

Te Pūkenga August Risk and Audit Committee

Schedule	Wednesday 30 August 2023, 15:30 — 17:30 NZST
Venue	https://vocationaleducation.zoom.us/j/81450516647?from=addon
Organiser	Haley Passmore

Agenda

Karakia timatanga

 Te Pūkenga Karakia Opening.pdf	1
--	---

Agenda

 00 Te Pukenga Risk and Audit Committee August 2023 Agenda.pdf	2
---	---

15:30	1. Administration For Approval - Presented by John Brockies	4
-------	--	---

1.1. Welcome/apologies	5
------------------------	---

1.2. Register of interests For Reference	
 1.2 Register of Interests.pdf	6

1.3. Schedule of committee membership and meeting dates for 2023 For Reference	
 1.3 Schedule of Committee membership and meeting dates.pdf	7

1.4. Workplan and ideas list	
 1.4 2023 RAC Committee Workplan.pdf	8

	 1.4B 2023 Ideas List.pdf	10
<hr/>		
	1.5. Delegations	
	 1.5. Risk and Audit Delegations Register extract 9 August 2023.pdf	11
<hr/>		
	1.6. Late items	12
	 1.6 Late item.pdf	13
<hr/>		
15:35	2. Other business For Approval	15
<hr/>		
15:40	2.1. Terms of Reference review	
	 2.1 Terms of Reference Review covernote.pdf	16
	 2.1.1 Risk and Audit Committee ToR July 2022 tracked changes.pdf	18
	 2.1.2 DRAFT Risk and Audit Committee ToR September 2023 CLEAN.pdf	23
<hr/>		
	3. Resolution to exclude the public	
	 3. Resolution to exclude the public.pdf	28
<hr/>		
15:50	4. Administration For Approval - Presented by John Brockies	30
<hr/>		
	4.1. Minutes of previous meeting held 26 April 2023	
	 4.1 DRAFT Risk and Audit Committee Minutes April 2023.pdf	31
<hr/>		
	4.2. Confidential action list	
	 4.2 RAC action items.pdf	35
<hr/>		
	5. Internal Audit For Approval	36

15:55	5.1. Internal audit procurement plan and delivery options	
	 5.1 Co-sourced internal audit services for Te Pūkenga 2023.pdf	37
	 6.1.1 Appendix 1 Supplier Recommendation Form _ PWC (002) (003).pdf	40
	 6.1.2 Appendix 2 Approved Internal Audit Plan Summary tables for Co-sourced paper.pdf	43
<hr/>		
	6. Risk and compliance For Approval	44
<hr/>		
16:00	6.1. Risk register Presented by Ziena Jalil	45
	 6.1 Risk Register.pdf	46
<hr/>		
16:05	6.2. Statutory compliance Presented by Ziena Jalil	
	 6.2 Statutory compliance.pdf	50
<hr/>		
16:10	6.3. Contentious legal matters Presented by Ziena Jalil	
	 7.3 Contentious Matters Update (August 2023).pdf	52
	 7.3.1 Contentious Matters Report - 22 August 2023.pdf	54
<hr/>		
16:15	7. Any other closed business For Discussion	68
<hr/>		
	7.1. Fraud questionnaires and letter of representation for CFIS audit	69
	 7.1 Fraud questionnaires and letter of representation for CFIS audit.pdf	70
	 7.1.1 Audit NZ Rep Letter YE 30 June 2023.pdf	72
	 7.1.2 Fraud Risk Assessment - Enquiry areas for TCWG.pdf	74
<hr/>		

16:25 8. Committee and Audit NZ only session 76

Karakia whakakapi

 Te Pūkenga Karakia Closing.pdf 77

Te Pūkenga Karakia

Whakarongo rā e Rongo
ki Te Pūkenga
te manawa nei
ki te rongo taketake
te whiwhia, te rawea
te whiwhi-ā-nuku
whiwhi-ā-rangi
i takea mai i te kāhui o ngā ariki.

kia tūturu ka whakamau ai kia tīnā,
Tīnā!
Hui e?
Tāiki e!

Listen o Rongo
to Te Pūkenga
offering gratitude
for the peace and harmony
that allows us to enjoy,
the gifts of the earth
and the heavens
bequests of a higher order.

and bind them firmly.
Firmly!
Do we all concur?
We concur!

Te Pūkenga Risk and Audit Committee

Taipitopito | Details

Te rā Date	Wednesday 30 August 2023
Te wā Time	3.30pm - 5.30pm
Te wāhi Location	Zoom

Te hunga i tae mai | Attendance

Ngā tāngata i tae atu Attendees	Jeremy Morley, John Brockies, Murray Strong, Sue McCormack
Ngā tāngata i tamō Apologies	
In attendance	Peter Winder (Chief Executive), Michelle Teirney (Chief Financial Officer), Jo Smaill (Audit New Zealand), Ziena Jalil (Chief of Staff), Agnes Wilson (item 5.1.) Deirdre Hemera (item 6.1.), Kara Hiron (Legal Director, item 6.3.)
Heamana Chair	John Brockies
Ngā meneti Minutes	Haley Passmore

Rārangi take | Open Agenda

Nama take Agenda item
Karakia timatanga
1. Administration
1.1. Welcome/apologies
1.2. Register of interests
1.3. Schedule of committee membership and meeting dates for 2023
1.4. Workplan and ideas list
1.5. Delegations
1.6. Late items
2. Other business

Nama take Agenda item	
-------------------------	--

2.1	Terms of Reference review
-----	---------------------------

3.	Resolution to exclude the public
-----------	---

Rārangi take | Closed Agenda

Nama take Agenda item	
-------------------------	--

4.	Administration
-----------	-----------------------

4.1	Minutes of previous meeting held 26 April 2023
-----	--

4.2	Confidential action list
-----	--------------------------

5.	Internal audit
-----------	-----------------------

5.1	Internal audit procurement plan and delivery options
-----	--

6.	Risk and compliance
-----------	----------------------------

6.1	Risk register
-----	---------------

6.2	Statutory compliance
-----	----------------------

6.3	Contentious legal matters
-----	---------------------------

7.	Any other closed business
-----------	----------------------------------

7.1.	Fraud questionnaires and letter of representation for CFIS audit
------	--

8.	Committee and Audit NZ only session
-----------	--

Karakia whakakapi and close of meeting	
--	--

1. Administration

For Approval

Presented by John Brockies

1.1. Welcome/apologies

Te Pūkenga Risk and Audit Register of Interests

As at 24 August 2023

Name	Interest	Nature of Interest
Murray Strong Chair	Centre of Digital Excellence of NZ Ltd	Chairman
	Southern Digital Transformation Programme – Te Whatu Ora	Chairman
Sue McCormack Deputy Chair	Kiwirail	Deputy Chair
	Canterbury Earthquakes Insurance Tribunal	Judicial Officer
	University of Canterbury	Past Chancellor
	Dress for Success	Honorary solicitor
John Brockies Member	Resolve Group Ltd	Director
	Walworth Ltd	Director
Jeremy Morley Member	Wellington Free Ambulance	Contractor
	Te Kupenga – Catholic Leadership Institute (A registered PTE)	Contractor
	Racing New Zealand	Director
	Warwick Trust	Settlor, Trustee, and Beneficiary
	YW/Petone Hockey Club Inc	Treasurer
	Wellington Over 60s Cricket	Treasurer

2023 Schedule of Te Pūkenga Risk and Audit Committee meetings

As at 17 August 2023

Name	Role	Meeting dates
1. John Brockies	Chair	22 February 2023
2. Jeremy Morley	Member	29 March 2023 26 April 2023
3. Sue McCormack	Member	30 August 2023
4. Murray Strong	Ex-officio member	29 November 2023

Risk and Audit Committee Workplan 2023

Agenda item	February	March	April	August	November
External Audit					
External Audit update	■				
Divisional Letters of Representation		■	■		
Letters of Representation		■	■		
Business Division Disestablishment Financial Statements		■	■		
Going Concern assessment			■		
Te Pūkenga Annual report	■		■		
Audit NZ Report to Management on Disestablishment Audits – 2022				■	■
Audit NZ Report to Management – 31 December 2022				■	■
2024 External Audit Plan and Engagement letter					■
External Audit Status of Recommendations				■	■
Committee and Audit NZ only session	■		■	■	■
Internal Audit					
2023 Internal Audit plan	■	■			
2024 Internal Audit Plan					■
2024 Internal Audit Procurement Plan and Delivery Options					■
Internal Audit Procurement Plan and Delivery Options				■	
Status of Internal Audit Plan Delivery					■
Internal Audit Status of Recommendations					■
Risk and Compliance					
Pre-Year-End Review of Issues and Assumptions					■
Internal Audit Charter					■
Chief Executive Environment and Emerging Risks Briefing				■	■
Risk Register				■	■

Legend: ■ Approval ■ Endorsement to Council ■ Information ■ Not delivered to original schedule

Agenda item	February	March	April	August	November
Legislative Compliance				■	
Risk framework – date TBC					
Risk deep dive – date TBC					
Policies					
Other					
BCP maturity assessment - date TBC					
Terms of Reference review				■	
2024 Workplan					■
Committee self-assessment					■

Te Pūkenga Risk and Audit Committee

Ideas List

As at 20 April 2023

Idea	Detailed explanation
Ask CounterFraud team of SFO to advise the committee on actions we can consider for Te Pūkenga.	This team provides an advisory service to crown entities on preventing and detecting fraud. JB was briefed on the service as part of a forum discussion arranged by the Auditor General.



A2: Council Delegations to Risk and Audit Committee

Ref	Subject	Description	Power to Sub-Delegate?
1.	Policies and frameworks	Ability to review policies that fall within the remit of the Risk and Audit Committee, whether as part of the policy development process (as set out in the Document Development Framework) or otherwise, and approve amendments which are compliance based and do not impact on the strategic direction of Council.	No
2.	Ad hoc	Such ad hoc delegations as authorised by Council from time to time	No

1.6. Late items

Tā Te Pūkenga Komiti Pūrongo

Te Pūkenga Risk and Audit Committee Report

30 August 2023

Title	Late item
Provided by	John Brockies, Committee Chair
Author	Rebecca Donne, Council Secretary
For	Approval

Te Taunaki | Recommendation(s)

It is recommended that Te Pūkenga Risk and Audit Committee (the Committee):

a.	Resolve to discuss the 'Fraud questionnaires and letter of representation for CFIS audit' as item 7.1. under 'Any other general business' on the public excluded agenda;
b.	Note that the late item 'Fraud questionnaires and letter of representation for CFIS audit' was not on the agenda because it was not received until 28 August 2023;
c.	Note that the late item 'Fraud questionnaires and letter of representation for CFIS audit' cannot be delayed until a subsequent meeting because Audit New Zealand requested the items to be returned on 28 August 2023;
d.	Note that under the Local Government Official Information and Meetings Act, no resolution, decision, or recommendation may be made in respect of the item except to refer the item to a subsequent meeting of the local authority for further discussion.

Te Tāhuhu Kōrero | Background

On Monday 28 August 2023, Audit New Zealand requested that the Chair of the Committee complete a fraud questionnaire for those charged with governance and that two members of Te Pūkenga Council sign a FSG audit letter of representation. These items are in respect of the CFIS audit and need to be dated 28 August 2023.

As the agenda for the Risk and Audit Committee meeting had already been published, these need to be considered as late items at the meeting on 30 August 2023.

Te pūtake o tēnei pūrongo | Purpose of this report

This report provides a resolution for the Committee to consider a late item 'Fraud questionnaires and letter of representation for CFIS audit' at its 30 August 2023 meeting.

Ngā Kōwhiringa me Te Tātaritanga | Options and analysis

If the Committee does not consider the item 'Fraud questionnaires and letter of representation for CFIS audit' as a late agenda item, these items will need to be considered by the Chair of the Committee and the Chair of Council without the input of the Committee.

Te Pae Tawhiti | Te Tiriti o Waitangi Excellence Framework

Not applicable.

Ōritetanga me te Angitu Ākonga | Equity Impact and Ākonga Success

Not applicable.

Pānga ki Ngā Ākonga/Kaitukumahi | Employer Impact

Not applicable.

Te Uiuinga Whānui | Engagement/consultation

Not applicable.

Ngā tino raru ka heipū mai | Key risks

By considering the item 'Fraud questionnaires and letter of representation for CFIS audit' as a late item, this will reduce the risk of these items being provided to Audit New Zealand without the input of the Committee.

Te tirohanga taha pūtea | Financial considerations

Not applicable.

Te Ahunga Ki Mua | Next steps

If passed, the item 'Fraud questionnaires and letter of representation for CFIS audit' will be considered in the public excluded section of the meeting.

Te Hunga whai koha | Contributors

Not applicable.

2. Other business

For Approval

Tā Te Pūkenga Komiti Pūrongo

Te Pūkenga Risk and Audit Committee Report

30 August 2023

Title	Risk and Audit Committee Terms of Reference
Provided by	Rebecca Donne, Council Secretary
For	Recommendation to Council

Te Taunaki | Recommendation(s)

It is recommended that Te Pūkenga Risk and Audit Committee (the Committee):

a.	Receive the draft amended Risk and Audit Committee Terms of Reference; and
b.	Recommend to Te Pūkenga Council to approve the amended Risk and Audit Committee Terms of Reference subject to any changes requested by the Committee.

Te Tāhuhu Kōrero | Background

At its May 2023 meeting, Te Pūkenga Council (Council) approved a new Delegations Register, which gives the Risk and Audit Committee the ability to review policies that fall within the remit of the Risk and Audit Committee, whether as part of the policy development process (as set out in the Document Development Framework) or otherwise, and approve amendments which are compliance based and do not impact on the strategic direction of Council.

At its July 2023 meeting The Finance and Capital Investment Committee recommended to Council to include responsibility for Insurances within its remit as part of a review of its Terms of Reference. These Terms of Reference were approved by Council at its 2 August 2023 meeting.

As a result of these two changes, the Risk and Audit Committee Terms of Reference require adjustments to ensure that they accurately reflect the changes in responsibilities.

Te pūtake o tēnei pūrongo | Purpose of this report

This report provides draft amendments to the Risk and Audit Committee Terms of Reference for members to review and recommend to Te Pūkenga Council for approval.

Ngā Kōwhiringa me Te Tātaritanga | Options and analysis

Sections 2, 3 and 4 of the Terms of Reference have been amended to reflect the Management and staff positions in the current organisational structure which interact with the Committee.

Section 5. (b) has been amended to reflect the delegations that Council has made to the Committee.

Section 5. (f) has been amended to remove reference to the insurance programme.

Te Pae Tawhiti | Te Tiriti o Waitangi Excellence Framework

Not applicable.

Ōritetanga me te Angitu Ākonga | Equity Impact and Ākonga Success

Not applicable.

Pānga ki Ngā Ākonga/Kaitukumahi | Employer Impact

Not applicable.

Te Uiuinga Whānui | Engagement/consultation

Not applicable.

Ngā tino raru ka heipū mai | Key risks

If the Terms of Reference are not amended, there is a risk of confusion between the responsibilities of this Committee and the Finance and Capital Investment Committee.

Te tirohanga taha pūtea | Financial considerations

Not applicable.

Te Ahunga Ki Mua | Next steps

If the Committee accepts the proposed amendments, the updated Terms of Reference will be approved by Council at its 6 September 2023 meeting.

Te Hunga whai koha | Contributors

The draft Terms of Reference have been reviewed by the Chief Financial Officer, Chief of Staff, and Risk and Audit Committee Chair.

Ngā Tāpiritanga | Appendices

Appendix 1: Marked up changes to July 2022 Risk and Audit Committee Terms of Reference

Appendix 2: Clean version of updated Risk and Audit Committee Terms of Reference



Risk and Audit Committee - Terms of Reference

Previous Reviews	Next Review
V 1 – approved by Council on 5 May 2020	February 2023
V 2 – amended to reflect Group Treasury Policy	August 2024
V3 – approved by Council on 15 March 2022	
V4 – approved by Council on 19 July 2022	

1. Objective

- (a) The Risk and Audit Committee (**Committee**) shall be a committee of the Council of Te Pūkenga – New Zealand Institute of Skills and Technology (**Te Pūkenga**), established by the Council.
- (b) The objective of the Committee is to assist the Council in fulfilling its financial and compliance responsibilities through oversight of:
 - the internal control environment
 - the risk management framework
 - the internal and external audit functions
 - the annual report and financial statements
 - the legislative ~~&~~ and organisational compliance framework
 - ~~Group~~ audit, risk, and compliance issues

2. Powers and Authority

- (a) Pursuant to section 73 of the Crown Entities Act 2004, the Council of Te Pūkenga may delegate any of the functions or powers of Te Pūkenga or the Council, either generally or specifically, to a committee by resolution and written notice (other than functions or powers specified in the legislation as not being capable of delegation).
- (b) The Committee has authority to review any matters within its scope of responsibility.
- (c) The Committee is a committee of the Council and has no executive powers, other than those set out in these Terms of Reference, or those powers expressly delegated to it by the Council in accordance with section 73 of the Crown Entities Act and outlined in Te Pūkenga Delegated Authorities policy.
- (d) The Committee members, where necessary to carry out the functions of the Committee, shall have unrestricted access to and direct communication with ~~the~~ Te Pūkenga Tumuaki | Chief Executive, ~~the DCE Operations~~, Pourangi Pūtea | Chief Financial Officer, Pourangi Kaimahi | Chief of Staff~~the Director Finance~~, and external auditors through the Risk and Audit Committee Chair and obtain external legal or other professional advice, if considered necessary to meet its responsibilities.

3. Membership

- (a) The membership of the Committee shall be comprised of:
 - up to 5 members, with a minimum of 3 members (and may include up to 2 members who are independent of Council and management);
 - the Council Chair as an ex-officio member; and
 - members who collectively demonstrate expertise in governance, public sector management, internal control environments and frameworks and financial matters.
- (b) The Council Chair appoints the Committee Chair and makes recommendations to the Council regarding Committee members. The Council Chair cannot be the Committee Chair.

- (c) The Committee Chair as well as having the powers and authority detailed in 2. above will:
- represent the Committee to the full Council (including reporting back to the full Council with the recommendations and decisions of the Committee at each Council meeting immediately following a Committee meeting)
 - ensure the effectiveness and integrity of the governance process of the Committee
 - maintain regular dialogue with the Chief Executive over operational matters, to the extent necessary and appropriate to carry out their duties
 - consult with the remainder of the full Council promptly over any matter that gives cause for major concern
 - act as facilitator at meetings of the Committee to ensure that appropriate discussion takes place
- (d) Membership of the Committee shall be periodically assessed as deemed appropriate.
- (e) A person must not be appointed as a member of the Committee unless, before appointment, he or she discloses to the Council the details of any interest the person may have if he or she were a member of such Committee.
- (f) ~~The Council Secretary~~ A Governance Advisor or other person nominated by the Chair of the Committee shall be secretary to the Committee.

4. Meetings

- (a) The Committee shall meet at least four times each year in line with the reporting and audit cycle of Te Pūkenga. Meetings may be conducted by teleconference, videoconference or in person. Additional meetings may be held if determined necessary by the Chief Executive or Committee, including executive sessions and private meetings with the auditors and the Council Chair. A special meeting may be convened by a member of the Committee at any time. All Council Members shall be entitled to attend Committee meetings.
- (b) The Pourangi Pūtea | Chief Financial Officer and Pourangi Kaimahi | Chief of Staff~~DCE Operations~~, shall service the Committee meetings.
- (c) Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. This would normally be a week prior to the date of the meeting but may be shorter as determined by the Chair of the Committee. Minutes of the meetings shall be prepared, retained and distributed to Committee members, management and external auditors, as well being made available to the Council.
- (d) The Committee may request the attendance of representatives from management ~~and external auditors~~ to assist ~~particular~~ agenda items.
- (e) The Committee Chair may request the attendance of a representative from Audit New Zealand to assist agenda items.
- ~~(e)~~(f) A quorum shall consist of a majority of Committee members. No business shall be transacted at a Committee meeting in the absence of a quorum.

5. Responsibilities and Duties

In order to assist the Council in fulfilling its responsibilities and to oversee the areas outlined in the objectives, the Committee shall:

- (a) **Annual Report, including Financial Statements**
- review the annual financial and non-financial statements; consider whether they are complete, consistent with information known to Committee members, comply with law and reflect appropriate accounting principles, and recommend their signing by the Council.
 - review all significant accounting policy changes.

- review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
 - satisfy itself that Te Pūkenga has appropriate mechanisms in place to review and implement, where appropriate, relevant external audit reports and recommendations.
- (b) **Internal Control Environment**
- Review, maintain and monitor the robustness and comprehensiveness of management's policy framework, including the delegations framework, review policies that fall within the remit of the Risk and Audit Committee, whether as part of the policy development process (as set out in the Document Development Framework) or otherwise and approve amendments which are compliance based and do not impact on the strategic direction of Council.
- (c) **Internal Audit Function**
- review the internal audit charter to ensure appropriate organisational structures, authority, access, independence, resourcing and reporting arrangements are in place.
 - review the internal audit plan, confirm it is risk-based and aligned to the business plan and addresses recommendations made in any external audit report
 - approve any changes to the internal audit plan.
 - review significant matters reported by the internal audit function and how management is responding to them.
 - satisfy itself that the internal audit function has appropriate mechanisms in place to monitor audit issues and the implementation of audit recommendations.
 - if necessary, meet separately with the Internal Audit Manager (position to be confirmed) to discuss any matters that the committee or internal audit believes should be discussed privately.
- (d) **External Audit**
- review the external audit plan, including the nature and scope of the audit, timetable, coordination with Internal Audit, and ensure that no management restrictions are placed on the auditors.
 - review the extent of non-audit services provided by external auditors in relation to their independence.
 - review audit reports and provide advice to the Council on significant issues identified in audit reports and action taken on issues raised, including identification and dissemination of good practice.
 - satisfy itself on action taken by management on high/significant issues raised, and implementation of external audit recommendations.
 - if necessary, meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.
- (e) **Legislative & Organisational Compliance**
- ensure there is a system for monitoring compliance with relevant laws and regulations.
 - review the findings of any examinations by regulatory agencies, and any auditor observations.
 - review the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.

(f) Risk Management

- ensureing that management is implementing the risk management plan/framework and policies of Te Pūkenga
- monitoring of risk assessments and the internal controls instituted
- ensureing that these assessments, policies and controls adequately cover key risk areas
- reporting to the Council on any incident involving fraud or other breakdown of the internal controls of Te Pūkenga
- ~~reviewing the insurance program and making recommendations to the Council (including in relation to the annual renewal of policies), having regard to the business of Te Pūkenga and the insurable risks associated with its business~~

(g) Internal Reporting

- report to the Council about committee activities, issues, and related recommendations.
- provide an open avenue of communication between internal audit, the external auditors, and the Council.

(h) Group audit, risk, and compliance issues

Ensurreing Te Pūkenga is able to identify and act as necessary on risks and issues that may arise from any subsidiaries through:

- oversight of any subsidiary audit reports and recommendations, and monitoring the progress of subsidiaries in addressing audit recommendations
- oversight of subsidiary compliance issues
- oversight of subsidiary risks and risk mitigation
- reporting to Council on emerging subsidiary and consequent Te Pūkenga ~~group~~ audit, risk and compliance issues.

(i) Other Responsibilities

- perform other activities related to this Terms of Reference as requested by the Council.
- oversee special investigations as needed.

6. Council Reporting Obligations

- (a) The Committee Chair will report to the Council using the Council's agenda framework to prioritise those strategic and key issues that most concern the Council. The full minutes of the meetings of the Committee will be available to all Council members and the Committee Chair will respond to Council members' questions.

~~7. Approval~~

- (a) ~~The Committee Chair shall approve any expenses incurred by the Council Chair.~~

8. Accountability

- (a) The Committee shall:
- self-assess its performance against these Terms of Reference on an annual basis.
 - confirm annually that all responsibilities outlined in these Terms of Reference have been carried out.
 - at its discretion, determine the requirement for an independent review, including the frequency and scope of such a review, to assess its performance against these Terms of Reference.

9. Review of the Terms of Reference

- (a) The Committee shall, on an annual basis (or as otherwise necessary), review and if appropriate, update these Terms of Reference for consideration and approval by the Council.

| Approved by the Council of Te Pūkenga on ~~19 July 2022~~ September 2023

Murray W. Strong
Council Chairman

Risk and Audit Committee

Terms of Reference v5

1. Objective

- (a) The Risk and Audit Committee (Committee) shall be a committee of the Council of Te Pūkenga – New Zealand Institute of Skills and Technology (Te Pūkenga), established by the Council.
- (b) The objective of the Committee is to assist the Council in fulfilling its financial and compliance responsibilities through oversight of:
 - the internal control environment
 - the risk management framework
 - the internal and external audit functions
 - the annual report and financial statements
 - the legislative and organisational compliance framework
 - audit, risk, and compliance issues.

2. Powers and Authority

- (a) Pursuant to section 73 of the Crown Entities Act 2004, the Council of Te Pūkenga may delegate any of the functions or powers of Te Pūkenga or the Council, either generally or specifically, to a committee by resolution and written notice (other than functions or powers specified in the legislation as not being capable of delegation).
- (b) The Committee has authority to review any matters within its scope of responsibility.
- (c) The Committee is a sub-committee of the Council and has no executive powers, other than those set out in these Terms of Reference, or those powers expressly delegated to it by the Council in accordance with section 73 of the Crown Entities Act and outlined in Te Pūkenga Delegated Authorities policy.
- (d) The Committee members, where necessary to carry out the functions of the Committee, shall have unrestricted access to and direct communication with Te Pūkenga Tumuaki | Chief Executive, Pourangi Pūtea | Chief Financial Officer, Pourangi Kaimahi | Chief of Staff, and external auditors through the Risk and Audit Committee Chair and obtain external legal or other professional advice, if considered necessary to meet its responsibilities.

3. Membership

- (a) The membership of the Committee shall be comprised of:
 - up to five members, with a minimum of three members (and may include up to two members who are independent of Council and management);
 - the Council Chair as an ex-officio member;
 - members who collectively demonstrate expertise in governance, public sector management, internal control environments and frameworks and financial matters.

- (b) The Council Chair appoints the Committee Chair and makes recommendations to the Council regarding Committee members. The Council Chair cannot be the Committee Chair.
- (c) The Committee Chair as well as having the powers and authority detailed in 2. above, will:
- represent the Committee to the full Council (including reporting back to the full Council with the recommendations and decisions of the Committee at each Council meeting immediately following a Committee meeting);
 - ensure the effectiveness and integrity of the governance process of the Committee;
 - maintain regular dialogue with the Chief Executive and senior management over operational matters, to the extent necessary and appropriate to carry out their duties;
 - consult with the remainder of the full Council promptly over any matter that gives cause for major concern; and
 - act as facilitator at meetings of the Committee to ensure that appropriate discussion takes place.
- (d) Membership of the Committee shall be periodically assessed as deemed appropriate.
- (e) A person must not be appointed as a member of the Committee unless, before appointment, he or she discloses to the Council the details of any interest the person may have if he or she were a member of such Committee.
- (f) A Governance Advisor or other person nominated by the Chair of the Committee shall be secretary to the Committee.

4. Meetings

- (a) The Committee shall meet at least four times each year. Meetings may be conducted by teleconference, videoconference or in person. The Committee may also need to meet on an ad hoc basis to consider approvals requested and/or relevant matters raised by members of the Group. Accordingly, additional meetings may be held if determined necessary by the Chief Executive or Committee, including executive sessions and private meetings with the Council Chair. A special meeting may be convened by a member of the Committee at any time. All Council Members shall be entitled to attend Committee meetings.
- (b) The Pourangi Pūtea | Chief Financial Officer and Pourangi Kaimahi | Chief of Staff, shall service the Committee meetings.
- (c) Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. This would normally be a week prior to the date of the meeting but may be shorter as determined by the Chair of the Committee. Minutes of the meetings shall be prepared, retained and distributed to Committee members, management and external auditors, as well being made available to the Council.
- (d) The Committee may request the attendance of representatives from management to assist agenda items.
- (e) The Committee Chair may request the attendance of Audit NZ and external auditors to assist agenda items.
- (f) A quorum shall consist of a majority of Committee members. No business shall be transacted at a Committee meeting in the absence of a quorum.

5. Responsibilities and duties

In order to assist the Council in fulfilling its responsibilities and to oversee the areas outlined in the objectives, the Committee shall:

(a) Annual Report, including Financial Statements

- i. review the annual financial and non-financial statements; consider whether they are complete, consistent with information known to Committee members, comply with law and reflect appropriate accounting principles, and recommend their signing by the Council.
- ii. review all significant accounting policy changes.
- iii. review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- iv. satisfy itself that Te Pūkenga has appropriate mechanisms in place to review and implement, where appropriate, relevant external audit reports and recommendations.

(b) Internal Control Environment

- i. review policies that fall within the remit of the Risk and Audit Committee, whether as part of the policy development process (as set out in the Document Development Framework) or otherwise and approve amendments which are compliance based and do not impact on the strategic direction of Council.

(c) Internal Audit Function

- ii. review the internal audit charter to ensure appropriate organisational structures, authority, access, independence, resourcing and reporting arrangements are in place.
- iii. review the internal audit plan, confirm it is risk-based and aligned to the business plan and addresses recommendations made in any external audit report.
- iv. approve any changes to the internal audit plan.
- v. review significant matters reported by the internal audit function and how management is responding to them.
- vi. satisfy itself that the internal audit function has appropriate mechanisms in place to monitor audit issues and the implementation of audit recommendations.
- vii. if necessary, meet separately with the Internal Audit Manager (position to be confirmed) to discuss any matters that the committee or internal audit believes should be discussed privately.

(d) External Audit

- i. review the external audit plan, including the nature and scope of the audit, timetable, coordination with Internal Audit, and ensure that no management restrictions are placed on the auditors.
- ii. review the extent of non-audit services provided by external auditors in relation to their independence.
- iii. review audit reports and provide advice to the Council on significant issues identified in audit reports and action taken on issues raised, including identification and dissemination of good practice.

- iv. satisfy itself on action taken by management on high/significant issues raised, and implementation of external audit recommendations.
- v. if necessary, meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.

(e) Legislative and Organisational Compliance

- i. ensure there is a system for monitoring compliance with relevant laws and regulations.
- ii. review the findings of any examinations by regulatory agencies, and any auditor observations.
- iii. review the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.

(f) Risk Management

- i. ensure that management is implementing the risk management plan/framework and policies of Te Pūkenga
- ii. monitor of risk assessments and the internal controls instituted
- iii. ensure that these assessments, policies and controls adequately cover key risk areas
- iv. report to the Council on any incident involving fraud or other breakdown of the internal controls of Te Pūkenga.

(g) Internal Reporting

- i. report to the Council about committee activities, issues, and related recommendations.
- ii. provide an open avenue of communication between internal audit, the external auditors, and the Council.

(h) Group audit, risk, and compliance issues

- iii. Ensure Te Pūkenga is able to identify and act as necessary on risks and issues that may arise from any subsidiaries through:
 - oversight of any subsidiary audit reports and recommendations, and monitoring the progress of subsidiaries in addressing audit recommendations
 - oversight of subsidiary compliance issues
 - oversight of subsidiary risks and risk mitigation
 - reporting to Council on emerging subsidiary and consequent Te Pūkenga audit, risk and compliance issues.

(i) Other Responsibilities

- i. perform other activities related to this Terms of Reference as requested by the Council.
- ii. oversee special investigations as needed.

6. Council reporting obligations

The Committee Chair will report to the Council using the Council's agenda framework to prioritise those strategic and key issues that most concern the Council. The full minutes of the

meetings of the Committee will be available to all Council members and the Committee Chair will respond to Council members' questions.

7. Accountability

The Committee shall:

- Self-assess its performance against these Terms of Reference on an annual basis.
- Confirm annually that all responsibilities outlined in these Terms of Reference have been carried out.
- At its discretion, determine the requirement for an independent review, including the frequency and scope of such a review, to assess its performance against these Terms of Reference.

8. Review of the Terms of Reference

The Committee shall, on an annual basis (or as otherwise necessary), review and if appropriate, update these Terms of Reference for consideration and approval by the Council.

Approved by the Council of Te Pūkenga on 6 September 2023

Murray W. Strong
Council Chair

Previous Reviews	Next Review
V 1 – approved by Council on 5 May 2020	August 2024
V 2 – amended to reflect Group Treasury Policy	
V3 – approved by Council on 15 March 2022	
V4 – approved by Council on 19 July 2022	
V5 – approved by Council on 6 September 2023	

Te Pūkenga Council Risk and Audit Committee Meeting

3. Resolution to exclude the public

It will be moved by the Chair that the public be excluded from the remainder of the meeting. This resolution will be made in reliance on section 48(1) of the Local Government Official Information and Meetings Act 1987 (LGOIMA) (noting Te Pūkenga Council is specified, in Schedule 2 of LGOIMA, as a body to which LGOIMA applies) and the particular interests protected by section 9 of the Official Information Act 1982 (OIA) which would be prejudiced by the holding of the relevant parts of the proceedings of the meeting in public.

The general subject of each matter to be considered while the public is excluded and the reason for passing the resolution in relation to each matter are as follows:

Item	General subject of each matter to be considered	Section(s)
4.	Administration	
4.1.	Minutes from closed meeting held 26 April 2023	Section 9(2)(b)(ii) OIA Section 9(2)(i) OIA
4.2.	Confidential action list	Section 9(2)(b)(ii) OIA Section 9(2)(i) OIA
5.	Internal audit	
5.1.	Internal audit procurement plan and delivery options	Section 9(2)(j) OIA
6.	Risk and compliance	
6.1.	Risk register	Section 9(2)(b)(ii) OIA Section 9(2)(i) OIA
6.2.	Statutory compliance	Section 9(2)(b)(ii) OIA
6.3.	Contentious legal matters	Section 9(2)(h) OIA
7.	Any other closed business	Section 9(2)(b)(ii) OIA Section 9(2)(h) OIA

Item	General subject of each matter to be considered	Section(s)
		Section 9(2)(i) OIA Section 9(2)(j) OIA
7.1	Fraud questionnaires and letter of representation for CFIS audit	Section 9(2)(b)(ii) OIA

Interests

Section	Interest
Section 9(2)(b)(ii) OIA	To protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.
Section 9(2)(h) OIA	To maintain legal professional privilege.
Section 9(2)(i) OIA	To enable the organisation holding the information to carry out, without prejudice or disadvantage, commercial activities.
Section 9(2)(j) OIA	To enable a Minister of the Crown or any public service agency or organisation holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).

The Chair will also move that certain employees from Te Pūkenga be permitted to remain at the meeting, after the public has been excluded, because of their specific knowledge in relation to the above items. This knowledge, which will be of assistance in relation to the matters above to be discussed, is relevant to those matters because they have assisted in the progression of such matters.