil proceeding);
- Peer review of legal submissions presented on behalf of Regional Council for Environment Court, District Court, High Court and Court of Appeal proceedings;
- Running weekly drop-in sessions across all office sites so that legal considerations for activities and staff become embedded in our work;
- Providing training to staff on specific areas of legislation and delivering *legal seminars* as follows:
 - Legal and public duties of an officer of Council for new staff induction training;
 - Civil Defence Emergency Management Act 2002 – Legal framework 101 for Lifelines Groups, Joint Committee and a Controllers' workshop;
 - Legal requirements of consultation for Community Engagement team;

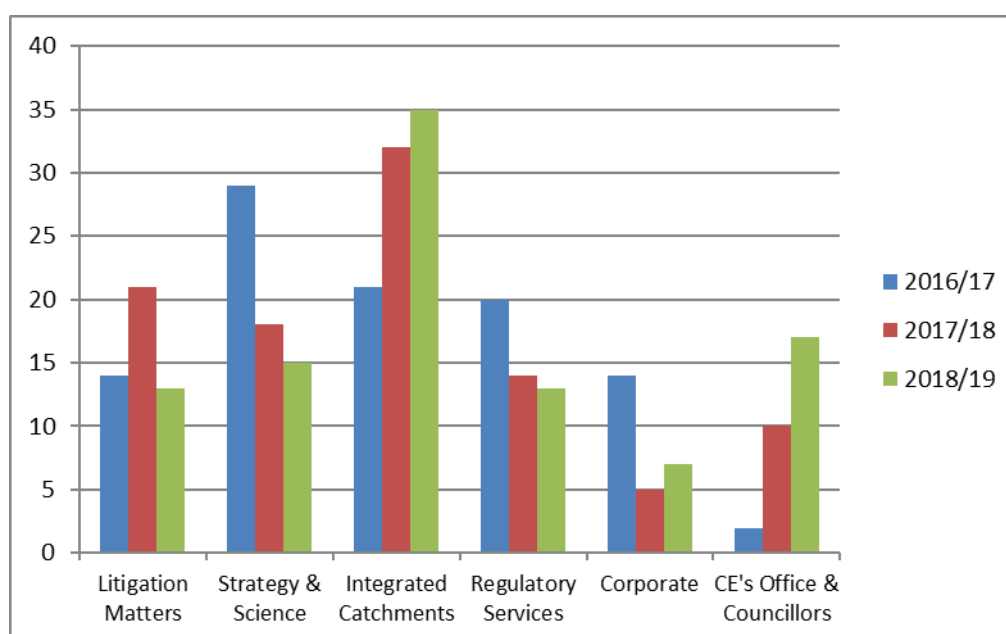
- Employment legislative update for People & Capability team.
- Encumbrances: legislative update and how to make them effective for Integrated Catchments team.
- In conjunction with Cooney Lees Morgan - Expert Witness Training for 29 staff members who may be required to provide expert evidence in Courts;
- Reflections on 2018 RMA case outcomes involving Counsel; and
- Presentation at the inaugural SOLGM Co-Governance Forum.

The range of external providers continued to expand this year in recognition of acquiring the best legal skills for the issue and competitive pricing. Our key external legal provider remains Cooney Lees Morgan with their focus on resource management (including a number of Environment Court appeals) and regulatory compliance matters. The legal team has developed relationships with some new external firms and is providing direct assistance for staff for instructing and engaging external legal providers for greater efficiencies.

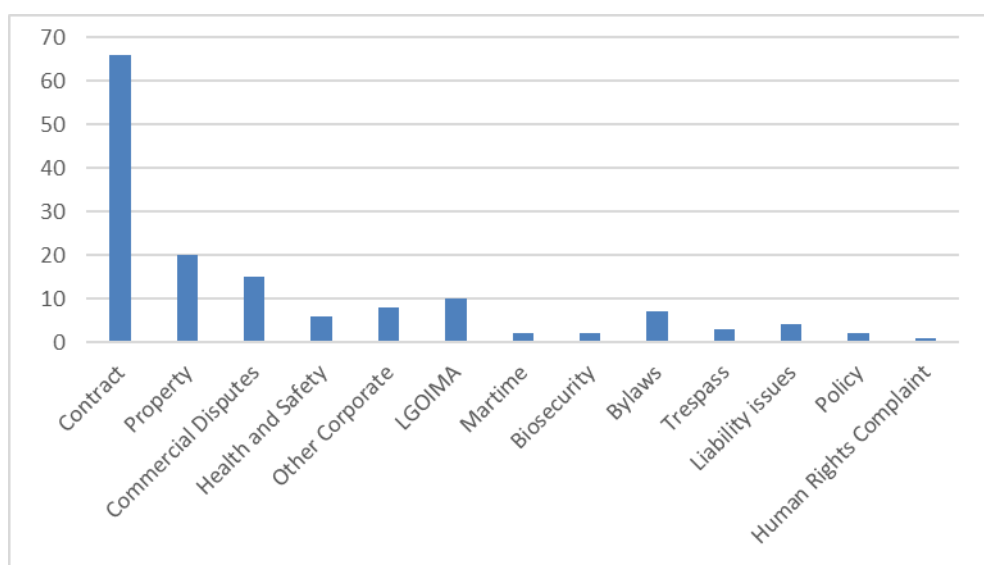
The organisation's Fit for Purpose changes in 2018 recognised the opportunity to further build the resources of in-house legal services with a view to expanding its remit to include some work currently outsourced. In particular, building our in-house legal team for RMA legal advice and support for plan changes, pending water management areas, resource consents, mediation / litigation, enforcement and contribute towards pending RMA legislative reform.

Comparative analysis and scoping for this RMA legal role is underway, including learning from the experience of a central government agency which is currently recruiting 6 or more RMA solicitors to its legal team.

Percentage of In-House Legal Counsel Attendance by Group



Nature of Instructions for In-House Solicitor



3 Legislative Compliance

Legislative compliance in the context of formal reporting concerns any matter for which Regional Council has been wanting in its legal obligations and duties which might result in a formal investigation, enforcement or prosecution of the organisation.

There is a second tier of legislative obligations related to our statutory duties, administrative process with timeframes (i.e. such as RMA regional policy and plans, consents, enforcement, LGOIMA requests, and Local Government Act 2002 strategic planning processes and ratings).

These matters have already been and will continue to be separately reported to Council by the responsible General Manager. By way of example, there are the quarterly Regulatory Compliance reports to Council and the Annual LGOIMA report for the 2018/19 financial year is also presented to Audit & Risk Committee in the current meeting.

During the 2018/19 financial year, there have been no reported concerns on compliance or breaches of legislative obligations for Council. This is an improvement on last financial year where one breach had been reported. Legislative compliance is also regularly monitored and will be reported as part of Council's audit requirements.

4 Legislative Compliance Framework

Work continues in adopting a legislative compliance framework and we have included the expertise of our internal risk and assurance team to assist.

Following the practice and approach of a number of central and local government agencies, including a number of regional councils – we have been engaging with and now reviewing information technology security requirements and proposal to introduce a software solution known as “ComplyWith”.

In-House Legal Counsel attended an “unplugged” users’ workshop for learnings and comparative analysis of how this legislative compliance software works in practice.

The key features of ComplyWith as a legal compliance management tool used to identify and monitor an organisation's legal compliance risk include:

- **Mapping responsibilities** – based on interviews with staff, legislative obligations are mapped to the most appropriate role/s within the organisation;
- **Identify legal risk** – staff to regularly complete an online compliance survey, enabling them to proactively identify legal risks and issues;
- **Tracking unresolved risks** – the correction actions functions allow organisations to monitor risks, set actions plans, and send reminders about unresolved risks;
- **Comprehensive Coverage** – comprehensive legal content which is fit for purpose and attuned to organisation's business gives clarity about what is required under all the Acts and regulations that apply to the organisation;
- **Reporting** – high-level overview infographics and summaries the key issues for legislative compliance for reporting to governance and management, with options for more detailed reports when required; and
- **Up-to-date** – ComplyWith compliments and keeps the business on top of legal changes with up-to-date content maintained by a team of skilled legal content developers.

The legal team has also had the benefit of a 2-month free pilot of the "ComplyWatch" tool which provides up to date notifications with summary, explanation, history and web linkages to all legislation and key parliamentary processes and events of relevance to the business of Regional Council.

The intent over the next few months is to undertake the fit for purpose build of the package for Council drawing on the framework utilised by other regional councils. The proposal is to first bring the legislative compliance obligations of the Corporate Group as the pilot Group for this year. This will also serve as championing the framework with introduction of the remaining three operational groups of the Council into the system and operating before the end of the 2019/20 financial year.

5 Budget Implications

5.1 Current Year Budget

This work is being undertaken within the current budget for the Corporate Group Activity in the Annual Plan 2019/20.

5.2 Future Budget Implications

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

6 Community Outcomes

This project directly contributes to Community Outcomes in the Council's Long Term Plan 2018-2028.

Donna Llewellyn
In-House Legal Counsel

for General Manager, Corporate

4 September 2019



Receives Only – No Decisions

Report To: Audit and Risk Committee

Meeting Date: 12 September 2019

Report From: Mat Taylor, General Manager, Corporate

Internal Audit Status Update and Annual Report

Executive Summary

This report provides an update on the status of internal audit activities as at 31 July 2019 and includes:

- The Internal Audit Annual Report for the year from 1 July 2018 to 30 June 2019 (Appendix 1);
- The status of internal audit reviews in the current year;
- The status of follow up of internal audit recommendations and management actions to 30 June 2019;
- Executive Summaries for two internal audits, Rates and Procurement/Contract Management, completed since the last update in June (Appendices 2 and 3).

Recommendations

That the Audit and Risk Committee:

- 1 Receives the report, Internal Audit Status Update and Annual Report;**
- 2 Notes that it has received and reviewed the Internal Audit Annual Report for the 2018/19 financial year (Appendix 1).**
- 3 Notes that it has received the executive summary of two completed internal audit reviews – Rates (Appendix 2) and Procurement/Contract Management (Appendix 3).**

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 Internal Audit Annual Report for the year from 1 July 2018 to 30 June 2019 (Appendix 1);
- The status of internal audit reviews in the current year;
- The status of follow up of internal audit recommendations and management actions to 30 June 2019;
- Executive Summaries for two internal audits, Rates and Procurement/Contract Management, completed since the last update in June (Appendices 2 and 3).

2 Internal Audit Annual Report 2018/19

The Internal Audit Annual Report 2018/19 (included in appendix 1) is based on the results of the work performed as set out in the Internal Audit Work plan 2018/19, approved by the Audit and Risk Committee.

2.1 Summary of internal audit reviews

A total of seven internal audit reviews were completed during the financial year ending 30 June 2019 and reported to the Audit and Risk Committee as follows:

- Sensitive Expenditure
- Maritime Disaster Preparedness;
- Civil Defence Response Capability;
- Asset Management Planning;
- Procurement;
- Contract Management;
- Rates.

An eighth review, Budgeting and Monitoring, on the 2018/19 work plan, was in progress at 30 June 2019 and is currently at its reporting phase, and has been transferred to the 2019/20 work program.

The final reviews, Fraud Risk Assessment, was scoped by the external provider, KPMG and on the basis of scope it was determined that more value would be obtained by including in the Policy Framework Review in the 2019/20 Audit Plan, and

Performance Management was scoped but not progressed as it duplicated the assurance provided by the external auditor and provided no additional value.

3 Internal Audit Work Plan 2018/19 and 2019/20 Status

On 12 June 2019, the Audit and Risk Committee approved the Internal Audit Work Plan for the three years to 2022, including the detailed internal audit work plan for 2019/20.

The following table summarises the status of internal audit reviews for 2019/20.

Review	Field work	GM Sponsor	Status	Status of Internal Audit				
				Planning /Scope	Fieldwork	Draft Report	Mgmt Actions	Final Report
Budgeting and Monitoring	BOPRC	Corporate	In Progress	Complete	Complete	In Progress		
Conflict of interest management	BOPRC	Regulatory Services	In Progress	Complete	In Progress			
Accela Invoicing	KPMG	Regulatory Services	In Progress	In Progress				
Gravel Extraction Process	BOPRC	Corporate	In Progress	In Progress				
Health and Safety – Critical Risk Identification	BOPRC	Corporate	In Progress	In Progress				
Policy Framework	KPMG	Regulatory Services						
Fixed asset security and records	BOPRC	Corporate						
ICT security	KPMG	Corporate						
Hapu / Iwi Identification in RMA Process	BOPRC	Corporate						

4 Internal Audit Follow Up

Internal Audit has reviewed all open management actions as part of the follow up work in the 2018/19 Work Plan. At the start of the quarter (1 April 2019) there were 53 open management actions.

During the quarter 11 new actions were added, and three actions were closed. The total of actions open as at 30 June 2019 is 61, the majority of these relate to Grants (sixteen), Asset Management (fourteen), Procurement/Contract Management (seven), Health and Safety (nine) and Legislative Compliance (nine).

Actions relating to Grants (sixteen), Legislative Compliance Framework (nine) and Health and Safety (nine), that have been previously been reported as overdue have been given revised due dates as the projects have been incorporated into the

Continuous Improvement team project plan, within the Risk and Assurance Team to ensure progress in meeting these actions.

Of the open actions 5 are past their current due date.

5 Completed Internal Audit Reviews

Since the Audit and Risk Committee meeting in June 2019, BOPRC Internal Audit team has completed the Rates and Procurement/Contract Management reviews.

Rates Review

The overall objective of this Internal Audit was to assess the adequacy and effectiveness of BOPRC processes and controls in place to mitigate key risks in relation to setting and collection of Rates.

The Executive Summary for this review has been included as Appendix 1.

The review result was rated 'Adequate' under the current rating scale:

Rating	Definition
Adequate	Adequate level of controls, however some control weaknesses were identified
Developing	Control weaknesses were identified which if not addressed, could result in the future in the audited business processes not achieving their control objectives
Not Adequate	Existing controls are considered inadequate and ineffective. Significant improvements are required

In addition to the rating we identified good practices and processes within the Rates process, particularly:

- The strong working relationship between the key contact in BOPRC and with a number of the TA's.
- The staff carrying out the general and targeted rates function including, updating the rating model, checking reconciliations and accounting treatment, are very knowledgeable in the subject.
- There is a robust process around setting of rates, including an external legal review carried out annually.

Procurement and Contract Management Review

The overall objective of this Internal Audit was to assess the adequacy and effectiveness of BOPRC processes and controls in place to mitigate key risks in relation to Procurement and Contract Management.

The Executive Summary for this review has been included as Appendix 2.

The review result was rated 'Developing' under the current rating scale.

The overall rating reflects that a comprehensive, formal and documented end-to-end procurement framework that was recommended in the 2014/15 'Not Adequate' rated internal audit has been implemented and is in line with OAG and best practice, however the embedding and adherence with the framework varies across the Council.

We noted that the procurement team has been pro-active in identifying areas for improvement, including entering into a continuous improvement program with Local Government New Zealand, called The 'Procuring for Impact - LEAP Program', a program specifically designed for local government to help achieve procurement excellence for Community Outcomes. The desired outcomes for the program includes a refresh of the procurement strategy, develop effective dashboards, and review and improve templates, which will address a number of recommendations identified in the review.

We also noted a new Procure-to-Pay system was being rolled out at the time of our reporting which will also address a number of recommendations.

In addition to the rating we identified good practices and processes within the Procurement and Contract Management functions, particularly:

- The improvements the organisation has made since the 'not adequate' rated review in 2014/15;
- In teams such as Rivers and Drainage and Engineering, there was good understanding of the whole process, and overall each phase was well executed;
- Majority of staff spoken with had a genuine interest to improve, and procure in the right way and ensure value for money is achieved, which will result in the best outcome

The Internal Audit Charter set 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, which have been incorporated into the internal audit reports.

6 Council's Accountability Framework

6.1 Community Outcomes

This work directly contributes to the Regional Collaboration & Leadership Community Outcome in the Council's Long Term Plan 2018-2028.

6.2 Long Term Plan Alignment

This work is planned under the Governance Services activity in the Long Term Plan and Annual Plan 2019/20.

Current Budget Implications

This work is being undertaken within the current budget for the Internal Audit Activity in the Annual Plan 2019/20 or Year 2 of the Long Term Plan 2018-28.

Future Budget Implications

Future work on Internal Audit activities is provided for in Council's Long Term Plan 2018-28. The Long Term Plan 2018-28 contains budget for delivery of the co-sourced Internal Audit Work Plan. This includes staff resources and provision for external resource for specialist reviews.

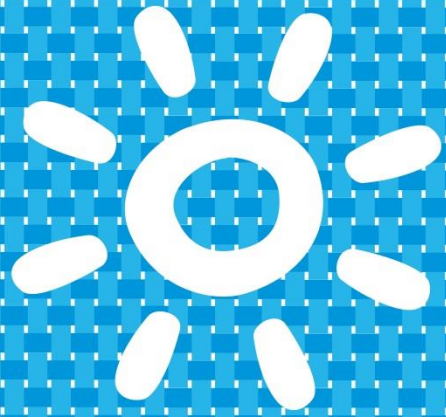
Steven Slack
Risk & Assurance Manager

for General Manager, Corporate

5 September 2019

APPENDIX 1

Internal Audit Annual Report 2018-2019



Internal Audit Annual Report

for the financial year 1 July 2018 to 30 June 2019

This document is for review and approval by: Audit and Risk Committee, September 2019

Confidential to the Council and Leadership Team

Contents

Executive summary	3
Background	3
Scope	3
Conclusion	3
Summary of Internal Audit Work	3
Management Actions Status	4
Acknowledgement	5
Completed Audit Reviews during 2018/19	6
Follow-up work conducted	12
Appendix 1 – Summary of audit reviews with open management actions as at 30 June 2019	14
Appendix 2 – Summary of completed audit reviews with all or remaining management actions closed in 2018/19	15
Appendix 3 – Internal Audit Ratings	16

Executive summary

Background

The purpose of this report is to present the internal audit work carried out during the 2018/19 year, including the results of internal audit reviews on Bay of Plenty Regional Council's (the Council) systems of internal control and the status of recommendations arising from the Internal Audit reviews.

The reviews were undertaken by Internal Audit and Council's internal audit provider, KPMG, as part of the co-sourced audit model.

Internal Audit aims to:

- Provide independent assurance to the Chief Executive and Council (including the Audit and Risk Committee) that the Council's financial and operational controls are operating in an efficient, effective, economical and ethical manner.
- Assist management in improving business performance by identifying opportunities and enhance value across a range of activities within the Council.

Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Council's response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the Council's objectives.

Scope

This report is based on the results of the work performed against the 2018/19 Internal Audit Work Plan, approved by the Audit and Risk Committee and subsequent amendments that were approved by the Chief Executive and the Audit and Risk Committee.

A risk based approach was used to assess the internal audit needs of the Council. The Internal Audit Work Plan for the year ending 2018/19 was developed with input from Leadership Team, the former Chief Executive, and there was oversight from the external auditor, Audit New Zealand.

Conclusion

Summary of Internal Audit Work

A total of six internal audit reviews were completed during the financial year ending 30 June 2019. There was resource change during the year, as the Principal Internal Auditor assumed a new role as Risk and Assurance Manager, resulting in less on the ground time to complete reviews.

There were changes to the work plan during the year, these include:

- Combining the Procurement review and Contracts Management review into one, this was mainly for efficiency reasons;
- Removing the Performance Management review, due to assessing there would be minimal value-add to completing this as the External Auditors complete a review over this area;
- Delaying the Budgeting Monitoring review to 2019/20, the scoping, planning, and initial fieldwork began at the end of quarter 4 2018/19, however substantial amount of work will need to be carried into 2019/20.
- Fraud Risk assessment was to be carried out by KPMG and to ensure maximum value for money has been combined in the Policy Framework Review on the 2019/20 internal audit plan

The table below provides an overview of the status of reviews scheduled for the year:

Internal Audit Review		Completed by	Overall rating	Recommendations	Action Status
1	Sensitive Expenditure	BOPRC	Developing	9	Ongoing
2	Asset Management Planning	KPMG	Developing	16	Ongoing
3	Civil Defence – Key Risk	BOPRC	Adequate	Opportunities only	Complete
4	Marine Disaster Preparedness – Key Risk	BOPRC	Adequate	1	Complete
5	Procurement	BOPRC	Developing	8	Ongoing
6	Contracts Management				
7	Rates	BOPRC	Adequate	3	Ongoing
8	Budgeting and Monitoring	BOPRC	Delayed – Internal Audit team resource changes		
9	Fraud Risk Assessment	KPMG	Incorporated into 2019/20 Policy Framework Review		
10	Performance Management	BOPRC	Removed – avoid duplication with External auditors		

Management Actions Status

A focus during the year was ensuring progress of implementation of earlier agreed management actions. A number of actions address continuous improvement issues rather than control weaknesses, therefore have a longer implementation time. The business has made continual progress against these long term actions, particularly in the Legislative Compliance and Grants areas.

Three reviews having all remaining management actions implemented. A total of 24 management actions had been addressed during the year.

Many of the continuous improvement actions, particularly relating to the Legislative Compliance and Health & Safety reviews, originally had short completion dates for the nature of the actions. During the year Internal Audit has worked with the business to set more realistic timeframes and target dates.

An overview of each review in regards to status of actions is provided in Appendices One and Two.

A reconciliation of open and closed actions over the year is provided in the table below.

Review	Year in review	Rating	Open – Beginning of year	Raised during the year	Closed during the year	Open – End of year	Overdue actions
Legislative Compliance Framework	2014/15	Developing	9	-	-	9	-
Accela Phase One	2016/17	Developing	4	-	4	-	-
Payroll	2017/18	Adequate	1	-	-	1	1
Health and Safety	2017/18	Developing	10	-	1	9	-
Grants	2017/18	Developing	16	-	-	16	-
Sensitive Expenditure	2017/18	Developing	-	17	13	4	4
Asset Management Planning	2018/19	Developing	-	16	2	14	-
Civil Defence	2018/19	Adequate	-	-	-	-	-
Marine Disaster Preparedness	2018/19	Adequate	-	1	1	-	-
Procurement & Contracts Management	2018/19	Developing	-	8	1	7	-
Rates	2018/19	Adequate	-	3	2	1	-
		Total	40	45	24	61	5

Acknowledgement

Internal Audit would like to take this opportunity to thank management and staff for their co-operation and assistance during the reviews. The level of engagement with staff has continued to be very responsive and constructive throughout the year.

Completed Audit Reviews during 2018/19

This section outlines a summary for each of the six internal audit reviews completed during the year.

Review One: Sensitive Expenditure

Field work	Review sponsor	Audit rating	Number of Recommendations			
			High	Moderate	Low	Total
BOPRC	GM Corporate	Developing	-	6	3	9

Objective

The review assessed the adequacy and effectiveness of processes and controls in place to mitigate key risks in relation to sensitive expenditure.

Out of Scope

The review did not include sensitive expenditure relating to Elected Members, and the relevant policy as this policy had not changed and Elected Members sensitive expenditure is reviewed annually by the external auditors.

Key Findings, Impacts and Management Actions

The rating was based on the existence and adherence to the sensitive expenditure policies and business processes, and the appropriateness of these.

There were nine findings, and 17 supporting management actions for implementation, the review identified certain inconsistencies and inadequacies in the suite of policies and processes, and insufficient formal training, messaging, monitoring and compliance reporting in relation to sensitive expenditure. The impacts of these findings are:

- Increase risk of errors and of the occurrence of unacceptable practices and poor transfer of knowledge among staff;
- Increase the risk that non-compliance is not identified or reported appropriately and this may lead to inadequate responses and remedial actions

This review was reported to the Audit and Risk Committee on 11 September 2018.

Management actions implemented	Management actions open
<p>76% (13 of 17) of management actions were implemented prior to year-end. These are summarised as follows:</p> <ul style="list-style-type: none"> • Relevant policies and business processes have been updated, including clearer linkages, and communication to staff about updates; • Clearer ownership of travel function has been effectively established. 	<p>24% (4 of 17) of management actions are open as at year-end. They are summarised as follows:</p> <ul style="list-style-type: none"> • Delivery of periodic financial management training and updating induction process to and incorporate sensitive expenditure;

Review Two: Asset Management Planning

Field work	Review sponsor	Audit rating	Number of recommendations				Total
			High	Moderate	Low	Other	
KPMG	GM Corporate	Developing	-	16	-	-	14

Objective

The overall objective was to assess the adequacy and effectiveness of BOPRC's framework to manage and monitor key assets and its maturity. The framework was assessed against best practice guidelines including IIMM Guidelines for Asset Management Maturity, and ISO 55000.

Out of Scope

The review did not include a detailed assessment of the robustness or implementation of the individual asset management plans.

Key Findings, Recommendations and Management Actions

Overall it was determined that there was significant work undertaken by teams, such as Rivers and Drainage, to establish a solid foundation for good asset management planning. However as a result of a legacy bottom-up approach to Asset Management there were controls deficiencies identified.

There were five risk areas identified, with 16 supporting management actions for implementation. The findings are:

- Asset Management Leadership: Establish an active group level leadership to create the appropriate conditions for well-defined and fully embedded asset management.
- Strategic level Asset Management Plan (SAMP): Establish a single, BOPRC wide, strategic level SAMP to sit above the portfolio level AMPs.
- Develop consistent level of service statements and / or performance measures which connect well with BOPRC's corporate objectives.
- Improve the clarity of decision making processes and evidence details of trade-off in risk, cost and level of service in investment decisions.
- Reporting, Risk and Review: Improve communication of asset risks from portfolio to group level.

This review was reported to the Audit and Risk Committee on 7 March 2019.

Management actions implemented	Management actions open
12% (2 of 16) of management actions were implemented as at year-end. These were around confirmation of risk based approach in scope for a work stream.	88% (14 of 16) of management actions were outstanding as at year end. Majority being due in the 2019/20 year alongside updating the Asset Management Plans.

Review Three: Civil Defence

Field work	Review sponsor	Audit rating	Number of Recommendations			
			High	Moderate	Low	Total
BOPRC	GM Regulatory Compliance	Adequate	-	-	-	-

Objective

The overall objective of this Internal Audit was to assess the adequacy and effectiveness of processes and controls in place to mitigate key risks in relation to Civil Defence Response Capability. The review focused on the procedures carried out by BOPRC and the CDEM function.

Overview

The overall rating is based on our assessment that the mitigating actions with respect to the risk were in place and operating effectively.

Key Strengths

Within the CDEM function we identified good practices and controls operating effectively including:

- A thorough tracking spreadsheet that is updated regularly,
- Comprehensive reporting against KPI's,
- An openness of staff to provide their knowledge and time to contribute to the review

Key Findings, Recommendations and Management Actions

There were zero key findings; however opportunities for implementation and management to consider were raised in the report. These were:

- All staff have an induction with ICT when they join BOPRC, that this induction include the setting up of the RealMe Login so as that the training can be accessed immediately by new staff.
- That Civil Defence information, including training opportunities, is communicated more regularly in by the Communications team through tools such as The Daily Email.

This review was reported to the Audit and Risk Committee on 7 March 2019.

Management actions implemented	Management actions open
N/A	N/A

Review Four: Maritime Disaster Preparedness

Field work	Review sponsor	Audit rating	Number of Recommendations			
			High	Moderate	Low	Total
BOPRC	GM Regulatory Compliance	Adequate	-	-	1	1

Objective

The objective of this review was to gain reasonable assurance that the Council's key risk register accurately reflected the organisations mitigating actions in relation to Maritime disaster preparedness, and that those mitigating actions were operating effectively.

Overview

Based on the results of the review we rated the robustness of the process for current mitigating actions relating to the Maritime disaster preparedness risk as adequate. The rating is based on our assessment that the mitigating actions in the Council's March 2018 key risk register in relation to maritime disaster preparedness are largely in place as reported to the Audit and Risk Committee and we gained reasonable assurance from the processes we reviewed, that the mitigating actions were effective in reducing the inherent risk scores.

Key Findings, Recommendations and Management Actions

During the course of the review the key risk register was amended and this risk was combined with other emergency related risks, and then subsequently removed from the key risk register. The recommendation raised therefore required no direct action, however consideration for future risks. The finding raised was:

- Incorrect classification between current and future actions could result in an incorrect assessment of the residual risk or may result in resources not being allocated for future actions that have been recorded as already in place.

This review was reported to the Audit and Risk Committee 28 November 2018.

Management actions implemented	Management actions open
<p>100% of actions were implemented during the year.</p> <p>A proactive approach during in the quarterly review will take place going forward. Managers have ultimate decision in classification.</p>	Nil

Review Five: Procurement and Contracts Management

Field work	Review sponsor	Audit rating	Number of Recommendations			
			High	Moderate	Low	Total
BOPRC	GM Corporate	Developing	2	4	2	8

Objective

The overall objective of this review was to provide an assessment of and assurance that:

- The management control framework that supports procurement activities is appropriate, complete and effective;
- Procurement activities comply with applicable policies, procedures, trade agreements, laws and regulations;
- Value for money is considered throughout the procurement process.

Specifically the review included:

- Reviewing procurement processes and identifying controls;
- Assessing the effectiveness of key controls identified and compliance to policies and procedures;
- Providing recommendations for improvement where opportunities are identified.
- Assessing the procurement maturity of the Council.

Key Findings, Recommendations and Management Actions

The overall rating reflects that a comprehensive, formal and documented end-to-end procurement framework that was recommended in the 2014/15 internal audit has been implemented and is in line with OAG and best practice. However the adherence with the framework varies across the Council, we noted parts of the process that can be carried out in a more robust way, or amendments to the process to ensure staff are following the framework as intended.

There were 8 key findings, supported by 8 management actions for implementation. A summary of the findings are:

- More robust risk assessments and appropriate involvement of legal is required, along with a contract lawyer or team be engaged to assist with writing and reviewing of contracts.
- Contract numbers on purchase orders and invoices are be required, as well as implementing an effective contract register.
- Evaluation of suppliers, including due diligence, needs to be better documented, along with effective performance tracking.

This review was reported to the Audit and Risk Committee 12 September 2019.

Management actions implemented	Management actions open
12% (1 of 8) of actions were implemented during the year. Contract numbers are now a required to be used for purchase orders and invoices for better tracking of contract spend.	88% (7 of 8) of actions were open at year end. This review was completed close to year end therefore the expectation was to have majority open. All actions are expected to be closed by end of 2020 financial year.

Review Six: Rates

Field work	Review sponsor	Audit rating	Number of Recommendations			
			High	Moderate	Low	Total
BOPRC	GM Corporate	Adequate	-	-	3	3

Objective

The overall objective of this Internal Audit was to assess the adequacy and effectiveness of BOPRC processes and controls in place to mitigate key risks in relation to setting and collection of Rates.

Specifically the review included:

- Understanding the Rating processes and identifying key risks and controls in the processes;
- Considering the adequacy of design, and testing the operating effectiveness, of key controls in the processes and ensuring compliance to relevant policies and procedures;
- Providing recommendations for improvement where opportunities and efficiencies are identified.

Out of Scope

This review will not include the rates revenue collection processes undertaken by the relevant Territorial Authorities (TA).

Key Findings, Recommendations and Management Actions

The overall rating reflects that the system was found to be operating as expected, with no significant control gaps, however reliance on Territorial Authorities accuracy is high.

There were three key findings and supporting management actions for implementation. A summary of the findings are:

- Reliance is on one key person, and a spreadsheet rates model, for the rates function and there is a need for at least one other person be trained and peer review.
- Secondary review needs to be ensured, and automation of minor rating schemes may create efficiencies.

This review was reported to the Audit and Risk Committee 12 September 2019.

Management actions implemented	Management actions open
<p>67% (2 of 3) of actions have been implemented as at year end.</p> <p>Staff are aware of the importance of secondary reviews, changes to rating processes will be reassessed after the National wide Northland Council led review of rate collection is completed in 2020.</p>	<p>33% (1 of 3) actions remain open. There are no actions overdue.</p> <p>A staff member with Rating knowledge returned from extended leave, as well as training a newly appointed accountant.</p> <p>We expect the remaining action to be implemented by the end of 2018/19.</p>

Follow-up work conducted

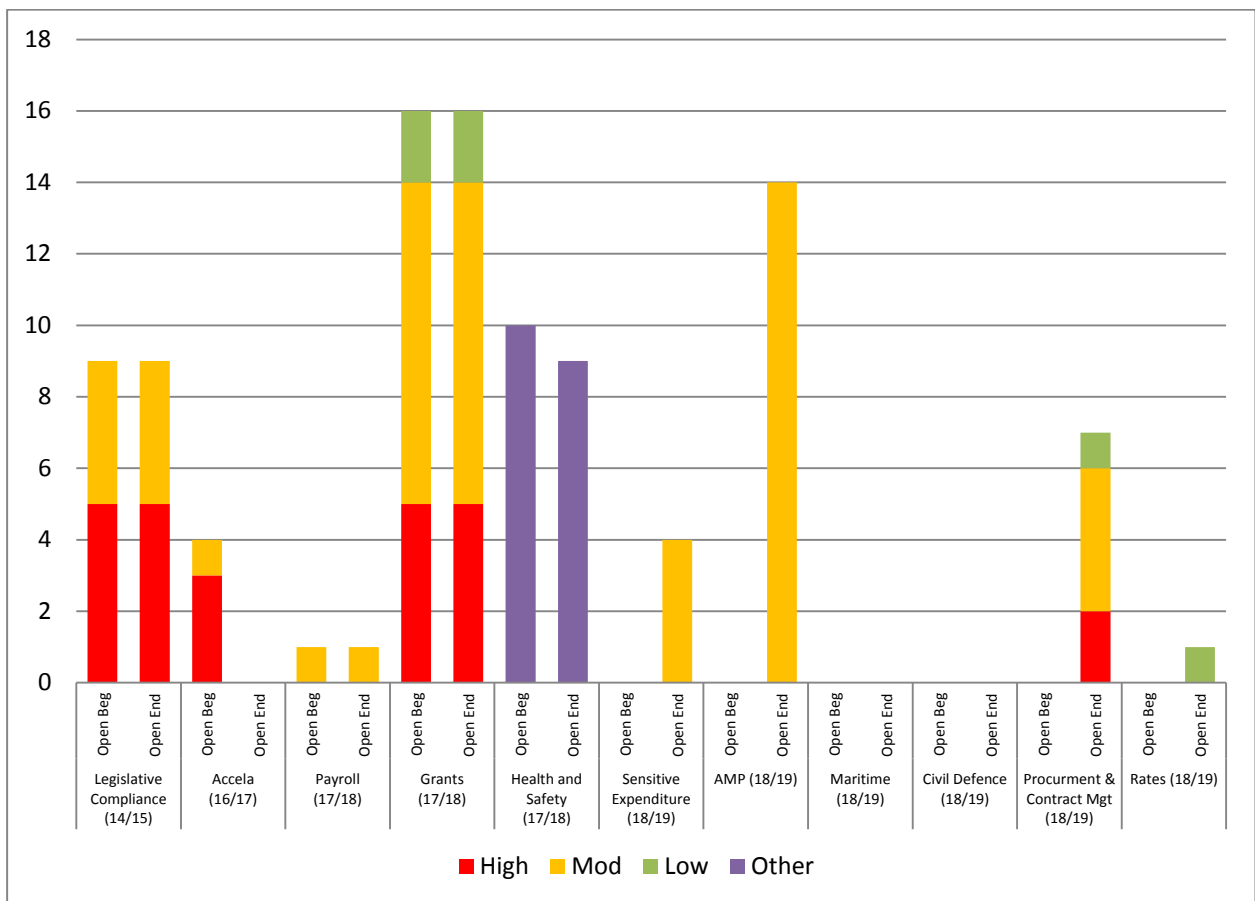
Introduction

Within the Internal Audit Work Plan 2018/19, a number of days were assigned for following up recommendations raised in all reviews, in order to assess whether agreed actions had been implemented. Leads for management actions were contacted at each quarter to obtain status updates on their relevant action(s).

Results of follow-up work

A total of 85 actions (40 carried forward plus 45 new through the year) were open to be addressed through the year. The relevant Leads have been able to adequately demonstrate 24 of these were addressed throughout the year. A large portion of the open actions relate to large scale framework or continuous improvement projects, rather than quick fix control breakdowns. Three reviews had all remaining actions closed during the year, being Accela Phase One, Civil Defence, and Maritime.

A snapshot of movement in open actions, from beginning of the year to the end of the year, categorised per review and risk rating, is shown in the chart below.



Summary

Adequate progress has been made by the business during the year in addressing outstanding actions and progressing work streams to address the bigger and long term pieces of work. Further work is required, and the business needs to maintain momentum, to ensure the remaining overdue actions are implemented in 2019/20.

Internal Audit will continue to formally review the issues tracker as part of the follow up work for the approved Internal Audit Work Plan 2019/20.

Appendix 1 – Summary of audit reviews with open management actions as at 30 June 2019

Audit review	Report date	Review sponsor	Objectives	Conclusion
1 Legislative Compliance Framework	2014/15	GM – Corporate	Assessed whether the Regional Council has effective processes in place to ensure compliance with relevant legislation.	Development of the Legislative Compliance Framework is in progress, with timeframes being realigned. We expect material progress to be made during the coming year, with a Compliance system currently being trialed.
2 Health and Safety	2017/18	GM – Corporate	Assessed Councils progress against the 2016 Preparedness report, and evaluated how Council is performing against National Work Safe standards.	Council's progress was assessed as consistent with the time that has elapsed since the 2016 Preparedness Report was first received, the resources that have been allocated, and the complexity of the recommendations in the report. A work program has been developed and is progressing to address the recommendations and enhance the framework.
3 Payroll	2017/18	GM – Corporate	Assessed the adequacy and effectiveness of the processes and controls in place to mitigate key risks. Focused on ensuring there was a robust process carried out in the Holiday Pay corrections.	Minimal improvements were required from this review, with the final action being the update of the delegation manual which is a Council wide project. Improvements have been made to segregation of duties of back up staff, and formally documenting the robust process Council went through in determining the Holiday Pay corrections.
4 Grants	2017/18	GM – Integrated Catchments	Assessed the adequacy and effectiveness of the processes and controls in place to mitigate key risks in relation to the grants awarded and administered by the Integrated Catchments team.	Improvements identified were around the processes involved, and the current environment where a new system is not fully embedded, or utilised, resulting in poor data integrity, monitoring and reporting. A 'Pause and rethink' project has been underway, identifying the business needs and how Accela can better work for ICM, integrating GIS and Technology One. The project is scheduled to be completed by December 2019.
5 Sensitive Expenditure	2017/18	GM – Corporate	Assessed the adequacy and effectiveness of processes and controls in place to mitigate key risks in relation to sensitive expenditure.	Significant improvements were noted from the previous review, with recommendations focused on ensuring consistent messaging and training to embed good practice.
6 Asset Management	2018/19	GM – Corporate	Assessed the adequacy and effectiveness of BOPRC's framework to manage and monitor key assets and its maturity. The framework was assessed against best practice guidelines including IIMM Guidelines for Asset Management Maturity, and ISO 55000.	Determined that there was significant work undertaken by teams, such as Rivers and Drainage, to establish a solid foundation for good asset management planning. However as a result of a legacy bottom-up approach to Asset Management there were controls deficiencies identified. Areas of improvement included Asset management leadership, strategic level asset management planning, and clarity of decision making processes. Expect all actions to be implemented during 2019/20.
7 Procurement/Contract Management	2018/19	GM – Corporate	Assessed the adequacy and effectiveness of the management control framework that supports procurement activities ensuring that it is appropriate, complete and effective. The framework was assessed against applicable	Determined that significant progress had been made from the 'Not Adequate' rating in the 2014/15 internal audit which reflects that a comprehensive, formal and documented end-to-end procurement framework that was recommended has been implemented and is in line with OAG and best practice. However the adherence with the framework varies across the Council, we noted parts of the process that can be

policies, procedures, trade agreements, laws and regulations and considered value for money in the procurement process.

carried out in a more robust way, or amendments to the process to ensure staff are following the framework as intended.

8	Rates	2018/19	GM – Corporate	The overall objective of this Internal Audit was to assess the adequacy and effectiveness of BOPRC processes and controls in place to mitigate key risks in relation to setting and collection of Rates.	Minor recommendations relating to emphasising control
---	-------	---------	----------------	--	---

Appendix 2 – Summary of completed audit reviews with all or remaining management actions closed in 2018/19

Audit review	Report date	Review sponsor	Objectives	Conclusion
1 Accela – Phase 1	2016/17	GM – Regulatory Services	Assessed the design and operating effectiveness of key related processes and controls in the new system and any improvement opportunities.	Improvements were identified to enhance and strengthen current processes in oversight and monitoring, recording time and results, statutory notifications, and segregation of duties. Implementation is largely covered by improved reporting functionality, which is mainly in the testing stage. Some of the improvements have been to increase the online presence for customers; the implementation of this is dependent on the Council wide website upgrade.
2 Civil Defence	2018/19	GM – Regulatory Services	The overall objective of this Internal Audit was to assess the adequacy and effectiveness of processes and controls in place to mitigate key risks in relation to Civil Defence Response Capability.	Our assessment was that that the mitigating actions with respect to the risk were in place and operating effectively.
3 Maritime	2018/19	GM – Regulatory Services	The objective of this review was to gain reasonable assurance that the Councils key risk register accurately reflected the organisations mitigating actions in relation to Maritime disaster preparedness, and that those mitigating actions were operating effectively.	Based on the results of the review we rated the robustness of the process for current mitigating actions relating to the Maritime disaster preparedness risk as adequate with one recommendation implemented.

Appendix 3 – Internal Audit Ratings

Audit rating

The overall audit ratings are defined as follows:

Rating	Definition
Adequate	Adequate level of controls, however some control weaknesses were identified.
Developing	Control weaknesses were identified which if not addressed, could result in the future in the audited business processes not achieving their control objectives.
Not Adequate	Existing controls are considered inadequate and ineffective. Significant improvements are required.

Rating Scale

The individual findings set out the weaknesses Internal Audit has identified, its risk effect and Internal Audit's recommended corrective actions.

Each finding included in the reports has been ranked on the basis of the risk that Internal Audit perceives each exposes the Regional Council to. This report adopts the following scale for this purpose:

Rating	Definition
High	These findings may have a significant adverse impact. Requires management's resolution as a matter of urgency.
Moderate	These findings may expose the Regional Council to some risk but are not considered significant. Requires management's resolution as soon as possible.
Low	These findings are of limited risk to the Regional Council and should be addressed as part of continuous improvement or are risks identified for which management is taking appropriate action to mitigate.
Other	These findings relate to process improvement or potential inefficiency. They are included for management information purposes only.

APPENDIX 2

Executive Summary - Rates

Executive Summary - Rates

Background

We have completed an internal audit review of Rates, as per the 2018/19 Internal Audit Work Plan. Bay of Plenty Regional Council (BOPRC) received \$39mil of rates revenue for the 2017/18 year. This is derived from general and targeted rates from 127,505 rating units as at 30 June 2018.

BOPRC has statutory powers under the Local Government (Rating) Act 2002 which includes the determination and assessment of rates however has no power to delegate these functions to other councils, which has been highlighted by the recent case in Northland.

BOPRC collects and administers rates for minor rivers and drainage schemes targeted rates, and Clean-heat conversion targeted rates. All other rates are collected and administered by Territorial Authorities (TA), on behalf of BOPRC. The TA's are Tauranga City Council, and the following District Councils: Kawerau, Opotiki, Rotorua (Lakes), Taupo, Whakatane, and Western Bay of Plenty. There are a number of risks for BORPC associated with TA's collecting and administering rates on their behalf.

As a result of the Northland and Kaipara case, a review led by Northland Regional Council is being undertaken to assess the effectiveness of alternative rate collection models for regional councils. While the review to-date has been slow moving, there is a business case for the special interest group to consider, recommending funding be approved to progress the review. We expect it will be at least 18 months before outcomes of the review are reported. The outcome of the review may influence any changes to the current TA collection model, and may influence any decision management make in regards to opportunities we have raised in this report.

Objective and Scope

The overall objective of this Internal Audit was to assess the adequacy and effectiveness of BOPRC processes and controls in place to mitigate key risks in relation to setting and collection of Rates.

Specifically the review included:

- Understanding the Rating processes and identifying key risks and controls in the processes;
- Considering the adequacy of design, and testing the operating effectiveness, of key controls in the processes and ensuring compliance to relevant policies and procedures;
- Providing recommendations for improvement where opportunities and efficiencies are identified.

Out of Scope

This review will not include the rates revenue collection processes undertaken by the relevant Territorial Authorities (TA).

Overall Rating

Based on the results of the review, we have rated the control environment relating to Rates as Adequate. This is the highest rating that can be achieved; refer to Appendix 1 for definition of ratings.

Overall Rating	Adequate
-----------------------	-----------------

The overall rating reflects that the system was found to be operating as expected, with no significant control gaps, however reliance on Territorial Authorities accuracy is high.

Key Strengths

Within the rating process we identified key strengths including:

- The strong working relationship between the key contact in BOPRC and with a number of the TA's.
- The staff carrying out the general and targeted rates function including, updating the rating model, checking reconciliations and accounting treatment, are very knowledgeable in the subject.
- There is a robust process around setting of rates, including an external legal review carried out annually.

Overview of Findings

During the review a total of three findings were raised, and discussed at the close out meeting. These have been allocated a Low risk rating.

The table below provides a high-level overview of findings raised, their risk rating, and implementation date. Relevant management actions have been identified for all findings and are detailed in the following section of this report.

#	Audit Finding	Recommendations	Risk Rating	Target Date
1	Clean Heat secondary review	Ensure the review and signing control is emphasised to staff.	Low	Complete
2	Key Person and model risk	Ensure at least one other staff member can carry out a peer review, and perform the rates function when required.	Low	February 2020
3	Manual Adjustment of Minor Rivers & Drainage invoices	Implement a secondary review of invoices, if practicable.	Low	Complete

Opportunities

During our review we identified two opportunities, in relation to reviewing commission paid to TA's, and efficiencies with self-collecting rates. These do not relate to significant deficiencies or issues with controls therefore have not been included as a rated recommendation.

Acknowledgement

We would like to thank the Accounting Team Leader, and other finance staff, for their cooperation during the course of the audit.

APPENDIX 3

Executive Summary - Procurement and Contract Management

Executive Summary – Procurement & Contract Management

Background

The Bay of Plenty Regional Council (BOPRC) spends in excess of \$100 million annually in the provision of services with a significant proportion delivered by external suppliers. Procurement activities have a significant impact on service delivery outcomes and value for money, therefore it is essential for BOPRC that procurement is properly planned and effectively executed.

Procurement guidance for public entities in New Zealand is published by the Office of the Auditor General (OAG) and the OAG expect a public entity's procurement policies and procedures to compare favorably with their guidelines.

We have completed an internal audit review of Procurement and Contract Management as per the 2018/19 Internal Audit Work Plan. The purpose of this review was to ensure the recommendations from the 2014/15 Internal Audit (rated Not Adequate), are embedded throughout the organisation and controls in the procurement and contract management process are operating effectively.

Objective and Scope

The overall objective of this review was to provide an assessment of and assurance that:

- The management control framework that supports procurement activities is appropriate, complete and effective;
- Procurement activities comply with applicable policies, procedures, trade agreements, laws and regulations;
- Value for money is considered throughout the procurement process.

Specifically the review included:

- Reviewing procurement processes and identifying controls;
- Assessing the effectiveness of key controls identified and compliance to policies and procedures;
- Providing recommendations for improvement where opportunities are identified.
- Assessing the procurement maturity of the Council.

Key Strengths

During the review we acknowledge some teams are more versed in procurement than others, and there are areas of the organisation that are carrying out effective procurement. Areas of strength we noted included:

- The improvements the organisation has made since the 'not adequate' rated review in 2014/15;
- In teams such as Rivers and Drainage and Engineering, there was good understanding of the whole process, and overall each phase was well executed;
- Majority of staff spoken with had a genuine interest to improve, and procure in the right way and ensure value for money is achieved, which will result in the best outcome for the community.
- Although not a required field, some teams included the contract number on purchase orders and invoices increasing the ability to track spend against particular contracts.

Overall Rating

Based on the results of the review, we have rated the control environment relating to Procurement and Contract Management as Developing.

Overall Rating	Developing
----------------	------------

The overall rating reflects that a comprehensive, formal and documented end-to-end procurement framework that was recommended in the 2014/15 internal audit has been implemented and is in line with OAG and best practice. However the adherence with the framework varies across the Council, we noted parts of the process that can be carried out in a more robust way, or amendments to the process to ensure staff are following the framework as intended.

We acknowledge the procurement team is pro-active in identifying areas for improvement, including entering into a continuous improvement program with Local Government New Zealand, called The 'Procuring for Impact - LEAP Program', a program specifically designed for local government to help achieve procurement excellence for Community Outcomes. The desired outcomes for the program includes a refresh of the procurement strategy, develop effective dashboards, and review and improve templates.

In addition a new Procure-to-Pay system was being rolled out at the time of our reporting which will address a number of recommendations identified in this report.

Value for money

The extent value for money is considered varies across the organization, in some instances it appears the lowest price is the value determination in a contract being awarded, with other instances value for money is more broadly interpreted.

Good examples included the Engineering team sourcing their own materials at a cheaper BORPC rate, and engaging the contractor to just perform the works.

The current panels are providing value for money, where preferred suppliers for the service type are pre-selected, saving time from staff going through full tender process for every service. We received positive comments from staff about the benefits of having panels in place.

Opportunities

During our review of procurement we identified three opportunities; these were around clarification in the procurement manual, Health and Safety check of SHE approved contractors, and contractor onboarding.

These are areas where we believe efficiencies or improved processes can be achieved. These do not relate to significant deficiencies or issues with controls therefore have not been included as a rated recommendation.

Overview of Findings

During the review a total of eight findings were raised and discussed at the close out meeting. The ratings of these findings are: two High, four Moderate and two Low. Many of the findings require implementation from teams across the organisation; ensuring staff are carrying out the procurement and contracts management processes effectively.

The table below provides a high-level overview of findings raised, their risk rating, and implementation dates. Relevant management actions have been identified for all findings and are detailed in the following section of this report.

	Audit Finding	Recommendations	Rating	Date
1	Enhancement of documented risk assessments required.	Carry out training for staff on how to undertake robust risk assessments.	High	31/10/19
2	Legal to be consistently involved at the appropriate step in the procurement process.	Ensure process includes assessment as to whether legal review of contracts is required. Engage a contract lawyer to review and assist with writing of templates, and contracts.	High	31/10/19
3	Appropriate authority to be applied and controls followed.	Reiterate to staff the importance of following controls, delegated authority limits, and variation limits.	Mod	31/10/19
4	Evaluation of suppliers, including due diligence, to be better documented.	Carry out training with staff to ensure appropriate due diligence is carried out and considered in the process.	Mod	31/10/19
5	Review by budget holder to be made explicit.	Review and update the procurement process to ensure budget holders are considered.	Mod	31/10/19
6	Effective organisational contract database to be used.	Introduce a contract database the whole organisation can use.	Mod	30/06/20
7	Include contract numbers on purchase orders to easily identify related payments.	Ensure the contract number is a required field for purchase orders and invoices.	Low	Complete
8	Effectively track performance of suppliers.	Increase awareness, and carry out training to ensure staff are completing, and utilising the performance scorecards.	Low	31/10/19

Acknowledgement

We would like to thank the Procurement team, and staff across the organisation for their cooperation during the course of the review.

