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AGENDA ITEM 20.2 BOARD DECISION PAPER	
To:	The Board
From:	Andrew Downie, Head of Governance
Reviewed:	Andrew Downie, Head of Governance Dean Kimpton, Chief Executive
Date:	18 February 2025
Title:	Finance and Assurance Committee Performance Evaluation and Report to the Board

Aronga / Purpose

1. To provide an assessment of performance of the Finance and Assurance Committee (committee) and a summary of how it has discharged its responsibilities for the past reporting period.

Ngā tūhonga / Recommendations

That the Auckland Transport Board (board):

- a) Approves the Finance and Assurance Committee performance review.
- b) Approves minor updates to the Finance and Committee charter to reflect a job title change and an additional required attendee (refer to Attachment 1).

Te horopaki / Background

2. Section 8.1 of the committee charter mandates that the committee conduct an annual performance evaluation and present the results, along with recommendations for potential improvements, to the Auckland Transport (AT) Board (board).
3. Section 7.2 of the charter stipulates that the committee is required to prepare an annual report for the board. This report should detail how the committee has

fulfilled its responsibilities as outlined in the charter for the preceding year, including a description of significant issues addressed by the committee.

4. Section 6 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.

Me mōhio koe / What you need to know

5. The committee has met on five occasions over the past 12 months and additionally held various out-of-cycle workshop to assist with the preparation of the Statement of Intent 2024 - 2027.
6. A new chair of the committee was appointed on 1 November 2024, with Dale Dillicar replacing Mark Darrow.
7. The committee's lines of enquiry have concentrated on evaluating budgetary challenges, understanding initiatives implemented to reduce fare evasion as





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well as assessing the proposed implementation of a new Human Resources Information System and Payroll system as part of Group Shared Services.

8. Significant items of committee activity aligned with the key responsibilities outlined in the charter over the last financial year include:
 - a. Assisting management with preparation of the 2024 annual report and reporting packs.
 - b. Providing oversight and guidance of preparation of the 2024/25 budget and financial plan.
 - c. Reviewing the Statement of Intent 2024-2027 and recommending this to the board for approval.
 - d. Reviewing the fraud risk questionnaires for the external audit year end engagement.
 - e. Reviewing and endorsing tier one policies, for subsequent board approval, including:
 - i. Information and Records Management Policy;
 - ii. Risk Management Policy;
 - iii. Business Continuity and Recovery Management Policy;
 - iv. Gifts and Hospitality Policy;
 - v. Debt Management Policy (reclassification); and
 - vi. Diversity, Equity and Inclusion Policy (reclassification).
 - f. Reviewing and contributing feedback on the proposed implementation of a new Human Resources Information System and Payroll system as part of Group Shared Services.
 - g. Approving of quarterly reports for submission to Auckland Council.
 - h. Reviewing and noting AT's regulatory enforcement and compliance activities as per its legal and regulatory duties.
 - i. Internal Audit and Audit New Zealand activities as required under the charter.
9. During the reporting period, the committee chair addressed several sensitive investigations pertaining to protected disclosures and fraudulent activities

involving suppliers and/or staff. As of this report, there are no ongoing investigations.

10. The committee charter has been reviewed by the committee and is deemed to remain fit for purpose. No significant updates or amendments are proposed, save for minor updates to section 5.5 to reflect revised role title of the Head of Risk and Assurance and the addition of the General Counsel as a required attendee.
11. The committee charter is provided as Attachment 1.




Ā muri ake nei / Next steps

12. On approval, the updated committee charter will take effect and be loaded to the resource centre in Diligent Boardbooks.

Te whakapiringa / Attachment

Attachment #	Description
1	Finance and Assurance Committee Charter February 2025 – marked up

Te pou whenua tuinga / Document ownership

Submitted by	Recommended by	Approved for submission
Liza Hayes Board Secretary	Andrew Downie Head of Governance	Dean Kimpton Chief Executive
		



Auckland Transport



Finance and Assurance Committee Charter

~~June-February 2024~~2025

Last Update: ~~August 2022~~June 2024

Next Update: ~~June 2025~~February 2026



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1. DOCUMENT MANAGEMENT AND CONTROL

Document Reference	00-BAC-003		
Document Title	Auckland Transport Board Finance and Assurance Committee Charter		
Effective Date	June 2024 <u>February 2025</u>		
Document Owner	Auckland Transport Board		
Content Manager	Board Chair		
Review Cycle	Annually		
Next scheduled review	June 2025 <u>February 2026</u>		
Version History	Version	Approval Date	Key amendment
	1	25 February 2021	N/A
	2	August 2022	4.5, 5.3
	3	June 2024	4.1
	<u>4</u>	<u>February 2025</u>	<u>5.5</u>

2. PURPOSE

2.1 The Auckland Transport (AT) Board of Directors (the Board) has established a Finance and Assurance Committee (the "Committee") to assist the Board in discharging its responsibility to exercise due care, diligence and skill in relation to:

- The integrity of financial reporting;
- Financial management;
- Internal controls;
- Accounting policy and practice;
- External and Internal Audit;
- The risk management framework and monitoring compliance with the framework; and
- Compliance with applicable laws, regulations and standards.

2.2 It acts in this capacity by monitoring, reviewing, endorsing and advising on the above matters as set out in this charter.



2.3 The Committee has the ability to make recommendations on the above matters to the Board for subsequent approval.

3. AUTHORITY

3.1 The Committee has delegated authority from the Board in respect of the functions and powers set out in this Charter.

3.2 The Committee has authority to:

- Investigate any matter relevant to its purpose;
- Seek any information it requires from the Chief Executive (CE), executive and senior management, any other AT employees or external advisors; and
- Obtain, at AT's expense, such outside independent professional advice as it thinks fit to carry out its responsibilities.

4. MEMBERSHIP AND TENURE

4.1 The Committee will consist of a minimum of three to a maximum of five members, one of whom will be the Board Chair;

4.2 The Board Chair will be an ex-officio member of the committee and may not be the Committee Chair;

4.3 The Board will appoint and remove the Chair of the Committee;

4.4 If the Committee Chair is unable to attend a meeting, the members present will elect one of themselves to chair the meeting.

4.5 The Board may remove and appoint members of the Committee at any time.

4.6 Unless otherwise determined by the Board, Committee members will be appointed for a period of up to three years which may be extended by the Board for an additional two years i.e. maximum five years.

5. MEETINGS

5.1 The Committee will meet at least five times a year, with authority to convene additional meetings, as circumstances require.

5.2 Any three members of the Committee may form a quorum.

5.3 All Committee members are expected to attend each meeting in person, although in special circumstances members can attend through electronic means.



5.4 Directors who are not members of this Committee are entitled to receive copies of the papers and minutes of this Committee and attend any meeting without further invitations (unless they are precluded due to a conflict of interest).

5.5 The following AT officers (or their nominees) are expected to attend all Committee meetings:

- Chief Executive
- Chief Financial Officer
- Head of Risk & Legal Assurance
- General Counsel
- Head of Governance
- Board Secretary

5.6 Any AT officer or employee may attend a meeting at the invitation of the Committee Chair, and they may collectively or individually be requested to withdraw from meetings of the Committee if required to do so by the Chair of the Committee.

5.7 The Board Secretary or their nominee will act as Secretary to the Committee and will attend all meetings.

5.8 An agenda and supporting documentation for each meeting will be prepared and circulated to all members of the Committee and attendees at least five working days before each meeting.

5.9 The Secretary will record the proceedings and decisions of the Committee meetings and the minutes will be circulated to all members and attendees, as appropriate, considering any conflicts of interest that may exist.

6. RESPONSIBILITIES

The Committee will carry out the following responsibilities.

6.1 Financial Performance

- Have oversight of AT's financial performance against the Annual Plan; and
- Monitor financial risks and opportunities in relation to delivery of the Annual Plan.

6.2 Financial Strategy

- Oversee and provide insights and guidance to the development of AT's financial strategies and policies including those related to revenue generation and financial management.

6.3 Financial Statements



- At least annually review significant accounting and external reporting issues, including complex or unusual transactions, transactions and balances in areas where judgement is required, changes to accounting policies, recent accounting, professional and regulatory pronouncements and legislative changes, and understand their effect on the annual financial report and the audit thereof;
- Review the annual financial report and consider whether it is complete, consistent with information known to Committee members, reflects appropriate accounting treatments and adequately discloses Auckland Transport's financial performance and position;
- Review other sections of the annual report and related regulatory filings and consider the accuracy and completeness of the information before it is released;
- Review and approve on behalf of the Board when required the submission of quarterly financial reporting to Auckland Council;
- Review and approve on behalf of the Board half year financial statements, prior to submission to Auckland Council;
- Review, approve and execute half year letters of engagement;
- Review and endorse to the Board for approval full year financial statements, prior to submission to Auckland Council;
- Understand strategies, assumptions and estimates that management has made in preparing financial statements;
- Review with management and the external auditors the results of audit engagements, including any difficulties encountered by the auditors and how they were resolved; and
- Recommend the adoption of the annual financial report to the Board.

6.4 Internal Control Environment

- Review the adequacy and effectiveness of key policies, systems and controls for providing a sound internal control environment;
- Review the exercise and use of financial delegations, including award of contracts;
- Review the Delegations Manual, including making recommendations for any proposed changes to the Board;
- Monitor significant changes to systems and controls to assess whether those changes significantly impact AT's risk profile; and
- Ensure that a programme is in place through internal audit or compliance activities to test compliance with systems and controls.

6.5 Risk Management

- Help to set the tone and develop a culture of the enterprise in relation to risk. Promote open discussion regarding risk, integrate risk management into the organisation's strategic objectives and goals and create a corporate culture such that people at all levels manage risk;
- Approve the risk management policy and plan;



- Provide input to management regarding AT's risk appetite and tolerance limit. Approve risk appetite statements and tolerance limits for communication throughout AT;
- Monitor AT's risk profile – its on-going and potential exposure to risks of various types;
- Receive quarterly reports on management's implementation and maintenance of an appropriate enterprise wide risk management process to ensure that appropriate risk management policies and practices are in place to manage the risks considered to be the most material for AT and that regular risk reviews are undertaken by management;
- Review at least annually all insurance cover and make recommendations to the Board having regard to the business needs and insurance risks of the placement of the corporate insurance programme; and
- Review the approach to business continuity planning arrangements, including whether business continuity and disaster recovery plans have been regularly updated and tested.

6.6 Fraud Prevention Systems and Controls

- Review AT's Fraud Prevention policies and controls, including the Fraud Control Plan and fraud awareness programmes; and
- Receive reports from management about actual or suspected instances of fraud or corruption including analysis of the underlying control failures and action taken to address each event.

6.7 Internal Audit

- Review the Internal Audit Charter regularly to determine that it provides an appropriate functional and organisational framework to enable AT's internal audit function to operate effectively and without limitations;
- Review and approve proposed risk based internal audit plans and any significant changes to them and consider the need for other internal audit projects or activities;
- Review a risk-based internal audit programme aligned to the risk register and recommend to the Board for approval.
- Review reports on internal audit reviews and monitor management's actions to implement recommendations for improvement; and
- Oversee the independence and objectivity of the internal audit function and review the effectiveness of the internal audit function and ensure that it has appropriate authority within AT and has no unjustified limitations on its work.

6.8 External Audit

- Annually review and approve the external audit scope and plan proposed by the external auditor;
- Reviewing the half-year and annual audit review and audit reports over the financial statements and other internal controls and regulatory reports issued by the External Auditor,



assessing the findings and recommendations, and seeking confirmation that management has responded appropriately to the findings and recommendations;

- Discuss with the external auditor any audit issues encountered in the normal course of audit work, including any restriction on scope of work or access to information;
- Ensure that significant findings and recommendations made by the external auditor, and management's responses to them, are appropriate and are acted upon in a timely manner;
- Review the effectiveness of the external audit function and ensure that the Office of Auditor-General (OAG) is aware of the Committee's views; and
- Consider the findings and recommendations of any relevant performance audits undertaken by OAG and monitor AT's responses to them.

6.9 Compliance Management

- Review the systems and processes implemented by AT for monitoring compliance with relevant legislation and regulations and the results of management's follow up of any instances of non-compliance; and
- Receive reports from management on the findings of any examinations by regulatory or integrity agencies, such as the Ombudsman, and monitor AT's responses.

6.10 Other Matters

- The Committee will have responsibility for other matters not listed above as delegated from the Board from time to time.

7. REPORT TO THE BOARD

7.1 Minutes of each Committee meeting recording proposals approved, and recommendations will be provided to the following Board meeting.

7.2 Annually the Committee will prepare a report to the Board indicating how the Committee has discharged its responsibilities as set out in this Charter for the previous year and including a describing of significant issues dealt with by the Committee.

7.3 The Committee will liaise with other Board committees as necessary.

8. PERFORMANCE EVALUATION

8.1. The Committee will evaluate its performance annually and report the outcomes of the evaluation process to the Board including recommendations for any opportunities for improvement.



9. REVIEW OF CHARTER

9.1. The Committee will review and assess the adequacy of this Charter annually and recommend revisions and improvements to the Board.