

Minutes of the Audit and Risk Committee Meeting held in Mauao Rooms, Bay of Plenty Regional Council Building, 87 First Avenue, Tauranga on Tuesday, 19 December 2017 commencing at 9.30 a.m.

Present:

Chairman: J Cronin

Deputy Chairman: D Love

Councillors: S Crosby, A von Dadelszen

Ex Officio: Chairman D Leeder

In Attendance: Councillor J Nees, M Macleod (Chief Executive), M Taylor (General Manager Corporate Performance), C Ingle (General Manager Integrated Catchments), E Grogan (General Manager Regulatory Services), S Hey (Manager Chief Executive's Office), A Dixon (Management Accountant Team Leader), A Chappell (Property Manager), I Morton (Strategy & Science Manager), S Slack (Principal Internal Auditor), C Gordon (Internal Auditor), B Love (Contractor Project Manager for Kopeopeo Canal), R Garrett (Committee Advisor), J Durham (Committee Advisor).

External presenters: B Halford and A Labuschagne, Audit New Zealand.

Apologies: A Tahana, B Robertson

1 Apologies

Resolved

That the Audit and Risk Committee:

- 1 Accepts the apologies tendered from Councillor Tahana and appointed member B Robertson.**

**Cronin/von Dadelszen
CARRIED**

2 Public Forum

Nil

3 Acceptance of Late Items

Nil

4 General Business

Nil

5 Declaration of conflicts of interest

Councillor Love noted his membership of the Ōpōtiki District Council Audit and Risk Committee.

6 Previous Minutes

6.1 Audit and Risk Committee minutes - 19 September 2017

Resolved

That the Audit and Risk Committee:

- 1 Confirms the minutes of the Audit and Risk Committee meeting held 19 September 2017 as a true and correct record;
- 2 Removes the apology recorded from P Thompson as Councillor Thompson is not a member of the Audit and Risk Committee.

Leeder/Crosby
CARRIED

7 Reports

7.1 Committee Chairperson's Report

General Manager Corporate Performance Mat Taylor updated members on Audit and Risk Committee activities, and noted that Council's delegation to the Committee for monitoring implementation of the Cullen Report on the Rangitāiki River Scheme review recommendations had now been incorporated into the Committee's work programme.

Resolved

That the Audit and Risk Committee:

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

Cronin/von Dadelszen
CARRIED

7.2 Audit Engagement Letter: Audit of the consultation document and Long-Term Plan for the period commencing 1 July 2018

General Manager Corporate Performance Mat Taylor introduced external auditors Ben Halford and Anton Labuschagne from Audit New Zealand (Audit NZ). Mr Halford outlined the terms and scope of the Audit NZ audit of the consultation document and the Long Term Plan for the period commencing 1 July 2018, noted the anticipated costs and timeframe and highlighted three key Audit NZ areas of focus: infrastructure strategy and its alignment with financial strategy; assumptions; and quality of asset

related forecasting information. Mr Halford noted that there were also various Regional Council specific matters to be included in the audit, including passenger transport, revenue and finance policy, emergency management funding and third party infrastructure funding.

Attendance

Chairman Leeder left the meeting at 9.40 am and rejoined at 9.45 am.

In response to a member's question, Mr Halford clarified that the public transport specific area of interest would be reviewed both on underlying assumptions used as well as delivery. It was noted that much of the passenger transport area is reliant on the actions of the territorial authorities.

Resolved

That the Audit and Risk Committee:

- 1 Receives the report, Audit Engagement Letter: Audit of the consultation document and Long-Term Plan for the period commencing 1 July 2018.**

**Cronin/Love
CARRIED**

7.3 External Audit Management Report for the year ended 30 June 2017

General Manager Corporate Performance Mat Taylor presented the Audit New Zealand Management Report for the year ended 30 June 2017 to members to receive, and drew members' attention to no report recommendations being classified as urgent or beneficial and that the three necessary recommendations had been or would be actioned.

External auditor Mr Halford outlined the main areas audited and the key findings of the report, and noted the co-operation and assistance of Council staff during the audit process. Mr Halford clarified for members that only one instance of concern regarding documentation around sensitive expenditure was found during sample testing of the process.

Resolved

That the Audit and Risk Committee:

- 1 Receives the report, External Audit Management Report for the year ended 30 June 2017;**

**Cronin/Love
CARRIED**

7.4 Kopeopeo Canal Remediation Project Update 16

General Manager Integrated Catchments Chris Ingle updated members on progress with the Kopeopeo Canal Remediation project. Mr Ingle noted current key risks included: unforeseen operating costs; the ongoing high level of public emotion associated with a contaminated site and the demands this placed on project staff; site

flood management in an adverse weather event and possible further migration west of contaminated sediment.

Mr Ingle clarified for members that, while the level of public interest around the project seemed reasonably high, it was mainly created by a small number of complaints; and the associated risk was related to the management effort required from key staff.

Members discussed risks associated with possible flood scenarios and available mitigation actions. A robust flood management plan was in place for the project, with the risk of overtopping at various levels of flood event considered; and it was noted that dioxin was not water-soluble and only migrates if attached to sediment; therefore any overflow water from the site would be contaminant-free.

Resolved

That the Audit and Risk Committee:

- 1 Receives the report, Kopeopeo Canal Remediation Project Update 16**

**Leeder/von Dadelszen
CARRIED**

7.5 Internal Audit Status Update 2017/18

Attendance

Chairman Leeder left the meeting at 10.05 am and returned at 10.10 am.

Manager Chief Executive's Office Shelley Hey, Principal Internal Auditor Steve Slack and Internal Auditor Claire Gordon updated members regarding progress made on the Internal Audit 2017/18 work programme. Mr Slack outlined the status of current internal audit reviews and internal audit recommendations and advised that two reviews had been completed over the last three months, reviews to take place in quarters three and four had been scoped, and that audit report recommendations were being actively managed with regular meetings being held with action-holding managers. Mr Slack noted that the internal audit team was regularly providing real time assurance advice to the Chief Executive in addition to their regular work programme; and advised members that Council's internal audit function was advanced compared to other councils, based on a recent internal audit insight session held by KPMG for Bay of Plenty councils.

Resolved

That the Audit and Risk Committee:

- 1 Receives the report, Internal Audit Status Update 2017/18;**
- 2 Notes that it has received the executive summary of two completed internal audit reviews - Accounts Receivables (confidential Appendix 1) and Payroll (confidential Appendix 2).**

**Cronin/Love
CARRIED**

8 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
8.1 Public Excluded Audit and Risk Committee minutes - 19 September 2017	Good reason for withholding exists under Section 48(1)(a).	To prevent the disclosure or use of official information for improper gain or improper advantage.
8.2 Confidential Appendix 1 - Internal Audit Executive Summary - Accounts Receivable	Good reason for withholding exists under Section 48(1)(a).	To prevent the disclosure or use of official information for improper gain or improper advantage.
8.3 Confidential Appendix 2 - Internal Audit Executive Summary - Payroll	Good reason for withholding exists under Section 48(1)(a).	To prevent the disclosure or use of official information for improper gain or improper advantage.
8.4 Quarterly Key Risk Register Update - October to December 2017	Good reason for withholding exists under Section 48(1)(a).	To maintain legal professional privilege.

Cronin/Crosby
CARRIED

9 Continuation of Agenda Item 7.4: Kopeopeo Canal Remediation Project Update 16

Refer PowerPoint Objective ID: A2776661

Kopeopeo Canal Project Manager Brendon Love provided a further update on progress with the remediation project. Mr Love responded to members' questions raised in the earlier discussion around Agenda Item 7.4, and clarified that the key issue for project flood management was containment of contaminant-bound sediment within the retention basin. Mr Love explained the various controls in place for differing rainfalls and noted that three different flood scenarios had been modelled, of which only the most severe involved any risk of overtopping. Project flood management was designed not to allow any floodwaters in or out of the project site.

Mr Love also advised that Phase 1 was scheduled for completion in September/October 2018; that a project open day was scheduled for early February 2018 with Councillor tours and a possible Ministerial visit; and that the Kopeopeo

Extension West funding deed had been signed by Council and the Ministry for the Environment.

Resolved

That the Audit and Risk Committee:

- 1 Receives the further verbal report and presentation on the Kopeopeo Canal Remediation Project.**

**Cronin/Love
CARRIED**

The Chair thanked members and staff for the year's work and wished them well for Christmas and the holiday season.

The meeting closed at 11.15 am.