

Audit and Risk Committee

NOTICE IS GIVEN

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

Tuesday, 11 September 2018 commencing at 9.30 am.

Fiona McTavish
Chief Executive
4 September 2018



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 2018** **15**
- 8 Reports**
- 8.1 Committee Chairperson's Report** **25**
 - APPENDIX 1 - Audit and Risk Work Programme September 2018 to June 2019 27
 - APPENDIX 2 - Audit and Risk Completed Work Programme June 2017 to June 2018 31
- 8.2 Chairman's Discretionary Fund 2017/18** **37**

8.3 External Audit: Final Management Report on the audit of the Long Term Plan 2018-2028 Consultation Document	41
APPENDIX 1 - Audit New Zealand - Final Management Report on the Audit of the BOPRC Long Term Plan 1 July 2018 to 30 June 2028 (AMS)	45
8.4 Under Separate Cover: 2017/18 Draft Annual Report Review	
Please note this report and supporting documents will follow under separate cover and will be provided electronically via Stellar Library and the website.	
SUPPORTING DOCUMENT 1 - Draft Annual Report Summary for the year ending 30 June 2018	
SUPPORTING DOCUMENT 2 - Draft Annual Report for the year ending 30 June 2018	
8.5 Rangitāiki River Scheme Review (April 2017 Flood Event): Implementation update	53
APPENDIX 1 - Cross reference of progress by recommendation, as at August 2018	61
8.6 Production Forestry Debris Mobilisation Risk for the Bay of Plenty	69
APPENDIX 1 - Production Forestry Debris Mobilisation Risk Template 2018	75
PRESENTATION - Production Forestry Debris Mobilisation Risk Presentation	79
8.7 Transport Activities Risks	81
APPENDIX 1 - Bus Patronage and Transport Planning Risks	87
8.8 Internal Audit Status Update	91
9 Public Excluded Section	95

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 2018	Please refer to the relevant clause in the meeting minutes	Good reason for withholding exists under Section 48(1)(a)
9.2 Internal Audit Annual Report 2017/18 and Review Update	To prevent improper gain or advantage	Good reason for withholding exists under Section 48(1)(a)

9.3 Kopeopeo Canal Remediation Project Update 19	To protect the commercial position of an individual	Good reason for withholding exists under Section 48(1)(a)
9.4 Key Risk Register Quarterly Update - June 2018 to September 2018	To protect measures that may prevent or mitigate material loss	Good reason for withholding exists under Section 48(1)(a)

9.1 Public Excluded Audit and Risk Committee Minutes - 12 June 2018	97
9.2 Internal Audit Annual Report 2017/18 and Review Update	103
APPENDIX 1 - Internal Audit Annual Report 2017-2018	107
APPENDIX 2 - Internal Audit - Grants Review	127
APPENDIX 3 - Internal Audit - Sensitive Expenditure Review	133
9.3 Kopeopeo Canal Remediation Project Update 19	139
APPENDIX 1 - Kopeopeo Risk Register - 10 most recently added risks 2018-08-15	147
APPENDIX 2 - Kopeopeo Dredging Issues Register 2018-08-15	151
9.4 Key Risk Register Quarterly Update - June 2018 to September 2018	155
APPENDIX 1 - Key Risk Register - September 2018	163
APPENDIX 2 - Key Risk Register - September 2018 - Heat Map Residual Score	199
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 Tuesday, 12 June 2018 commencing at 10.30 a.m.

Present:

Chairman: J Cronin

Deputy Chairman: D Love

Councillors: A Tahana, S Crosby, A von Dadelszen

Ex Officio: Chairman D Leeder

Appointees: B Robertson

In Attendance: Councillor K Winters, M Macleod (Chief Executive), M Taylor (General Manager Corporate Performance), C Ingle (General Manager, Integrated Catchments), S Omundsen (Acting General Manager, Regulatory), J Graham (General Manager, Corporate Solutions), N Poutasi (Acting General Manager, Strategy and Science), E Grogan (Principal Regulatory Advisor), S Hey (Manager, Chief Executive's Office), A Chappell (Property Manager), D Hyland (Finance and Corporate Planning Manager), N Newman (Principal Advisor), S Slack (Principal Internal Auditor), C Gordon (Internal Auditor), A Dixon (Management Accountant Team Leader), G Howard (Corporate Planning Lead), B Love (Contractor Project Manager for Kopeopeo Canal), C Woods (Health and Safety Manager), D Coughlan (Contract Accountant), M Pansegrouw (Committee Advisor).

Attendance in part: Audit New Zealand representatives: Ben Halford (Audit Director) and Anton Labuschagne (Audit Manager), KPMG NZ Advisory representatives: Garth Gulley (Senior Manager - Health and Safety Advisory) and David Sutton (Partner - Risk Management and Internal Audit).

1 **Apologies**

Nil

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 noted that with effect from 30 April 2018 he had stepped down as an independent director of Morrison Low and effectively no longer had any real or financial interest with the firm.

7.1 **Audit and Risk Committee minutes - 01 March 2018**

Resolved

That the Audit and Risk Committee:

- 1 Confirms the Audit and Risk Committee minutes of 1 March 2018 as a true and correct record.**

**Cronin/Love
CARRIED**

8. **Reports**

8.1 **2017/18 External Audit Plan**

Debbie Hyland, Finance and Corporate Planning Manager, introduced the report and invited representatives from Audit New Zealand, Ben Halford, Audit Director and Anton Labuschagne, Audit Manager, to provide an outline of the report.

Attendance

Cr Tahana entered the meeting at 10:35 am.

Key Points

- The Audit Plan for the year ending 30 June 2018 was in a new electronic format, no longer requiring manual signing by the Chairperson
- Encouraged Council to proactively undertake the value assessment for property, plant and equipment; should revaluation be required, there would be enough time to complete without impacting on the process
- Highlighted Council's role and responsibility in the prevention and detection of fraud.

Members' Comments

- Although indications were that all were progressing well, the committee encouraged the Audit Team to continue applying professional and rigorous scepticism throughout the process to ensure that everything was indeed progressing well.

Resolved

That the Audit and Risk Committee under its delegated authority:

- 1 Receives the report, 2017/18 External Audit Plan;
- 2 Notes the 2017/18 Audit Plan.

Crosby/Von Dadelszen
CARRIED

8.2 External Audit Interim Management Report for the year ended 30 June 2018

Ben Halford, Audit Director and Anton Labuschagne, Audit Manager from Audit New Zealand provided an outline of the report.

Resolved

That the Audit and Risk Committee under its delegated authority:

- 1 Receives the report, External Audit Interim Management Report for the year ended 30 June 2018;
- 2 Notes the report and management actions as set out

Von Dadelszen/Love
CARRIED

8.3 Setting of Rates 2018/19

Debbie Hyland, Finance and Corporate Planning Manager and Andy Dixon, Management Accountant Team Leader provided an outline of the report:

Key Points

- In preparation of the Council meeting on 28 June 2018, the report provided a draft Council Rates Resolution with specific wording requirements to ensure continued statutory compliance for the setting of rates 2018/19
- Simpson and Grierson had been engaged to ensure statutory compliance and fairness
- Learnings from the recent ruling by the Court of Appeal in the Northland Regional Council Rates Case had also been taken into consideration.

Staff follow up:

- The typographical error on page 6 of Appendix 1, (page 40 of the report) be amended to reflect the correct Passenger Transport Targeted Rate for the Whakatāne District
- That a report recommending the best option for the Bay of Plenty Regional Council to collect rates be presented to the Committee/Council in due course, taking into consideration best practices and the legal framework that had been set following the recent ruling by the Court of Appeal in the Northland Regional Council Rates Case.

Resolved

That the Audit and Risk Committee under its delegated authority:

- 1 Receives the report, Setting of Rates 2018/19;**
- 2 Notes the draft rate setting information provided, and the process that would be followed at Council on 28 June 2018.**
- 3 Notes that the legal review of statutory compliance for this year's rate assessment and collection process was still on-going and that an update would be provided at the meeting.**

**Cronin/Love
CARRIED**

8.4 Rangitaiki River Scheme Review (April 2017 Flood Event): Implementation update

Chris Ingle, General Manager, Integrated Catchments and Nic Newman, Principal Advisor, presented the report and responded to questions.

Key Points and In Response to Questions:

- Evaluation of affected properties would be dealt with on an individual basis and in close consultation with the relevant landowners. Affordability and cost implications needed to be aligned with the Long Term Plan 2018-2028
- Taking into consideration the recent flooding in Gisborne and the severe damage that debris/slash/logs in the river had caused, it was critical for the Bay of Plenty Regional Council to review the management of tree felling in forests and the impact thereof on lower lying land. A risk mitigating policy/plan was required to ensure that landowners downstream were protected
- In particular, an assessment on the risk profile relevant to slash/logs in the Rangitāiki River catchment area was required
- Noted that resourcing of the Rangitāiki River Scheme Review Project had been sufficiently addressed by means of proactively restructuring the team to enable appropriate resourcing. The situation was being monitored on an ongoing basis.

Key Points – Mary-Anne Macleod, Chief Executive

A report to the next meeting of the Audit and Risk Committee on the risk profile relevant to tree felling in the Rangitāiki River catchment area would highlight the following aspects:

- The new National Environmental Standards for Plantation Forestry, which recently came into force and provided more power to foresters and less to Councils; was currently being reviewed by the government. Learnings from the events in Gisborne would feed into the review
- An overview of activities by the BOPRC Regulatory Compliance Team working closely with foresters in the area. The usefulness of this system would be highlighted in the report
- Key learnings from two members of the BOPRC Regulatory Compliance Team who had been seconded to Gisborne to assist staff following the recent flooding
- A review of the flood risk areas compiled by the Geographic Information System (GIS) Staff.

Staff follow up:

- Following consultation with Emergency Management Bay of Plenty an update to be provided to the Committee on the status of progress made with the Evacuation Plan/Procedures for Whakatāne
- An assessment report on the risk profile of slash/logs in the Rangitāiki River catchment area to be submitted to the next meeting of the Committee.

Resolved

That the Audit and Risk Committee under its delegated authority:

- 1 Receives the report, Rangitāiki River Scheme Review (April 2017 Flood Event): Implementation update;**
- 2 Notes the work underway to ensure an integrated response across Council and the progress that is being in response to the recommendations.**

**Cronin/Love
CARRIED**

8.5 **Kopeopeo Canal Remediation Project Update 18**

Refer PowerPoint Objective ID: A2894805

Chris Ingle, General Manager, Integrated Catchments and Brendon Love, Contractor Project Manager for Kopeopeo, provided a PowerPoint presentation outlining the following:

Key Points of Presentation:

- Three risks had become significant:
 - Dredging had progressed slower than the contractor had forecasted
 - Weather related time extension
 - Containment site changes
- An independent expert had been engaged to quantify differences between the dredged profile and contracted profile to guide variation claim discussions
- An application to the Ministry for the Environment would follow to request 50% of the forecasted variation.

Resolved

That the Audit and Risk Committee under its delegated authority:

- 1 Receives the report, Kopeopeo Canal Remediation Project Update 18;**
- 2 Notes the risks that have become issues;**
- 3 Notes that an independent investigation to review the dredging methodology has been initiated to provide guidance on the dredging variation request;**
- 4 Notes that an application to the Ministry for the Environment for fifty percent of the additional funding has been initiated as requested by Council.**

**Cronin/Love
CARRIED**

8.6 Committee Chairperson's Report

Refer PowerPoint Objective ID: A2890455

Mat Taylor, General Manager Corporate Performance and Bruce Robertson provided an overview of the report, supported by a PowerPoint Presentation.

Key Points of Presentation:

- During April and May 2018, a series of best practise fora were held around the country on Audit and Risk Committees
- Councillor David Love and Shelley Hey, Manager Chief Executive's Office attended the Hamilton Forum
- Key observations from the Forum were:
 - Risk and assurance vs Audit and Risk
 - Defining risk - "What was keeping me awake at night?" and "How would I gain assurance?"
 - The role of independent members
 - Risk management - risk aware not risk averse
 - Risk was about a discussion and culture
 - Self-review was essential - assessing the Committee's performance and value-add.

Key Points

- A work programme would enable the Audit and Risk Committee to undertake a series of "deep dive" considerations of all significant risk areas (noting this was different to the 'deep dives' internal audits undertaken by the Internal Audit function).

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 and forward looking work programme.**

**Cronin/Love
CARRIED**

8.7 Review of Performance and Effectiveness of the Audit and Risk Committee

Mat Taylor, General Manager Corporate Performance provided an overview of the report.

Key Points:

- An internal self-assessment survey would be circulated to members, other councillors and senior management
- Results of the assessment would be reported to the September 2018 Audit and Risk Committee meeting.

Resolved

That the Audit and Risk Committee under its delegated authority:

- 1 **Receives the report, Review of Performance and Effectiveness of the Audit and Risk Committee ;**
- 2 **Notes and agrees the approach to a review of the Committee's effectiveness as outlined in the report**

**Love/Tahana
CARRIED**

8.8 **Internal Audit Status Update and Proposed Internal Audit Work Plan 2018/19 to 2020/21**

Shelley Hey, Manager Chief Executive's Office, Steve Slack, Principal Internal Auditor and Claire Gordon, Internal Auditor provided an outline of the report and responded to questions.

Key Points and in Response to Questions

- Noted that the majority of all open actions were past the original due date, for some the tasks had become larger than initially anticipated. However, Internal Audit was comfortable that these actions were being actively addressed with significant progress being made towards new completion dates. Internal Audit would continue to monitor progress
- To ensure fraud prevention, continued focus should be on overdue actions
- Noted that the upcoming Asset Management Planning Review was a framework review. Specific issues, for example the management of the quality and quantity of assets, which might require further investigation, would be identified as part of the framework review process.

Staff follow up:

- Geothermal Regional Plan: Clarification sought on the granting of resource consents
- Treaty of Waitangi internal audit review 2020/21: A request was made that Komiti Maori have the opportunity to feed into the scope for this review.

Resolved

That the Audit and Risk Committee under its delegated authority:

- 1 **Receives the report, Internal Audit Status Update and Proposed Internal Audit Work Plan 2018/19 to 2020/21;**
- 2 **Approves the Internal Audit Work Plan 2018/19, 2019/20, 2020/21, including the detailed work plan for 2018/19.**

**Cronin/Tahana
CARRIED**

8.9 **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 Minutes	Please refer to the relevant clause in the meeting minutes.	Please refer to the relevant clause in the meeting minutes
9.2 Internal Audit - Health and Safety Review	To protect this information so it doesn't damage public interest	Good reason for withholding exists under Section 48(1)(a)
9.3 Kopeopeo Extension West Risk Report	To protect the commercial position of an individual	Good reason for withholding exists under Section 48(1)(a)
9.4 Key Risk Register Quarterly Update - March 2017 to May 2018	To maintain legal professional privilege	Good reason for withholding exists under Section 48(1)(a)
9.5 Treasury Framework for Long Term Plan 2018-2028	To carry out commercial activities	Good reason for withholding exists under Section 48(1)(a)

Cronin/Tahana
CARRIED

8.10 Confidential Business to be Transferred into the Open

Nil

The meeting closed at 1:53 pm.

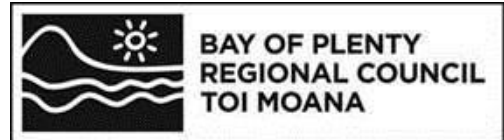
Confirmed

Chairman, Audit and Risk Committee

Date

Reports

Receives Only – No Decisions



Report To: Audit and Risk Committee

Meeting Date: 11 September 2018

Report From: Mat Taylor, General Manager, Corporate Performance

Committee Chairperson's Report

Executive Summary

This report provides the Committee with an update on Audit and Risk Committee activities

Recommendations

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

1 Council Performance Monitoring Report – Detailed Briefings for Councillors

The first monthly financial monitoring meeting (detailed financial briefing) for 2018/19 has been arranged for the 21st September 2018.

2 Audit and Risk Work Programme

Appendix 1 shows the Audit and Risk work programme for the period September 2018 to June 2019.

3 Audit and Risk Completed Work Programme

Appendix 2 shows the Audit and Risk completed work programme for the period March 2017 to June 2018.

4 Council's Accountability Framework

4.1 Community Outcomes

This work directly contributes to all Community Outcomes in the council's Long Term Plan 2018-2028.

4.2 **Long Term Plan Alignment**

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

Current Budget Implications

This work is being undertaken within the current budget for the Governance Activity in Year 1 of the Long Term Plan 2018-2028.

Future Budget Implications

Future work is provided for in Council's Long Term Plan 2018-2025.

Mat Taylor
General Manager, Corporate Performance

3 September 2018

APPENDIX 1

APPENDIX 1 Audit and Risk Work Programme September 2018 to June 2019

Audit and Risk Committee Programme

September 2018 to June 2019

September 2018 Tuesday 11 th September	November 2018 Wednesday 28 th November	March 2019 TBC	June 2019 TBC
<ul style="list-style-type: none"> External Audit Management Report for the Long Term Plan 2018-2028 	<ul style="list-style-type: none"> External Audit Management Report for the Annual Report Year Ended 30 June 2018 External Audit Management Report for the Year Ended 30 June 2018 		<ul style="list-style-type: none"> External Audit Arrangements Letter for the Audit to 30 June 2018 External Audit Interim Management Report for the Year Ended 30 June 2018
<ul style="list-style-type: none"> Internal Audit Status Update Internal Audit Annual Report 2017/18 and Review Update 	<ul style="list-style-type: none"> Internal Audit Progress Report 	<ul style="list-style-type: none"> Internal Audit Status Update 	<ul style="list-style-type: none"> Internal Audit Status Update Internal Audit Work Plan
<ul style="list-style-type: none"> Key Risk Register – Quarterly Update Kopeopeo Canal Contamination Remediation Project Cost & Risk Update Production Forestry Debris Mobilisation Risk for the Bay of Plenty Transport Activities Risks 	<ul style="list-style-type: none"> Key Risk Register – Quarterly Update Kopeopeo Canal Contamination Remediation Project Cost & Risk Update 	<ul style="list-style-type: none"> Key Risk Register – Quarterly Update Kopeopeo Canal Contamination Remediation Project Cost & Risk Update 	<ul style="list-style-type: none"> Key Risk Register – Quarterly Update Kopeopeo Canal Contamination Remediation Project Cost & Risk Update
<ul style="list-style-type: none"> BOPRC Chairperson’s Report (including Work Programme) Council Chairman’s Discretionary Fund – Annual Report Draft Annual Report Review 2017/18 Rangitāiki River Scheme Review Implementation update 	<ul style="list-style-type: none"> Chairperson’s Report (including Work Programme) Annual Legal Services report Rangitāiki River Scheme Review Implementation update Council Mark Programme Preparation Review of Performance and Effectiveness of the Audit and Risk Committee 	<ul style="list-style-type: none"> Chairperson’s Report (including Work Programme) Rangitāiki River Scheme Review Implementation update Council Mark Programme Assessment 	<ul style="list-style-type: none"> Chairperson’s Report (including Work Programme) Rangitāiki River Scheme Review Implementation update Review of Performance and Effectiveness of the Audit and Risk Committee

External Audit	Internal Audit	Risk	Other
----------------	----------------	------	-------

APPENDIX 2

APPENDIX 2 Audit and Risk Completed Work Programme June 2017 to June 2018

***Audit and Risk Completed Work Programme
June 2017 to June 2018***

Meeting date	Report title	Purpose of report
13 June 2017 Committee Meeting	• Committee Chairperson's Report	To provide the Committee with an update on Audit and Risk activities
	• Key Risk Register – Quarterly Update February 2017 to May 2017	Periodic review
	• Accela Implementation Cost and Risk Update 9 (Confidential)	To review the Project Status and associated risks
	• Accela Consents and Compliance Module Internal Audit Review Action Plan (Confidential)	To review Action Plan from External Audit Recommendations
	• Internal Audit Status Update and Proposed Internal Audit Work Plan 2017/18 to 2019/20	To provide the Committee with an update on the status of internal audit activities and Propose Work plan
	• Kopeopeo Canal Remediation Project Update 14	Receive Update
	• Fees and Charges Review – Internal Audit Report (May 2017) Proposed Actions and Response (Regulatory Compliance)	To discuss the audit recommendations and proposed actions from the internal audit report
	• Awatarariki Fanhead Risk and Liability (Confidential)	To review and provide direction on the risks and liability to Bay of Plenty Regional Council in reducing the natural hazard risk in the Awatarariki Fanhead, for reporting back to full Council.
	• Rates Setting Review	To review the format of the annual rates setting process

Meeting date	Report title	Purpose of report
19 September 2017 Committee Meeting	• 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
	• 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
	• Internal Audit Annual Report 2016/17 and Internal Status Update 2017/18	Presents the results of internal audit work on Bay of Plenty Regional Council's system of internal control undertaken by the Internal Auditor and external audit specialists KPMG. The recently completed review is reported and a status update provided on the start of the 2017/2017 year.
	• Quarterly Key Risk Report to September 2017	Periodic Review
	• Accela Implementation Project Cost and Risk Update 10	To review the Project Status and associated risks
	• Kopeopeo Canal Contamination Remediation Project Update 15	To review the project status and associated risks
	• 2016/17 Draft Annual Report Review	To provide the draft 2016/17 Annual Report and Summary to the Audit and Risk Committee.
	• Chairman's Discretionary Fund 2016/17	To provide a report on the Chairman's Discretionary Fund expenditure in 2016/17
	• Regional Council Rates Update	To review the scope of section 53 of the Local Government (Rating) Act and how Reginal

***Audit and Risk Completed Work Programme
June 2017 to June 2018***

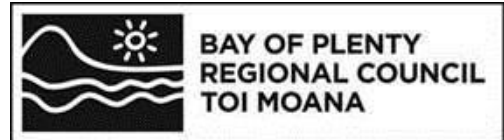
Meeting date	Report title	Purpose of report
		Councils work with TA's including agreeing updated agreements, formalising approval processes for rates assessments, penalties and remissions.
	<ul style="list-style-type: none"> Legislative Compliance Review 	This Legislative Compliance Review identified actions to strengthen the organisation's legislative compliance. Management actions have been progressed during 2016/17 and 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"> Committee Chairperson's Report 	To provide the Committee with an update on Audit and Risk activities
	<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"> Committee Chairperson's Report 	To provide the Committee with an update on Audit and Risk activities
	<ul style="list-style-type: none"> Key Risk Register – Quarterly Update 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
June 2017 to June 2018***

Meeting date	Report title	Purpose of report
12 June 2018 Committee Meeting	<ul style="list-style-type: none"> • Committee Chairperson's Report 	To provide the Committee with an update on Audit and Risk activities
	<ul style="list-style-type: none"> • Key Risk Register – Quarterly Update 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	



Receives Only – No Decisions

Report To: Audit and Risk Committee
Meeting Date: 11 September 2018
Report From: Fiona McTavish, Chief Executive

Chairman's Discretionary Fund 2017/18

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 2017/18 financial year two requests totalling \$7,000 were accepted. The two recipients were; Rotorua Lakes Council Mayoral Speaker Forum and Rangitāiki Community Board - Edgecumbe Community Planting Day.

Recommendations

That the Audit and Risk Committee:

- 1 Receives the report, Chairman's Discretionary Fund 2017/18.**

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 2017/18 the budgeted amount was \$20,768.

2 2017/18 Chairman's Discretionary Fund Activity

	Requests Accepted	Amount
1	Rotorua Lakes Council Mayoral Speaker Forum	\$6,000
2	Rangitāiki Community Board Edgecumbe Community Planting Day	\$1,000
	Total	\$7,000

2.1 Rotorua Lakes Council Mayoral Speaker Forum

The Mayoral Speaker Forum was held on 31 August 2017 during day one of the two day Lakeswater Quality Society Scientific Symposium in Rotorua. The forum was open to the public and featured guest speakers Sir Rob Fenwick and Rod Oram who both spoke about sustainability. Funding of \$6,000 was provided to cover external speaker costs at the Forum.

The Symposium focused on improving community awareness about pest, weed and nutrient issues facing the Rotorua Te Arawa Lakes, and to influence regional and national policy makers.

2.2 Rangitāiki Community Board - Edgecumbe Community Planting Day

The Rangitāiki Community Board held the Edgecumbe Community Planting Day on 21 April 2018 at Te Tari Awhina. The day was one of a series of workshops to encourage flood residents to connect with their homes whilst being displaced. Funding of \$1,000 was provided for native plants to be distributed during the planting day, to help re-instate people's gardens.

3 Council's Accountability Framework

3.1 Community Outcomes

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

3.2 Long Term Plan Alignment

This work is planned under the Governance Services activity in the Long Term Plan 2018-2028.

Current Budget Implications

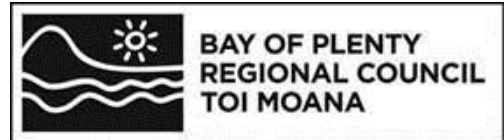
This work is being undertaken within the current budget held by the Chief Executive.

Future Budget Implications

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

Fiona McTavish
Chief Executive

3 September 2018



Receives Only – No Decisions

Report To: Audit and Risk Committee

Meeting Date: 11 September 2018

Report From: Mat Taylor, General Manager, Corporate Performance

External Audit: Final Management Report on the audit of the Long Term Plan 2018-2028

Executive Summary

On 5 July 2018, Audit New Zealand released its final report on the audit of the Bay of Plenty Regional Council's Long Term Plan (LTP) for the period 1 July 2018 to 30 June 2028. An unmodified audit opinion on the LTP was issued on 28 June 2018.

This audit report is based on a range of reviews of the content of the LTP undertaken by Audit New Zealand staff. The full report to the Regional Council is contained in Appendix 1 to this report and sets out their findings from the audit.

There were no recommendations for improvements in the report and Audit New Zealand commented that:

"We are pleased to report that overall the Regional Council has created an effective LTP which reflects the key decisions made for the next 10 years of the plan. The non-financial information disclosed in volume one of the LTP effectively describes the Regional Council's group of activities. Targets for the performance measures have also been appropriately set. The financial information disclosed in volume two of the LTP reflects the Regional Council's decisions made following the consultation process including funding and timing of key capital projects planned in the regional. The Regional Council has continued to have an effective control environment and has good quality review processes for the development of the LTP".

Recommendations

That the Audit and Risk Committee:

- 1 **Receives the report, External Audit: Final Management Report on the audit of the Long Term Plan 2018-2028;**

1 Introduction

On 5 July 2018, Audit New Zealand released its final report on the audit of the Bay of Plenty Regional Council's Long Term Plan (LTP) for the period 1 July 2018 to 30 June 2028.

Audit New Zealand issued an unmodified audit opinion on the LTP on 28 June 2018. This means Audit New Zealand were satisfied that the Regional Council's LTP meets the statutory purpose. Audit New Zealand found the underlying information and assumptions used to prepare the LTP provided a reasonable and supportable basis for the preparation of the LTP; and that the LTP is free from material misstatements, including omissions.

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

2 Key messages

Audit New Zealand reported that "overall the Regional Council has created an effective LTP which reflects the key decisions made for the next 10 years of the plan. The non-financial information disclosed in volume one of the LTP effectively describes the Regional Council's group of activities. Targets for the performance measures have also been appropriately set. The financial information disclosed in volume two of the LTP reflects the Regional Council's decisions made following the consultation process including funding and timing of key capital projects planned in the regional. The Regional Council has continued to have an effective control environment and has good quality review processes for the development of the LTP".

3 Findings from the Management Report

The report provides assurance in the following areas:

- The external audit statutory audit opinion on the LTP
- Audit scope and objectives as were contained in Audit New Zealand's audit engagement and arrangements letter dated 16 November 2017
- Control environment

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

4 Areas of Audit Emphasis

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

- Rivers and drainage – use a targeted rate that increases throughout the 10 years to fund the repairs caused by ex-Tropical Cyclone Debbie
- Public transport – proceeding with the preferred option of fully funding bus services in Tauranga, Rotorua, Western Bay and Whakatāne through targeted rates
- Biosecurity – increasing effort on managing pests within the region
- Emergency management – simplifying the complex funding structure for civil defence management services

- Regional development – continuing to fund third party infrastructure throughout the region

Audit New Zealand confirmed the changes were not significant and were appropriately reflected in the LTP including the various strategies, group of activity statements and financials.

Audit New Zealand commented in their report that “the staff responsible for the preparation of the LTP were well prepared for the audit and responsive to any suggestion made by the audit team”.

5 Conclusion

There were no recommendations to action in the Audit New Zealand external management report of the Long Term Plan 2018-2028.

6 Council’s Accountability Framework

6.1 Community Outcomes

This work directly contributes to the all of the Community Outcome/s in the council’s Long Term Plan 2018-2028.

6.2 Long Term Plan Alignment

This work is planned under the Corporate Services Group of Activities in the Long Term Plan 2018-2028.

Current Budget Implications

This work is being undertaken within the current budget for the Finance and Corporate Planning Activity in the Year 1 of the Long Term Plan 2018-2028.

Future Budget Implications

Future work on the development of the next Long Term Plan and the audit there of, is provided for in Council’s Long Term Plan 2018-2028.

Debbie Hyland
Finance and Corporate Planning Manager

for General Manager, Corporate Performance

3 September 2018

APPENDIX 1

2018-06-30 Audit New Zealand - Final Management Report on the Audit of the BOPRC Long Term Plan 1 July 2018 to 30 June 2028 (AMS)

Report to the Council on the audit of
Bay of Plenty Regional Council's
Long-Term Plan for the period
1 July 2018 to 30 June 2028

Report to the Council

We have completed the audit of the Bay of Plenty Regional Council’s (the Regional Council) Long-Term Plan (LTP) for the period 1 July 2018 to 30 June 2028. This report sets out our findings from the audit and draws attention to our detailed findings, and where appropriate makes recommendations for improvement.

Contents

- 1 Our audit opinion 3
- 2 Audit scope and objective..... 3
- 3 Control environment 3
- 4 Areas of audit emphasis..... 3
- 5 Publication of the LTP on the Regional Council’s website 4
- Appendix 1: Mandatory disclosures..... 5

Key messages

We have completed the audit of the Regional Council's Long-Term Plan (LTP) for the period 1 July 2018 to 30 June 2028 and issued an unmodified opinion on 28 June 2018.

We are pleased to report that overall the Regional Council has created an effective LTP which reflects the key decisions made for the next 10 years of the plan. The non-financial information disclosed in volume one of the LTP effectively describes the Regional Council's group of activities. Targets for the performance measures have also been appropriately set. The financial information disclosed in volume two of the LTP reflects the Regional Council's decisions made following the consultation process including funding and timing of key capital projects planned in the region.

The Regional Council has continued to have effective control environment and has good quality review processes for the development of the LTP.

Thank you

We would like to thank the Council, management and staff for their assistance during the audit.



B H Halford
Audit Director
5 July 2018

1 Our audit opinion

1.1 We issued an unmodified audit opinion

We issued an unmodified audit opinion on the Regional Council's LTP on 28 June 2018.

This meant we were satisfied the Regional Council's LTP meets the statutory purpose.

We found the underlying information and assumptions used to prepare the LTP provided a reasonable and supportable basis for the preparation of the LTP.

1.1 Unadjusted misstatements

The LTP is free from material misstatements, including omissions. However, in the course of the audit, we found certain misstatements that are individually and collectively not material to the LTP. We have discussed any misstatements that we found with management. All misstatements were amended prior to Regional Council adopting the LTP.

2 Audit scope and objective

The scope of our audit engagement and our respective responsibilities are contained in our audit engagement and arrangements letter dated 16 November 2017.

3 Control environment

Our approach to the audit was to identify, confirm and assess the Regional Council's key processes and controls over the underlying information and ultimate production of the LTP. The purpose of this assessment was to enable us to plan the most effective and efficient approach to the audit work needed to provide our two audit opinions.

Following from the audit of the consultation document, we reconfirmed that the overall control environment has been effective in terms of preparation of the LTP. The Regional Council was able to produce and provide an effective LTP document, with all financial changes resulting from the consultation process being reflected.

There were no matters identified during the consultation stage that needed to be followed up.

4 Areas of audit emphasis

During the planning stage of the audit, and our review of the content of the LTP, we identified the following key risks and issues which were areas of emphasis during our audit:

- Rivers and drainage – Use a targeted to rate that increases throughout the 10 years to fund the repairs caused by ex-Tropical Cyclone Debbie;

-
- Public Transport - Council proceeding with its preferred option of fully funding Tauranga, Rotorua, Western Bay and Whakatane District's bus services through targeted rates;
 - Biosecurity - there will be an increasing effort on managing pests within the region;
 - Emergency Management - the Council reviewed the way it funds Civil Defence Management Services. The aim was to simplify the complex funding structure; and
 - Regional Development – Council will continue to fund third party infrastructure throughout the region.

We confirmed the changes were not significant and were appropriately reflected in the LTP including the various strategies, group of activity statements and financials.

We found the staff responsible for the preparation of the LTP were well prepared for the audit and responsive to any suggestion made by the audit team.

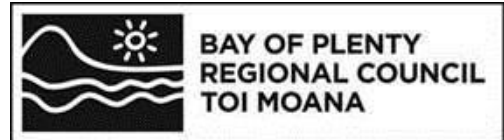
5 Publication of the LTP on the Regional Council's website

If the Regional Council intends to publish the LTP electronically, please allow time for us to examine the final electronic file version of the audit report before its inclusion on your website.

We need to ensure consistency with the paper-based documents that have been subject to audit. Changes may also be needed to parts of the audit opinion, for example page number references and the inclusion of additional information to readers of the electronic report.

Appendix 1: Mandatory disclosures

Area	Key messages
Our responsibilities in conducting the audit.	<p>We carried out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the 2018-28 LTP and reporting that opinion to you. This responsibility arises from section 93C(4) of the Local Government Act 2002.</p> <p>The audit of the LTP does not relieve management or the Council of their responsibilities. Our audit engagement and audit arrangements letter dated 16 November 2017 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 International Standard on Assurance Engagements (New Zealand) 3000 (revised): <i>Assurance Engagements Other Than Audits or Reviews of Historical Financial Information</i>, the International Standard on Assurance Engagements 3400: <i>The Examination of Prospective Financial Information</i>, and the Auditor-General's Auditing Standards.</p>
Auditor independence	<p>We confirm that, for the audit of the Regional Council's LTP for the period 1 July 2018 to 30 June 2028, we have maintained our independence in accordance with the requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.</p> <p>In addition to this report on the Council's long term plan and all legally required external audits, we have provided an assurance report on certain matters in respect of the Council's Debenture Trust Deed. These assignments are compatible with those independence requirements. Other than these assignments, we have no relationship with or interests in the Council or any of its subsidiaries.</p>
Other relationships	<p>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 Regional Council that is significant to the audit.</p> <p>We are not aware of any situations where a staff member of Audit New Zealand has accepted a position of employment with the Regional Council during or since the end of the financial year.</p>
Unresolved disagreements	<p>We have no unresolved disagreements with management about matters that individually or in aggregate could be significant to the LTP. Management has not sought to influence our views on matters relevant to our audit opinion.</p>



Receives Only – No Decisions

Report To: Audit and Risk Committee

Meeting Date: 11 September 2018

Report From: Chris Ingle, General Manager, Integrated Catchments

Rangitāiki River Scheme Review (April 2017 Flood Event): Implementation update

Executive Summary

The purpose of this report is to update the Audit and Risk Committee on progress Council is making responding to the recommendations contained in the Rangitāiki River Scheme Review. This is the third report to the Audit and Risk Committee. Progress is detailed by workstream in the report and then cross referenced by recommendation in an attached Appendix.

A number of the actions recommended in the review are now closed and good progress is being made on the more complex and medium term actions. Response to the Evacuation planning recommendations is now complete. This includes the development of variable river level triggers and the evacuation plan for Edgecumbe. Further work is ongoing, above and beyond the Review recommendations. The communication protocols and templates as part of the Lake Matahina Flood Management Plan, have been strengthened and successfully tested as part of an exercise in August. Considerable community engagement has taken place around the future options for the Spillway. The results from the community engagement and technical modelling of these options will be shared with Council in the 4th quarter of 2018.

In the next period, the College Rd reconstruction project will be completed, the technical modelling and community engagement around the Spillway options will culminate, and the first step in assessing wider catchment and longer-term flood management potential will be completed.

Recommendations

That the Audit and Risk Committee:

- 1 Receives the report, Rangitāiki River Scheme Review (April 2017 Flood Event): Implementation update;**
- 2 Notes the work underway to ensure an integrated response across Council and the progress that is being in response to the recommendations.**

1 Background

The Rangitāiki River Scheme Review ('the Review') was received by Council in October 2017 and released to the public. It contains a number of recommended actions, which operate across both short term and long term horizons, and cut across various Council activities.

On 14 December 2017, Council delegated the monitoring of Review implementation to the Audit and Risk Committee for a period of twelve months. Full Council remains the decision-making body when governance decisions are required as part of implementing the Review. Examples of this could include decisions on the preferred option for the upgrade to the Rangitāiki Floodway.

This is the third report to the Audit and Risk Committee. It provides an update on progress Council is making implementing the Review recommendations, via new work or work that was underway preceding the Review.

An internal working group was established in November 2017 to coordinate Council response to the recommendations. Its purpose is to:

1. Ensure that we cover all the work needed in response to the Review;
2. Enable linkages between workstreams to be capitalised upon;
3. Ensure we have a 'joined up' picture of our response;
4. Enable clear communication with governors and partners on overall response progress;
5. Ensure we are able to operate with both a short term and long term view;
6. Ensure strategic alignment and impacts on wider work are understood.

2 Implementation Progress

Work that Council is undertaking to deliver on the Review recommendations is by way of a series of 'workstreams' that cut across and combine recommendations. A number of these were actions underway already prior to the Review. For reference, progress is also tracked 'by recommendation' in an Appendix.

2.1 Evacuation Planning

The Review recommended that evacuation plans are developed for Edgecumbe with Regional Council, Civil Defence and Whakatāne District Council working together. It also recommended the consideration of variable river level thresholds and the state of scheme upgrades, as part of this planning.

Council have been working with Whakatāne District Council and Civil Defence agencies to respond to the recommendations and further strengthen evacuation planning. Progress includes:

- Flood Evacuation Protocols for Edgecumbe are complete. These protocols set out agreed river trigger levels for action, to manage the risk of flooding from the Rangitāiki River at Edgecumbe. Parties to this protocol are Bay of Plenty Regional

Council, Emergency Management Bay of Plenty, Whakatāne District Council, NZ Police, and Fire and Emergency New Zealand. Upon upgrades to the flood infrastructure, the trigger levels will be reviewed.

- An Evacuation Plan for Edgecumbe has been completed and is now operational. It is awaiting final endorsement from Whakatāne District Council.

The response to the Evacuation Planning recommendations contained in the Review is complete and the actions closed. The development of a Community Response Plan will be the next action, that which goes beyond the recommendations in the Review.

2.2 Lake Management

The Review recommended Council work with Trustpower to review the Lake Matahina Flood Management Plan and agree protocols around forecasts and timing for safely lowering the lake level in an event. Also included in the recommendations for the Flood Management Plan were developing templates for communication in a flood event. The Review also recommended that Council work with Pioneer Energy around the potential use of Lake Aniwanuiwa to mitigate flood flows, and that consideration be given to the outcomes of the Cardno report into the effect of ramping of river levels.

Council staff have been working with Trustpower over recent months around amendments to the Lake Matahina Flood Management Plan. Progress includes:

- The communications protocols and templates have been updated, strengthened, and confirmed as recommended. This action is now complete. An exercise was held in August which successfully tested these protocols.
- Staff from both organisations are now working on the details of protocols to safely and feasibly lower the Lake earlier in an event. This includes the timing and the steps to lower the lake; giving consideration to factors such as forecasts, river flows, dam releases, and dam safety. Work includes analysis of the effect of moving to lower the lake level earlier in an event, using past event data.
- Working with Pioneer Energy is second priority behind Trustpower due to the lower potential flood attenuation in Lake Aniwanuiwa. This potential attenuation is being modelled and quantified, with a report due in the 4th quarter of this calendar year. This relates to the longer-term catchment wide risk management.
- The Rangataiki Stopbank Erosion (Cardno) report is anticipated to be completed in the 4th quarter of 2018.

2.3 Monitoring Network

The Review recommended a review of the catchment river and rain monitoring network and in particular that consideration be given to spatial coverage and redundancy. It also recommended that the flood hydrology of the Rangitāiki River is updated to include the April 2017 event. Finally, river level staff gauges were recommended to be placed beside critical structures, such as floodwalls, to assist with public record.

Regional Council have been reviewing the monitoring network in the catchment to ensure there is increased spatial coverage and redundancy, and making Long Term Plan provision for this activity:

- Three new monitoring sites have been identified and the first and most beneficial of these, a new rainfall site, has been installed in the Whirinaki at Te Whaiti. A river level monitoring site will accompany this.
- The remaining two new monitoring sites are scheduled to be installed in conjunction with soil lysimeters and will provide a dual science purpose.
- The flood hydrology of the river has been updated post event and is being externally reviewed.
- Staff gauges are programmed to be installed on the river schemes, including one at Edgumbe.
- Staff are working with NIWA, who own sites in the catchment, on increasing the reliability of these sites.
- Hydrostatic gauges have been ordered and these will provide real-time flow data, available publically. One will be installed at the Edgumbe bridge.

2.4 College Road and Catchment Stopbanks

The Review made a number of technical recommendations around the College Road floodwall replacement and on future flood defence designs. It also recommended reviewing downstream floodwall conditions and the use of impermeable barriers.

- The College Road stopbank reconstruction project is almost complete. The removal of the temporary stopbank and road build up underway. The reconstruction has included the Review recommendations in the design, Council has engaged with a community technical advisory panel, and the design has been reviewed by the Review panel's geotechnical expert.
- Four concrete floodwalls on the Rangitāiki have undergone geotechnical investigation. Analysis of these results is underway. Investigations into floodwalls on the other schemes are scheduled for 2018/19 (Whakatane) and 2019/20 (Waioeka/Otara).

2.5 Upgrades to the Rangitāiki Floodway Infrastructure

The Review made recommendations on the planned upgrades for the Rangitāiki Floodway infrastructure. This included recommendations on the design and timely implementation of preferred options. It also recommended that long-term solutions are progressed in the catchment taking account of climate change and wider ecological and cultural values. This work is being progressed as part of the River Scheme Sustainability Project:

- Future options for the upgrade of the infrastructure have been modelled. These include a lower fixed crest spillway and ponding areas, in line with the Review recommendations.
- Significant engagement has taken place this period on the spillway including a community information day (04 August) and visits to the spillway (11 August)

with three groups. The community day in Edgecumbe covered the floodway upgrades along with the wider flood recovery and catchment management activities. Community board members, technical liaison group members, scheme advisory group members, general public, and landowners all visited the spillway to hear and discuss options.

- The culmination of the technical modelling and community engagement will be brought to the Regional Direction and Delivery committee in late October. Following this staff will report back to the community, before bringing a recommendation to the Council meeting in December. This will enable works in the 2019/2020 financial year.
- Also to be discussed with Council will be the flood attenuation potential of Lake Aniwanui. This will enable the whole of catchment and longer-term flood management to be seen in context.
- Further one-on-one engagement is ongoing on potential ponding areas.

2.6 Long Term Flood Risk Management

The Review recommended Council give high priority to developing and implementing long term flood risk management solutions in the Rangitāiki that take into account climate change and the 'making room for rivers concept'. It also recommended Council ensure that there is comprehensive region-wide coverage and application of the hazard management framework.

- Across the region Council has two mechanisms for flood risk management: the River Scheme Sustainability Project, which covers the four river scheme catchments; and the Regional Flood Risk Project, which covers the remaining 48 catchments.
- The Rangitāiki is the priority catchment for the River Scheme Sustainability Project. The upgrades to the Rangitāiki Floodway are part of medium-term solutions to managing flood risk in the catchment. Longer term solutions, that take into account climate change and the 'making room for rivers' concept are currently being assessed, with a draft report due in September 2018 (see also 2.5 and 2.2).
- The Regional Flood Risk Project involves Council working together with District Councils towards a Regional Flood Risk Framework which prioritises mitigation effort based on risk. The priority catchments are Utuhina, Ngongotaha, and Uretara.

2.7 Communications and Engagement

The Review recommended that Council engage the community (including Edgecumbe township) when considering future options for the Rangitāiki Floodway and ensure full notification of any consent applications. The Review also found that parts of the community did not understand the flood risk that they live with, and that future engagement needs to include raising awareness of the (residual) risk of living in a flood plain. Progress includes:

- The recent engagement (community information day and spillway visits) has included general public from the Edgecumbe township, community board

members, members of the technical advisory and river scheme liaison groups, and landowners.

- The recovery newsletter has morphed into an Edgecumbe Community Newsletter, in which Council supports design costs. Local media are continuing to pick up Council press releases on flood repairs.
- This communication and engagement is an opportunity to build community understanding of the flood risk that exists in the catchment, even allowing for flood defences.

3 Māori Implications

Eastern Bay of Plenty Iwi have a strong interest in the Review recommendations. There is alignment between the desire for 'naturalness of the river', in the Te Ara Whanui O Rangitāiki, and the 'making room for rivers' concept in the Review, with regards to the long term management of the river.

Sir Michael Cullen verbally presented his report to the Rangitāiki River Forum on 10 November 2017. Updates have been provided to the Forum on Council progress implementing the Review recommendations in March and June.

Engagement with Ngāti Awa and Ngāti Tūwharetoa on the Rangitāiki Floodway has begun and is ongoing.

4 Next Steps

Key activity in the next period will include:

- The completion of the College Rd stopbank reconstruction project.
- Culmination of the technical modelling and community engagement on the Spillway options.
- First steps in assessing wider catchment and long-term flood management potential.

The final report to Audit and Risk will be on the 28th of November. This report will point the way ahead on any recommendations that are not complete, for example the longer term recommendations.

5 Council's Accountability Framework

5.1 Community Outcomes

This project directly contributes to the Community Outcomes in the Council's Long Term Plan 2018-2028, particularly the Resilience and Safety outcome.

5.2 Long Term Plan Alignment

This work is being undertaken under a number of activities in the Long Term Plan 2018-2028, including: Rivers and Drainage Schemes, Regional Flood Risk Coordination, Emergency Management, Engineering, and Data Services.

Current Budget Implications

Current implementation of the Review recommendations is being carried out under the Annual Plan 2018/19.

Future Budget Implications

Future implementation of Review recommendations are part of the Long Term Plan 2018-2028.

Nic Newman
Principal Advisor

for General Manager, Integrated Catchments







29 August 2018

APPENDIX 1

Cross reference of progress by recommendation, as at August 2018

Appendix: Cross-reference of implementation by recommendation, as at August 2018

 Complete
  Underway
  Yet to begin

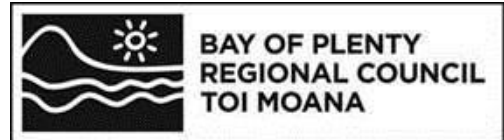
Summary of Recommendations		Implementation Progress	
The legal and planning framework for flood hazard management			
a.	Efforts to complete the application of the hazard management framework and associated documents should be ramped up to ensure comprehensive cover of all the region.	The River Scheme Sustainability Project has prioritised work in the Rangitāiki catchment. A report on the upper catchment options is due in the 4 th quarter of this calendar year. The Regional Flood Risk Project is underway in four pilot catchments and will be ramped up in 2018/19.	
b.	Particular attention needs to be paid to areas with high vulnerability, such as small rural townships where resilience may be low.	Research work undertaken with the rural community after the April 2017 event, will help inform future readiness, response and recovery activities in the rural sector.	
The College Road floodwall			
c.	An automatic river water level monitoring device should be installed close to any critical structures, such as a floodwall, to enable accurate water levels to be recorded both for design purposes and for public record of flood levels	The Survey and Data Services teams have a schedule to install staff gauges within the river schemes. This includes a gauge at Edgecumbe.	
d.	Passive pressure acting around the bottom edge of foundation slabs should not be included as resistance in the design of structures, and reference to this at the end of section A3 of the Bay of Plenty Regional Council Guideline 2014/01 "Stopbank Design and Construction Guidelines" should be removed.	This will be incorporated in the next Guidelines review in 2018/19.	
e.	The Regional Council should review the design of, and reconsider any impermeable barriers that they have, or are intending to, put in place near to the landward side of any floodwall or stopbank.	Four concrete floodwalls have undergone geotechnical investigation on the Rangitāiki. Analysis of the results is underway. Investigations into floodwalls in the other schemes are programmed. <i>Relates to n.</i>	
f.	The risk to flood defence structures from uncertainties around ground conditions should be minimised by carrying out comprehensive investigation, design, and construction supervision for all stopbanks and floodwalls. Investigations	This is best engineering practice that is already followed. Refer to Stopbank Guidelines 2014.	

	should be located so as to be representative of the ground on which the structure is to be placed.		
g.	Flood defence structures should rely on simple and robust designs which minimise the potential impact of natural ground variability. Caution should be taken in the application of sophisticated analyses for stopbanks and floodwalls due to the high potential for natural variability in the ground conditions along their lengths.	This is best engineering practice that is already followed. Refer to Stopbank Guidelines 2014.	✓
h.	Residual risk to flood protection structures from variability in ground conditions should be taken into account in land use planning and emergency planning, including alert and evacuation procedures.	Staff are working with Territorial Authorities to ensure that flood hazard information is well understood and taken into account in district planning. Also see v.	→
i.	Specifications drawn up for placement of fill for flood defence walls should recognise that a higher quality of fill is needed for floodwalls than for stopbanks, and should be subject to quality control.	This is best engineering practice that is already followed. Refer to Stopbank Guidelines 2014.	✓
j.	Consideration should be given to the outcome of a study by Cardno that is currently underway into the effects of daily ramping of river levels on river bank stability as against damage from floods, and appropriate action taken to minimise these effects.	The Rangitāiki Stopbank Erosion report is anticipated in the 4 th quarter of 2018.	→
k.	The College Road floodwall should not be replaced with another wall, but ways sought to enable a stopbank to be constructed in its place (noting that the properties closest to the breached wall have been acquired by the Regional Council).	The College Road stopbank reconstruction project is nearing an end, incorporating Review design recommendations.	✓
l.	Floodwalls should not be used in areas characterised by variable and piping prone ground conditions unless specially engineered with extended cutoffs, or riverside blankets to control seepage.	This is best engineering practice that is already followed. Refer to Stopbank Guidelines 2014.	✓
m.	The existing fill at the College Road floodwall and the remnants of the floodwall itself should be removed or thoroughly investigated before construction of a new flood defence structure/stopbank. Investigation and inspection of the fill carried out at that time should be used to provide further insight into its condition and significance to the failure.	This is being completed as part of the College Road stopbank replacement project.	→
n.	The condition of the foundations of the 'downstream' floodwall (89 to 101 College Rd)	This work is underway. See e.	→

	following the 2017 floods should be investigated		
Operation of Matahina Dam			
	Review the Lake Matahina Flood Management Plan with the aim of:		
	discussing and agreeing a clear protocol around forecasts and timing that requires 70.0mRL as the target lake level. This should be particularly focused on achieving 71.6mRL earlier in an event so there is sufficient time to make the decision to give approval to go to 70.0mRL and to achieving that level without excessive spillway flows;	Staff are working with Trustpower on the Flood Management Plan and protocols around lake level management. Modelling the effect of lowering the lake earlier in an event is underway.	→
o.	developing a template for use in written communications during flood drawdown mode that includes specific details on the timing and rate of outflows required to achieve specified lake levels at specified times;	Templates updated and communications protocols complete and successfully tested.	✓
	reviewing the target maximum lake level for determining optimum outflow, with the possibility of using a level between maximum operating level and maximum flood level;	This is not being pursued at this time.	⬡
	requesting Trustpower to consider whether modifications can be made to improve dam safety when lake level drops below 71.6mRL including lengthening the debris boom so that it remains functional at 70.0mRL	Dam safety is a consideration in the work underway around timing and steps to lower the lake, including any modifications.	→
p.	Review monitoring and maintenance plans for the current rain and river gauge network and improve reliability of operation.	<i>See response to q. below.</i>	✓
q.	Review number and location of upstream rain gauges to improve accuracy and confidence in flood forecasting. Consideration to be given to spatial coverage as well as redundancy to provide back-up if one or more gauges are non-operational during an event. The current coverage appears limited for the Upper Whirinaki and entire western side of the catchment in particular.	Three new priority sites have been identified. The most beneficial one has been installed and the remaining two are being progressed in conjunction with the science team and will be installed in the summer.	→
r.	Consider additional/back-up river flow gauges to provide better information on upper catchment flows that will provide opportunities for improved optimisation of dam outflows and use of the upper range of Lake Matahina storage during flood events. This could be combined with an enhanced flood forecasting model that includes measured flow data assimilation up to the time of forecast.	See response to q. above. Additional sites will contribute data to flood forecast modelling.	→
s.	Work with Pioneer Energy to investigate the possible use of storage in Lake Aniwanuiwa during large floods to further reduce downstream peak	The potential attenuation options that can be provided by Lake Aniwanuiwa are being modelled as part of the	→

	flows.	River Scheme Sustainability project referred to in a above.	
t.	Work with Pioneer Energy to provide real- time Aniwaniwa outflows and lake levels to the Regional Council during flood events.	<i>As in s. above.</i>	→
Reid's Floodway			
The recommendations for the completion of Reid's Floodway are provided in the section – Long-term strategy and design philosophies.		<i>See recommendations z and aa below</i>	
Evacuation Planning			
u.	Evacuation plans need to be developed to manage the risk of stopbank failures. This will require the evaluation of the “safe” capacity for both overtopping and geotechnical failure modes and planned evacuations for flood events which exceed the assessed “safe” capacity.	Flood Evacuation Protocols are complete. These include variable river trigger levels and corresponding actions, including planned evacuations.	✓
v.	Consideration should be given to variable river level trigger thresholds where the residual risk of geotechnical failures is being managed through evacuation plans. This is in recognition of the importance of antecedent groundwater conditions as well as the duration of elevated river levels in the development of geotechnical failure mechanisms.	<i>As in u. above.</i>	✓
w.	Specific consideration needs to be given where large capital works upgrades, such as Reid's Floodway and Spillway, are not yet completed and operational	Trigger levels will be reviewed on completion of scheme upgrades.	✓
x.	The development of an evacuation plan for Edgecumbe is something to be urgently completed by the Regional Council, Civil Defence and the Whakatāne District Council working together.	An Evacuation Plan for Edgecumbe has been completed by Whakatane District Council, with support from the Regional Council and other Civil Defence agencies.	✓
Long-term strategy and design philosophies			
y.	The Regional Council should give high priority to developing and implementing long term sustainable flood risk management solutions for the Rangitāiki Plains to manage the effects of climate change as well as providing ecological and cultural value to the wider community.	Upgrades to the Rangitāiki Floodway infrastructure will provide medium term flood risk management. This will provide time to develop longer term solutions. Work is underway on the longer term options. <i>Links to a.</i>	→

		<i>and b.</i>	
z.	The stopbank raising for both banks of the upper reach of Reid's Floodway allowed for in the current (2015-25) long term plan would appear to be a poor option given the well-known geotechnical complexities of the underlying geology. It is also considered that stopbank raising is not aligned with the visions and objectives of the Rangitāiki River Document or generally accepted best practice.	Engagement is underway on alternate options (including a lower fixed crest spillway, and ponding areas) for the Rangitāiki Floodway, that reduce the extent of stopbank raising.	→
aa	The work the Regional Council is currently undertaking to examine the feasibility of spill compartments and an additional outlet from Reid's Floodway as well as a lower fixed crest for Reid's Spillway should be pursued using all of the tools available including designations (s166-186, Resource Management Act, 1991), and if necessary, the Public Works Act 1981.	<i>As in z. above.</i>	→
bb	The flood hydrology of the Rangitāiki River needs to be updated to include the April 2017 event. It is recommended that a "naturalised" annual maxima flood series is developed that uses estimated Matahina Lake inflows rather than flows at Te Teko as its basis.	The updated hydrology has been completed and has undergone an external review. We are awaiting the external review final report.	→
Community engagement			
cc	Engagement of the full community (including Edgecumbe township) should be undertaken when considering further options for Reid's Floodway. This should include full notification of any notices of requirement and/ or application for resource consent.	Engagement is well underway with the community on future options for the Rangitāiki Floodway, in accordance with an engagement plan.	→



Report To: Audit and Risk Committee

Meeting Date: 11 September 2018

Report From: Sarah Omundsen, Acting General Manager, Regulatory Services

Production Forestry Debris Mobilisation Risk for the Bay of Plenty

Executive Summary

The purpose of this report is to update the Audit and Risk Committee on the risk of debris mobilisation from production forests in our region. The risk is exposure to production forest debris being mobilised in a severe weather event that brings intensive rainfall. Although the likelihood of the risk occurring is low, the impact of the worst case scenario may be catastrophic due to the threat to life. There is potential to lower the risk with further actions and controls.

Recommendations

That the Audit and Risk Committee:

- 1 Receives the report, Production Forestry Debris Mobilisation Risk for the Bay of Plenty;**
- 2 Agrees that the Production Forestry Debris Mobilisation risk (Appendix 1) is added to the Key Risk Register;**
- 3 Accepts the current risk score of ten (significant) for the Production Forestry Debris Mobilisation risk;**
- 4 Notes the future actions and controls that have been identified which could further reduce the risk of production forestry debris mobilisation.**

1 Purpose

The purpose of this report is to provide the Audit and Risk committee with the level of risk associated with mobilisation of production forestry debris (including harvest process waste and sediment) in the Bay of Plenty. This question was posed following a storm affecting the Gisborne area and the resulting damage from post-harvest forest slash material and eroding landscapes to waterways, farmland, and roading infrastructure.

For the purpose of this report, the risk assessed is specific to production forests, sometimes called plantation forests. Production forests are those planted for production management including pruning, thinning and harvest. Production forests can be exotic or native trees. Production forests do not include native restorative planting or spaced planting of poplars and willows for erosion control or aesthetic planting.

2 Background

The Bay of Plenty has the second highest amount of production (exotic) forestry of any region. Production forestry is the land use on approximately 45% of the productive land of the Bay of Plenty - approximately 270,000 hectares across the region. The majority is located in catchments east of the Waitahanui River catchment (84%), mostly in the Rangitāiki River catchment. Approximately 50% is located on Land Use Capability Class 6 and 7, which is hill country with slopes ranging from 21-35 degrees.

Forestry and wood processing are a key industry in the Bay of Plenty, contributing about 10% of the regional GDP annually (approx. \$1,000,000,000). In the next ten years, the log harvest in the region is forecast to increase between 3 and 5 million cubic metres per annum¹, which would constitute a significant increase in associated harvest operations.

In the Eastern Bay of Plenty, the forestry and wood processing industry is a major land use and employer. Ōpōtiki District has approximately 26,000 hectares of exotic forest estate mostly located in and around the Mōtū River and other East Coast river catchments. Whakatāne District has a much larger forest estate, some of which is shared with Rotorua District at 203,000 hectares, however all of the lake and river catchments in forest drain to the lower Rangitāiki Plains three main rivers.

3 Managing forestry activities in the Bay of Plenty

During the 1980's and 1990's a number of large blocks of first rotation forests were being established by industry in very challenging locations throughout the region. In addition, through Council's soil and conservation work, many smaller blocks were being targeted through incentives to plant pine to act as a mechanism to reduce erosion risks.

In the mid to late 2000's many of these forests were beginning to come on line for harvesting. As these were first rotation forests, most of the forests required significant infrastructure to be developed i.e. haul roads, skid pads, load out areas, etc. This led to a series of events where poor environmental performance resulted in significant discharges of sediment and woody debris into waterways within the more challenging Bay of Plenty forests e.g. eastern Bay of Plenty and north of the Rotorua lakes.

In 2008, a particularly bad series of events occurred which resulted in widespread environmental damage. One of the worst of these, situated at Waiōtahe in the Eastern Bay, resulted in significant destruction of stream habitat and damage to a downstream neighbouring property and infrastructure. This particular event resulted in a successful prosecution being undertaken against the parties involved, and was the catalyst for change and refocus within the forestry industry in the Bay of Plenty.

As a result of the Waiōtahe incident, Council staff set clear expectations on environmental standards, technical reviews of documentation were carried out, with

¹ Economic and Industry Profile of the Bay of Plenty Region, BERL economics, June 2011

updated Guidelines and material being made available. Focus was put on the full lifecycle of a forest, including reinforcing the need for appropriate setbacks when planting, improving engineering standards when constructing roading, skid pads, catch pits, silt fences and other structures.

Importantly, performance within the forestry sector improved substantially, to a point where Bay of Plenty forests were considered nationally to be some of the best planned and harvested forests in the country. This was reinforced by the Ministry for Primary Industries involving several Council staff early on in the development of the National Environmental Standards for Plantation Forestry.

3.1 Slash management

Slash is a forestry term for tree material leftover from the harvesting and log making process. Since the late 2000's, a lot of time has been spent with the industry highlighting the risk of poor slash management. Enforcement action has also been taken where operators have not adequately considered their slash management – for example, the poor engineering of skids sites. As a result there have been substantial improvements to new and existing infrastructure.

There will always be a potential for some slash and woody debris to enter waterways. It is a result of some of the landscape being harvested within the Bay of Plenty, with some sites too dangerous to clear away all at-risk debris. In cases like these, alternate strategies are considered, such as installing debris deflectors/slash racks downstream. However in the majority of forests in the region, good slash management during harvest is achieved by using the appropriate felling and harvesting technologies to limit slash debris in vulnerable places.

It should also be noted that, while the majority of the industry in the Bay of Plenty is operating in a responsible and safe manner (particularly the larger companies) there are still instances of poor practice which we identify through our compliance programme; for example, the prosecution of Whitiakau Forests in 2018.

In relation to the recent Gisborne event, the industry in the Bay of Plenty are largely aware of avoiding any storing of logs or slash in flood plains. This practice is something that Council staff check up on and urge contractors to avoid.

4 National Environmental Standards for Plantation Forestry

The National Environmental Standards for Plantation Forestry Regulations 2017 (NES-PF) came into force on 1 May 2018 and provides a nationally consistent set of provisions to manage the environmental effects of plantation forestry activities.

The underlying policy objectives of the NES-PF are to:

- maintain or improve the outcomes associated with plantation forestry activities; and
- increase the efficiency and certainty of managing plantation forestry activities.

Included within the objective to improve outcomes associated with plantation forestry activities are provisions that specifically seek to address risk effects from forestry. The mechanism within the regulations to achieve this is a requirement to prepare and submit to Council a Forestry Earthworks Management Plan and Harvest Plan.

The Forestry Earthworks Management Plan and Harvest Plan identify site specific environmental risks and show how these will be managed. For risks associated with harvesting the plan must include the management practices that will be used to avoid, remedy, or mitigate risks as well as management practices for maintenance and monitoring.

4.1 Implementation of the NES-PF in the Bay of Plenty

Prior to 1 May 2018, when the NES-PF came into force, forest related earthworks and/or harvesting was governed by rules within Council's Natural Resources Plan (formerly the Water and Land Plan). Effectively the rules permitted a variety of low risk activities to be carried out without consent, but required consent for higher risk activities such as working on steep slopes or very near waterways. In addition, the Plan permitted accredited operators, who were able to prove sound environmental practice, to undertake works on more challenging land without the requirement of consent.

Regular compliance inspections were undertaken on the consented higher risk sites, with staff ensuring sound environmental practices were being carried out as required by the conditions of their consents. Targeted inspections were only undertaken on the Permitted Activity sites as a result of a complaint being made about the activity, or as a result of a compliance officer observing issues whilst out in the field.

Under the NES-PF forestry companies are required to advise Council of all forest earthworks and harvesting being carried out amongst other forestry activities. Councils can then request Management Plans from the companies which outline their operations, and give detail on the location and type of controls that they are planning to install and undertake monitoring of permitted activities.

The NES-PF also provides for staff to recover the actual and reasonable costs of monitoring. This means will assist Council to develop a monitoring approach which will provide a better overview of where forestry operations are being carried out throughout the Bay, and ensure good practice is being undertaken on sites that may have never been inspected under the pre-May 2018 regime.

While the NES-PF regulations are based on good forestry practices they do not eliminate risk at all sites if poorly managed and hit by a rainfall event. Council, when implementing the regulations, will need to be satisfied with the level of risk management that is being undertaken by forestry operators. Assessment of harvest plans and compliance monitoring of forestry activities to ensure adherence to regulations will be a key factor in terms of mitigating risks, to the degree that the regulations allow for this. Implementation of these regulations will be monitored carefully so that Council can be satisfied that risks have been adequately addressed.

5 Discussion on the assessed risk to the Bay of Plenty

In 2010 and 2011 the eastern Bay of Plenty was hit with two intensive rainfall storms which caused localised mobilisation of production forestry debris east of Ōpōtiki and around Whakatāne. A thorough investigation was carried out by council staff, a SCION scientist and three forest companies. The report was presented to council in July 2011.

This report was referenced, along with staff knowledge of the region and our forests, and anecdotal evidence from the East Coast, to provide an assessment of the current risk of production forestry debris mobilisation. This assessment is included at Appendix 1. It shows a current risk score of ten, which is classed as significant. The score for

this risk is made up of the likelihood of it happening (2 - low) multiplied by the consequence of the worst case scenario event (5 – catastrophic).

With the likelihood of a catastrophic event being so low, the recommendation is to accept the current risk score of ten. With additional future mitigating actions and controls the risk could be potentially lowered to five through implementing a number of actions and controls, in association with the forestry sector. It is also important to note that post-harvest products and waste only form a component of debris which might be mobilised in a significant storm event, with a significant aspect of the risk also posed by wind-thrown trees.

The extent of the risk in relation to the extensive productive forest estate across the region is that we are vulnerable at all locations. But while the vulnerability to the risk exists virtually at all sites, the degree of risk escalates with landscape type, particularly slopes over 25 degrees, harvest management, forest economics (at the time), and if any community or community infrastructure is downstream. A beach, although not infrastructure but a community asset, could also be considered at risk where debris may be deposited, which may require removal. The four key factors are affected by ground saturation status and a storm event with intensive rainfall.

In summary it is recommended that Council include the risk of production forest debris mobilisation on its risk register to ensure it provides for effective management of the risk in association with the regions forest managers and landowners.

6 Implications for Māori

The implication for Māori on the decision to adopt a risk for production forestry debris mobilisation is positive in relation to ensuring council is addressing the well-being of māori throughout the region. The protection of land, community's, waterways and receiving environments from debris is giving affect to policies and objectives in several council planning documents and iwi and hapu management plans. In addition, working in association with the forestry sector to address any future risk will ensure we maintain and possibly increase our production forest estate which provides social and economic benefit to māori communities, particularly in the eastern Bay of Plenty and around Rotorua.

7 Council's Accountability Framework

7.1 Community Outcomes

This proposal directly contributes to the four Community Outcome/s in the council's Long Term Plan 2018-2028 – a Healthy Environment; Freshwater for Life; Safe and Resilient Communities and a Vibrant Region.

7.2 Long Term Plan Alignment

This work is planned under the Consent and Regulatory Compliance Activities in the Long Term Plan 2018-2028.

Current Budget Implications

This work is being undertaken within the current budget for both Activities in Year 1 of the Long Term Plan 2018-2028.

Future Budget Implications

Future work on production forestry debris mobilisation risk mitigation is provided for in Council's Long Term Plan 2018-2028.

Simon Stokes
Eastern Catchments Manager

for Acting General Manager, Regulatory Services

3 September 2018

APPENDIX 1

Production Forestry debris mobilisation risk template 2018

Key Risk Template

1			<i>Inherent Score</i>		
Description	What's the Risk?	ELT Owner	Likelihood	Impact	Total
Production Forestry debris mobilisation	Production Forestry debris (including harvest process waste and sediment) flowing beyond the activity site potentially endangering lives, causing damage to private and public infrastructure and property. This risk is likely to increase under climate change scenarios that predict increased severe storm events.	GM Regulatory Services	3	5	15
			<i>Current Score</i>		
What are we doing about the risk?		Effect on	Likelihood	Impact	Total
Mitigating Actions and Controls					
<ul style="list-style-type: none"> I. Production Forestry activities are required to be undertaken in accordance with National Environmental Standards for Plantation Forestry (NES-PF) regulations, Regional Natural Resources Plan standards and/or resource consent conditions. II. Compliance monitoring is undertaken on NES-PF activities in accordance with NES-PF's permitted activity monitoring provisions and on consented sites in accordance with Council's six monthly monitoring policy. III. Provide professional advice to landowners and foresters about the inherent environmental risks of any planned forestry activity and their statutory obligations. IV. Input into national and local forest industry groups to highlight issues and risks around forestry activities. V. Council has an Erosion and Sediment Control Guideline for Forestry Activities in place. 		Likelihood	2	5	10
			<i>Potential Score</i>		
What further steps could we take in the future?		Effect on	Likelihood	Impact	Total
Mitigating Actions and Controls					
<ul style="list-style-type: none"> I. Develop a guideline to assist staff when evaluating the overall risk of production forestry activities, to determine if Council requests harvest and/or earthworks plans submitted under the NES-PF. The emphasis of the guidelines should be on the eight land management suites recommended as more prone to risk of debris mobilisation in the report on forest debris risk July 2011. II. For high risk sites (as determined by staff) undertake more frequent compliance monitoring. Amend Council's six monthly monitoring policy to included discretion for more frequent monitoring 		Likelihood	1	5	5

Key Risk Template



<p>III. Develop a guideline for staff that provides regulatory and non-regulatory advice to landowners/foresters on the risks associated with production forest activities and best management practises to avoid or mitigate those risks.</p> <p>IV. Put in place resources to specifically work with the forestry sector to improve best practice within the industry.</p> <p>V. Review the recommendations promoted in a report to council in 2 August 2011 on forestry debris management and implement those actions still relevant</p> <p>VI. Monitor the implementation of the NES PF regulations so that Council can be satisfied that risks are being adequately addressed to ensure a low level is maintained.</p>				
---	--	--	--	--

Community Impact Assessment

Production forestry debris mobilisation could have economic, environmental and social impacts on the community. However the degree of risk is related to four key factors – landscape type particularly slope angle, harvest management, forest economics (at the time), and if any community or community infrastructure is downstream. A beach, although not infrastructure but a community asset, could also be considered at risk where debris may be deposited, which may require removal. The four key factors are affected by ground saturation status and a storm event with intensive rainfall. What council is currently doing about the risk should maintain our risk at a low level. However applying further steps could reduce the risk further for the community.

PRESENTATION - Production Forestry Debris Mobilisation risk presentation

Report To: Audit and Risk Committee

Meeting Date: 11 September 2018

Report From: Namouta Poutasi, Acting General Manager, Strategy & Science

Transport Activities Risks

Executive Summary

The purpose of this report is to update the Committee on the risks to the successful delivery of the Council's Transport Activities (Passenger Transport and Transport Planning).

Following a strategic risk workshop focussing on the Activities, the following risks were identified:

1. Partnerships/relationships (Key Risk Register risk 2);
2. Meeting community expectations (Key Risk Register risk 5);
3. Health & Safety incident (Key Risk Register risk 18);
4. Bus patronage (new); and
5. Transport Planning (new).

The first three risks are currently included within the Council's Key Risk Register. The last two are new and staff are recommending that they be included on the Register.

The risks have been assessed with the result being a current significant level of risk.

Recommendations

That the Audit and Risk Committee:

- 1 Receives the report, Transport Activities Risks.**
- 2 Notes the strategic risks for Partnerships/Relationships, Meeting Expectations and Health and Safety currently contained in the Council's Key Risk Register which apply to the Transport Activities.**
- 3 Approves the inclusion of the Bus patronage and Transport Planning risks as new risks on Council's Key Risk Register.**
- 4 Accepts the current risk score of 9 (Significant) for the Bus patronage risk.**

5 Accepts the current risk score of 12 (Significant) for the Regional Transport Planning risk.

1 Introduction

The Council's Transport group of Activities help to deliver the Vibrant Region Community Outcome. That Outcome has an objective relating to delivering a safe and reliable public transport system and targets relating to regional patronage and levels of satisfaction with the two largest contracted bus services (Tauranga and Rotorua). The Council is investing significant sums of money in the Activity to deliver the Outcome.

Over the last year, patronage on most bus services (certainly the larger ones) has fallen and some significant projects are taking longer to implement than originally planned. Consequently, at the last Public Transport Committee meeting in August 2018, these issues were top of mind for members.

As a result of those concerns, one of the actions that staff initiated was to conduct a strategic risk workshop to build on the current risk management work of the Council's Transport Operations teams in relation to the Regional Integrated Ticketing System and new western Bay of Plenty contract implementation projects (for which operational risk registers exist).

The following report provides greater detail on the outputs of that workshop.

2 The Risks

A strategic risk workshop for the Transport group of Activities was conducted by Council staff on 28 August 2018 and identified the following risks:

1. Partnerships/relationships (Key Risk Register risk 2);
2. Meeting expectations (Key Risk Register risk 5);
3. Health & Safety incident (Key Risk Register risk 18);
4. Bus patronage (new); and
5. Transport Planning (new).

Greater detail about risks 4 and 5 are contained in Appendix 1.

2.1 Partnerships/relationships

The Key Risk Register outlines a strategic risk relating to partnerships/relationships that applies to many activities across the organisation.

The delivery of an effective public transport system requires a partnership approach between the Council, territorial authorities and the Crown (New Zealand Transport Agency). As such, this risk applies to our Transport activities.

The Risk Register also currently outlines what we are doing about the risk and further steps we could take in the future.

2.2 Meeting expectations

The Key Risk Register outlines another strategic risk relating to meeting expectations that applies to many of our LTP activities.

Members may recall that through the development of the Western Bay of Plenty Public Transport Blueprint, the 2018 - 2028 Regional Land Transport Plan and the Council's 2018 - 2028 Long Term Plan, the community voiced its expectations in regard to the Council's Transport functions.

Feedback ranged from dis-satisfaction with the proposal to modify the current Tauranga School Hopper bus network, opposing views in regard to the level of investment proposed by Council in its public transport function and requests for new bus services. This feedback demonstrates that the risk around meeting community and stakeholder expectations is a key risk for the Transport group of Activities.

2.3 Health and Safety incident

The Key Risk Register outlines the risk of a significant health and safety incident occurring during the course of our activities being undertaken. The incident could be in relation to serious harm of Council employee, a contractor or a member of the public

Some members may recall that in early July 2018, a passenger tragically died in a fall on an Auckland double-decker bus. The implications for Council as a contractor of bus services of such an incident occurring is that responsibility lies across the bus operator and Council as there is a shared duty under the Act. As such, this risk applies to our Transport activities.

2.4 Bus Patronage

An additional key risk has been identified specifically relating to Council's Passenger Transport Activity, that regional bus patronage continues to decline and we fail to meet our LTP targets.

Staff recommend that Council include the Bus Patronage risk as a new risk on Council's Key Risk Register.

If nothing was done to manage or mitigate this risk, the risk would have an inherent score of 20.

Failure to grow patronage and fare revenue could lead to a reduction in public transport services, further reducing the appeal of public transport as a mode of transport. This could result in additional growth in motor vehicle travel adding to urban congestion and emission and a reduction in options for members of the community reliant on the mode to access goods and services.

Reductions in service levels will be contrary to existing central government policy, which may limit investment in the transport system in the region from that sector.

2.4.1 What are we doing about the risk?

Appendix 1 outlines the mitigating actions and controls that are currently being progressed. In essence, they heavily focus on forthcoming changes to the western Bay of Plenty sub-region's bus services and new technology (e.g. ticketing, Wi-Fi, real time passenger information, etc).

Implementing the listed actions reduces the inherent risk score to a current risk score of 9 (Significant) and staff recommend that Council accept this score for the Bus Patronage risk.

2.4.2 What further steps could we take in the future?

Appendix 1 also outlines the mitigating actions and controls that Council may progress in the future. They focus on greater collaboration with partner authorities and agencies to drive behaviour change and could give a potential risk score of 6 (Moderate).

2.5 Transport Planning

There is also a risk relating to Council's Transport Planning function that our regional transport planning does not support sustainable urban growth and connections between communities. This risk is closely linked to existing risk 8 in the Register (unsustainable growth).

Staff recommend that Council include the Transport Planning risk as a new risk on Council's Key Risk Register.

The risk has an assessed inherent score of 20.

Failure to appropriately plan for urban growth can lead to major impacts on communities in our region, particularly the western Bay of Plenty Sub-region. Increases in traffic congestion, emissions from transport and decreases in road safety result in costs to the community. Similarly, not being aligned to the national policy environment can also limit investment in the transport system in the region from central government agencies.

Failure to appropriately plan for passenger transport services to connect our communities, can adversely impact our smaller, generally rural communities and reduce their access to essential goods and services (e.g. health services).

2.5.1 What are we doing about the risk?

Appendix 1 outlines the mitigating actions and controls that are currently being progressed. In essence, they heavily focus on working more closely with partner authorities and agencies.

Implementing the listed actions reduces the inherent risk score to a current risk score of 12 (Significant) and staff recommend that Council accept this score for the Transport Planning risk.

2.5.2 What further steps could we take in the future?

Appendix 1 also outlines the mitigating actions and controls that Council may progress in the future. They focus on 'Centre of Transport' initiatives and more joined-up planning with partner authorities and agencies. Due to the nature of the actions it is unlikely that the potential risk score will be any lower than the assessed current risk score (12).

3 Implication for Māori

The implication for Māori on the decision to adopt a risk for Bus patronage and Transport Planning is positive in relation to ensuring council is addressing the well-being of Māori throughout the region.

4 Council's Accountability Framework

4.1 Community Outcomes

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

4.2 Long Term Plan Alignment

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

Current Budget Implications

This work is being undertaken within the current budget for the Passenger Transport Activity in Year 1 of the Long Term Plan 2018-2028.

Future Budget Implications

Future work on delivering the Passenger Transport Activity is provided for in Council's Long Term Plan 2018-2028.

Garry Maloney
Transport Policy Manager

for Acting General Manager, Strategy & Science

3 September 2018

APPENDIX 1

Bus patronage and Transport Planning Risks

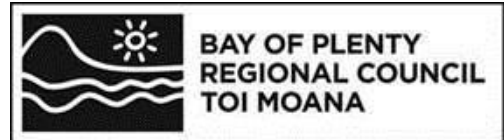
Key Risk Template

			Inherent Score		
Description	What's the Risk?	ELT Owner	Likelihood	Impact	Total
Bus patronage	Bus patronage does not meet our Long Term Plan targets of 2.8 million in 2018/19 and higher thereafter.	Strategy & Science	5	4	20
			Current Score		
What are we doing about the risk?		Effect on	Likelihood	Impact	Total
Mitigating Actions and Controls <ul style="list-style-type: none"> I. More frequent bus services and wider operating times to improve accessibility and destination timeframes. II. Improving bus routes to include key connection points to achieve greater community connectivity. III. Greater coverage of urban areas. IV. More direct bus services. V. New technology to improve customer experience including electronic ticketing, CCTV, Wi-Fi and real time passenger information. VI. Technology solutions to gather information around service and usage performance to improve network planning. VII. Setting fees and charges at an appropriate level to encourage patronage. VIII. Greater marketing of the services. IX. Key stakeholder group in place. 		Likelihood and impact	3	3	9
			Potential Score		
What further steps could we take in the future?		Effect on	Likelihood	Impact	Total
Mitigating Actions and Controls <ul style="list-style-type: none"> I. <i>Work closer with our territorial authorities to assist us to drive behaviour changes (for example, reviewing the supply and pricing of parking).</i> II. <i>Targeted marketing to encourage behaviour change for specific demographics.</i> 		Likelihood	2	3	6
Community Impact Assessment					
<p>Failure to grow patronage and fare revenue could lead to a reduction in public transport services, further reducing the appeal of public transport as a mode of transport. This could result in additional growth in motor vehicle travel adding to urban congestion and emission and a reduction in options for members of the community reliant on the mode to access goods and services.</p> <p>Reductions in service levels will be contrary to existing central government policy, which may limit investment in the transport system in the region from that sector.</p>					

Key Risk Template



			Inherent Score		
Description	What's the Risk?	ELT Owner	Likelihood	Impact	Total
Transport Planning	Our regional transport planning does not support sustainable urban growth and connections between communities.	Strategy & Science	4	5	20
			Current Score		
What are we doing about the risk?		Effect on	Likelihood	Impact	Total
Mitigating Actions and Controls <ol style="list-style-type: none"> I. Implement the Regional Land Transport Plan. II. Working with partners to identify gaps in the western Bay of Plenty Sub-region transport system. III. Developing a protocol to assist collaborative working relationships between the western Bay of Plenty Sub-region transport partners (centre of transport). IV. Exploring the scope of developing a western Bay of Plenty sub-regional transport document. 		Likelihood and Impact	3	4	12
			Potential Score		
What further steps could we take in the future?		Effect on	Likelihood	Impact	Total
Mitigating Actions and Controls <ol style="list-style-type: none"> I. <i>Development of a western Bay of Plenty sub-regional transport document.</i> II. <i>Action the outcomes from the gaps identified in the western Bay of Plenty sub-regional transport stocktake.</i> III. <i>Investigate options for implementing a centre of transport in the western Bay of Plenty Sub-region.</i> IV. <i>Review the Regional Land Transport Plan through the Regional Transport Committee to reflect a changing national policy environment.</i> V. <i>Identify opportunities to influence central government funding towards addressing infrastructure gaps.</i> 		Likelihood	3	4	12
Community Impact Assessment					
<p>Failure to appropriately plan for urban growth can lead to major impacts on communities in our region, particularly the western Bay of Plenty Sub-region. Increases in traffic congestion, emissions from transport and decreases in road safety results in costs to the community. Similarly, not being aligned to the national policy environment can also limit investment in the transport system in the region from central government agencies.</p> <p>Failure to appropriately plan for passenger transport services to connect our communities, can adversely impact our smaller, generally rural communities and reduce their access to essential goods and services (e.g. health services).</p>					



Receives Only – No Decisions

Report To: Audit and Risk Committee

Meeting Date: 11 September 2018

Report From: Fiona McTavish, Chief Executive

Internal Audit Status Update

Executive Summary

This report provides an update on the status of internal audit activities as at 31 August 2018 and includes:

- The status of internal audit reviews for the 2017/18 year;
- The status of internal audit recommendations and management actions to 30 June 2018;
- The status of the 2018/19 Work Plan.

Since the last Audit and Risk Committee in June 2018 two internal audit reviews have been completed – Grants and Sensitive Expenditure. A public excluded report (Internal Audit Annual Report 2017/18 and Review Update) in this agenda addresses these completed reviews.

A full process has been undertaken to follow up with management on open actions resulting from previous reviews. At 30 June 2018 there were 40 open actions.

Recommendations

That the Audit and Risk Committee:

- 1 Receives the report, Internal Audit Status Update;**

1 Introduction

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

- The status of internal audit reviews for the 2017/18 year;

- The status of internal audit recommendations and management actions to 30 June 2018;
- The status of the 2018/19 Work Plan.

2 Internal Audit Work Plan 2017/18 Status

On 13 June 2017, the Audit and Risk Committee approved the Internal Audit Work Plan for the three years to 2019/20, including the detailed internal audit work plan for 2017/18. Since that meeting, five internal audit reviews have been completed. They are Accounts Receivables and Payroll (reported to the Audit and Risk Committee on 19 December 2017), Health and Safety (reported to the Audit and Risk Committee on 12 June 2018) and Grants and Sensitive Expenditure (refer to the public excluded section of this agenda).

The Asset Management Review, delayed as a result of the April 2017 flood event and LTP process, has been transferred to the 2018/19 Internal Audit Work Plan and commenced in the first quarter of 2018/19, with fieldwork being completed.

The following table summarises the status of all internal audit reviews for 2017/18.

Review	Field work	GM Sponsor	Status	Status of Internal Audit					
				Planning / Draft Scope	Final Scope	Fieldwork	Draft Report	Mgmt Actions	Final Report
Accounts Receivables	BOPRC	Corporate Performance	Complete	Complete	Complete	Complete	Complete	Complete	Complete
Payroll	BOPRC	Corporate Solutions	Complete	Complete	Complete	Complete	Complete	Complete	Complete
Health & Safety	KPMG	Corporate Solutions	Complete	Complete	Complete	Complete	Complete	Complete	Complete
Asset Management Planning	KPMG	Corporate Performance	In Progress	Complete	Complete	Complete Q1 2018	2018/19 Work Plan	2018/19 Work Plan	2018/19 Work Plan
Grants	BOPRC	Integrated Catchments	Complete	Complete	Complete	Complete	Complete	Complete	Complete
Sensitive Expenditure*	BOPRC	Corporate Performance	Complete	Complete	Complete	Complete	Complete Q1 2018	Complete Q1 2018	Complete Q1 2018

*Brought forward from 2018/19

3 Internal Audit Follow Up – 2017/18

Internal Audit has reviewed all open management actions as part of the follow up work in the 2017/18 Work Plan. At the start of the quarter (1 April 2018) there were 27 open management actions. During the quarter, 37 actions were added, relating to the Health and Safety and Grants reviews, with 24 actions closed. 40 actions were open at 30 June 2018, the majority of these relate to findings in Grants (sixteen), Health and Safety (ten) and Legislative Compliance Framework (nine).

Of the open actions (14 out of 40) are past their original due date. The overdue actions relate predominately to Legislative Compliance Framework (nine) and Accela Phase One (four).

Legislative Compliance – with the additional FTE to assist the In-house Legal Counsel commencing on 5 March 2018 a full assessment of the outstanding actions was

undertaken in June confirming the actions remain relevant. Internal Audit is working with the Legal team, including monthly implementation meetings, to ensure these recommendations are progressing.

4 Internal Audit Work Plan Status - 2018/19

On 12 June 2018, the Audit and Risk Committee approved the Internal Audit Work Plan for the three years to 2020/21, including the detailed internal audit work plan for 2018/19.

Since that meeting, three reviews have commenced. They are Asset Management Planning, Maritime Disaster Preparedness, and Civil Defence Response Capability.

The following table summarises the status of all internal audit reviews for 2018/19:

Review	Field work	GM Sponsor	Status	Status of Internal Audit					
				Planning / Draft Scope	Final Scope	Fieldwork	Draft Report	Mgmt Actions	Final Report
Asset Management Planning	KPMG	Corporate Performance	In Progress	Complete	Complete	Complete	In Progress		
Maritime Disaster Preparedness	BOPRC	Regulatory Services	In Progress	Complete	Complete	In Progress			
Civil Defence Response Capability	BOPRC	Regulatory Services	In Progress	Complete	Complete	In Progress			
Procurement	BOPRC	Corporate Performance	Scheduled						
Budgeting and Monitoring	BOPRC	Corporate Performance	Scheduled						
Fraud Risk Assessment	KPMG	Corporate Solutions	Scheduled						
Contracts Management	BOPRC	Corporate Performance	Scheduled						
Performance Measurement	BOPRC	Corporate Performance	Scheduled						
Rates	BOPRC	Corporate Performance	Scheduled						

5 Other Internal Audit Activities

In conjunction with completing the internal audit work program, the internal audit team has been involved in conducting responsive reviews for the Chief Executive and continuing to roll out sessions to staff on the need for Fraud Awareness.

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 2018/19.

Current Budget Implications

Internal Audit activities carried out in 2017/18 have been accommodated within the budget provision for the Chief Executive's Office for the year.

Future Budget Implications

The Long Term Plan 2018-2028 contains budget for delivery of the co-sourced Internal Audit Work Plan. This includes staff resources and provision for external resource for specialist reviews.

Claire Gordon
Internal Auditor

for Chief Executive

31 August 2018