

Minutes of the Audit and Risk Committee Meeting held in Mauao Rooms, Bay of Plenty Regional Council Building, 87 First Avenue, Tauranga on Thursday, 2 March 2017 commencing at 9.30 a.m.

Present:

Chairman: J Cronin

Deputy Chairman: D Love

Councillors: S Crosby, A von Dadelszen

Ex Officio: Chairman D Leeder

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

Apologies: Councillor A Tahana, Mr Bruce Robertson

1 Declaration of conflicts of interest

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

2 Audit and Risk Committee minutes - 26 September 2016

Resolved

That the Audit and Risk Committee under its delegated authority:

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

**Cronin/Love
CARRIED**

3 **Committee Chairperson's Report**

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

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

Resolved

That the Audit and Risk Committee under its delegated authority:

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

**Cronin/Love
CARRIED**

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

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

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

Resolved

That the Audit and Risk Committee under its delegated authority:

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

**Von Dadelszen/Cronin
CARRIED**

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

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

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

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

Resolved

That the Audit and Risk Committee under its delegated authority:

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

**von Dadelszen/Cronin
CARRIED**

Recommends to Regional Council:

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

**Crosby/von Dadelszen
CARRIED**

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

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

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

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

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

Resolved

That the Audit and Risk Committee under its delegated authority:

- 1 Receives the report, External Audit: Management Report for the Year ended 30 June 2016;**

- 2 Notes the action being undertaken by staff to address recommendations in the report**

**Cronin/Love
CARRIED**

7 Internal Audit Status Update

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

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

Resolved

That the Audit and Risk Committee under its delegated authority:

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

**Love/Crosby
CARRIED**

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

**Cronin/von Dadelszen
CARRIED**

8 Public Excluded Section

Resolution to exclude the public

THAT the public be excluded from the following parts of the proceedings of this meeting.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

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

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

von Dadelszen/Love
CARRIED

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