

Finance and Assurance Committee Report to the Board and Charter Amendment

For decision: For noting:

Ngā tūtohunga / Recommendations

That the Auckland Transport Board (board):

- a) Notes this annual update to the board as required under the Finance and Assurance Committee (committee) charter.
- b) Approves a minor update to the committee charter (provided in markup as Attachment 1) to enable the committee to review, approve and execute half year letters of engagement.

Te whakarāpopototanga matua / Executive summary

1. The committee charter requires that the committee annually prepare a report to the board summarising how it has discharged its responsibilities over the year.
2. Similar to other board Committees, the committee has had a busy year assisting management to respond to the on-going impacts of the COVID-19 pandemic, including facing into significant budgetary pressure.

Ngā tuhinga ō mua / Previous deliberations

Date	Report Title	Key Outcomes
August 2022	Finance and Assurance Committee Performance Evaluation and Report to the Board	The committee noted the update on significant issues dealt with by the committee and recommended to the board approval of the proposed minor amendments to the charter as outlined in this report.

Te horopaki me te tīaroaro rautaki / Context and strategic alignment

3. Section 6.2 of the charter states that on an annual basis, the committee will prepare a report to the board indicating how the committee has discharged its responsibilities as set out in the charter for the previous year, including a describing of significant issues dealt with by the committee.
4. Section 5 of the charter outlines the key responsibilities of the committee. These can be summarised as:
 - a. Financial Performance: oversight of financial performance against the annual plan.
 - b. Financial Strategy: providing insights and guidance to the development of financial strategies and policies.
 - c. Financial Statements: reviewing annual, half annual and quarterly financial reporting and statements.
 - d. Internal Control Environment: reviewing the adequacy and effectiveness of the internal control environment.
 - e. Risk Management: ensuring that AT has an appropriate risk focussed culture and monitoring AT's risk profile.
 - f. Fraud Prevention Systems and Controls: reviewing fraud prevention policies and controls.
 - g. Internal Audit: reviewing internal audit activities and ensuring they take place without hindrance.
 - h. External Audit: reviewing the external audit plan and ensuring key findings are acted upon by management.
 - i. Compliance Management: reviewing systems and processes for monitoring compliance.

Ngā matapakinga me ngā tātaritanga / Discussion and analysis

5. The committee has met on five occasions over the past financial year, including the two meeting in July and August 2021 associated with preparation of the FY21 annual report.
6. In addition to providing guidance to management's response to financial pressures associated with the ongoing impacts of the COVID-19 pandemic (including infrastructure cost escalation and supply chain risk), committee lines of enquiry have focussed on development of an improved risk management framework, speedier resolution of outstanding internal audit recommendations and seeking greater clarity on AT's regulatory compliance functions, obligations and powers.
7. Significant items of committee activity aligned with the key responsibilities outlined in the charter over the last financial year include:
 - a. Appointment of Mark Darrow as committee chair in November 2021, replacing Mary-Jane Daly who left the board.
 - b. Assisting management with preparation of the FY21 annual report and reporting packs.
 - c. Providing oversight and guidance of preparation of the FY22 budget and financial plan.

- d. Providing guidance on resolution of issues associated with the Enterprise Asset Management Project.
 - e. Review and recommendation to the board for endorsement of Hikina te Wero: Environment Action Plan.
 - f. Review and endorsement of tier one policies, including:
 - i. Risk Management Policy.
 - ii. Business Continuity and Recovery Management Policy.
 - g. Approval of quarterly reports for submission to Auckland Council.
 - h. Endorsement of an updated AT Pandemic Response Plan.
 - i. Review and noting of regulatory enforcement and compliance functions undertaken by AT in accordance with its legal and regulatory powers and responsibilities.
 - j. Internal Audit and Audit New Zealand activities as required under the charter.
8. A minor amendment to the committee charter (provided in markup form as Attachment 1) is recommended to the board for approval. Through amendment of section 5.3 of the charter, this will enable the committee to review, approve and execute half year letters of engagement on behalf of the board, thus addressing a shortcoming identified at the 1 February 2022 meeting associated with approval of the half year reporting pack for submission to Auckland Council.

Ngā tūraru matua / Key risks and mitigations

9. N/A.

Ngā ritenga-ā-pūtea me ngā rauemi / Financial and resource impacts

10. N/A.

Ngā whaiwhakaaro o te taiao me te panonitanga o te āhuarangi / Environment and climate change considerations

11. N/A.

Ngā whakaaweawe me ngā whakaaro / Impacts and perspectives

Mana whenua

12. N/A.

Ngā mema pōti / Elected members

13. N/A.

Ngā rōpū kei raro i te Kaunihera / Council Controlled Organisations

14. N/A.

Ngā kiritaki / Customers

15. N/A.

Ngā whaiwhakaaro haumaruru me ngā whaiwhakaaro hauora / Health, safety and wellbeing considerations

16. N/A.

Ā muri ake nei / Next steps

17. Assuming approval by the board, the committee charter will be updated and published internally and externally.

Te whakapiringa / Attachment

Attachment number	Description
1	Draft updated committee charter.

Te pou whenua tuhinga / Document ownership

Recommended by	Andrew Downie Governance Lead 
Approved for submission	Mark Lambert Interim Chief Executive 