



# Waitaki

DISTRICT COUNCIL

TE KAUNIHERA Ā ROHE O WAITAKI

**I hereby give notice that the  
Performance, Audit and Risk Committee Meeting  
will be held on:**

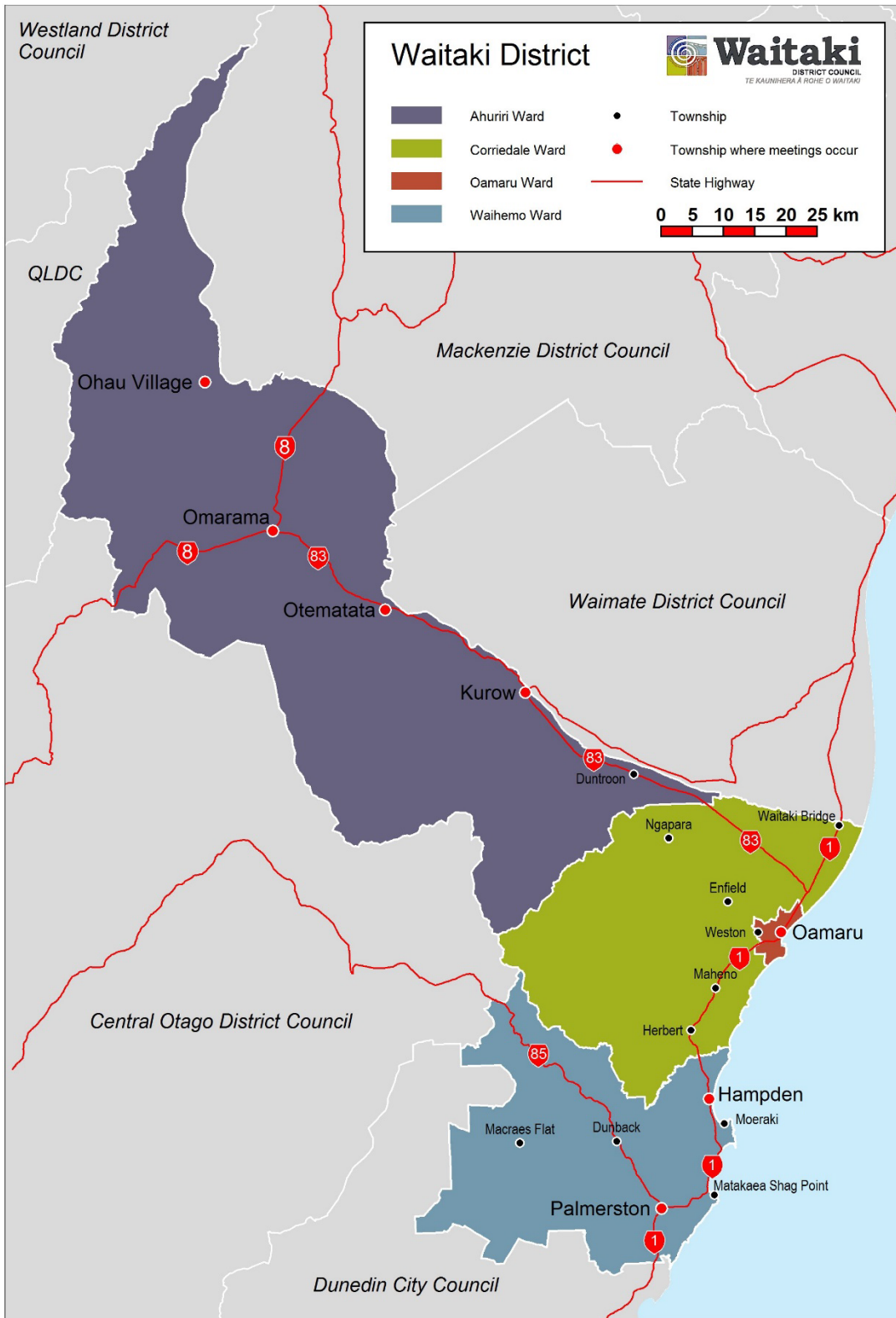
**Date: Tuesday, 28 May 2024**  
**Time: 2.00pm**  
**Location: Council Chamber, Third Floor  
Office of the Waitaki District Council  
20 Thames Street, Oamaru**

## Agenda

### Performance, Audit and Risk Committee Membership

|                            |                         |
|----------------------------|-------------------------|
| Mr Simon Neale             | Independent Chairperson |
| Deputy Mayor Hana Halalele | Deputy Chair            |
| Cr Tim Blackler            | Member                  |
| Cr Jim Hopkins             | Member                  |
| Cr John McCone             | Member                  |
| Cr Rebecca Ryan            | Member                  |
| Mayor Gary Kircher         | Member                  |

**Alex Parmley**  
**Chief Executive**





## Agenda Items

|           |  |           |
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- 1 APOLOGIES**
- 2 DECLARATIONS OF INTEREST**

**3 CONFIRMATION OF PREVIOUS MEETING MINUTES**

**3.1 PUBLIC MINUTES OF THE PERFORMANCE, AUDIT AND RISK COMMITTEE MEETING  
HELD ON 23 APRIL 2024**

**Author:** Ainslee Hooper, Governance and Policy Advisor

**Authoriser:** Lisa Baillie, People and Transformation Group Manager

**Attachments:** 1. **Public Minutes of the Performance, Audit and Risk Committee Meeting held on 23 April 2024**

**RECOMMENDATION**

That the Performance, Audit and Risk Committee confirms the Public Minutes of the Performance, Audit and Risk Committee Meeting held on 23 April 2024, as circulated, as a true and correct record of that meeting.

**UNCONFIRMED MINUTES**

**OF THE PERFORMANCE, AUDIT AND RISK COMMITTEE MEETING  
HELD IN THE COUNCIL CHAMBER, THIRD FLOOR,  
OFFICE OF THE WAITAKI DISTRICT COUNCIL, 20 THAMES STREET, OAMARU  
AND VIA ZOOM VIDEO-CONFERENCE  
ON TUESDAY, 23 APRIL 2024 AT 2.10PM**

**PRESENT:** Mr Simon Neale (Independent Chair), Deputy Mayor Hana Halalele (Deputy Chair), Cr Tim Blackler, Cr John McCone, Cr Rebecca Ryan, and Mayor Gary Kircher

**APOLOGY:** Cr Jim Hopkins

**IN ATTENDANCE:** Cr Brent Cowles (via Zoom)  
Paul Hope (Finance and Corporate Development Group Manager and Acting Assets Group Manager)  
Roger Cook (Heritage, Environment and Regulatory Group Manager)  
Ainslee Hooper (Governance and Policy Advisor)

**IN ATTENDANCE FOR SPECIFIC AGENDA ITEMS:**

Amanda Nicholls (Chief Financial Officer)

**MEETING OPEN**

The Chair declared the meeting open at 2.10pm and welcomed everyone present. He apologised for the delayed start to this Performance, Audit and Risk (PAR) Committee Meeting due to the Council Meeting held earlier in the day taking longer to conclude than was originally scheduled.

**1 APOLOGIES**

**RESOLVED PAR 2024/023**

Moved: Deputy Mayor Hana Halalele  
Seconded: Cr Tim Blackler

That the apology received from Cr Jim Hopkins be accepted.

**CARRIED**

**2 DECLARATIONS OF INTEREST**

There were no declarations of interest.

### 3 CONFIRMATION OF PREVIOUS MEETING MINUTES

#### 3.1 PUBLIC MINUTES OF THE PERFORMANCE, AUDIT AND RISK COMMITTEE MEETING HELD ON 26 MARCH 2024

##### **RESOLVED PAR 2024/024**

Moved: Deputy Mayor Hana Halalele  
Seconded: Cr Rebecca Ryan

That the Performance, Audit and Risk Committee confirms the Public Minutes of the Performance, Audit and Risk Committee Meeting held on 26 March 2024, as circulated, as a true and correct record of that meeting.

**CARRIED**

### 4 MEMORANDUM REPORTS

#### 4.1 FINANCIAL REPORT FOR Q3 FY2024

The report, as circulated, presented financial results for the nine months ended 31 March 2024 and includes explanations for variances against budget.

Chief Financial Officer Amanda Nicholls introduced the report. Asked to clarify the increases in financial revenue and financial cost, Ms Nicholls advised that Council's budget was split evenly across the 12 months of the financial year as opposed to the peaks and troughs of actual borrowing. In addition, Council had borrowed more than had been expected which also contributed to the variances in the financial results as presented.

The Chair advised that he wanted to look further into the carbon credit costs associated with Project Reclaim, because he did not believe that cost could be imposed on Council as a liability when effectively it involved transferring from one site to another.

##### **RESOLVED PAR 2024/025**

Moved: Cr John McCone  
Seconded: Deputy Mayor Hana Halalele

That the Performance, Audit and Risk Committee receives and notes the information.

**CARRIED**

#### 4.2 TREASURY REPORT TO 31 MARCH 2024

The report, as circulated, provided members of the Committee with an overview of the Treasury function for the first three quarters ended 31 March 2024, and the latest dashboard report from Bancorp at March 2024 – refer Attachment 1.

Chief Financial Officer Amanda Nicholls introduced the report.

The Chair highlighted how better cashflow forecasting could save on Council's historical approach of borrowing money in anticipation of spending it only to put it in the bank. This was acknowledged by the meeting.

Asked what the likely position would be on 30 June given the current \$11M overrun at the third quarter mark, Ms Nicholls advised that, of the \$11M forecasted to be borrowed, it was unlikely that Council would actually borrow that whole amount. However, at this point, that forecasted amount would be added to the current \$61,438M already borrowed, so it was expected that the borrowed

amount total would be around \$71M by the end of the financial year. Given that the budget for the financial year was \$50M in borrowing, it would then be \$21M over budget by year's end. She added that there was no intention of lending more in the next quarter, and that – if that was required – then it would have to be borrowed.

There was brief discussion on interest rates, and on the contents of the financing table on page 67 of the agenda papers.

An error in the report was identified – on page 20 of the agenda papers, there was a financial revenue figure of \$1.862M in the nine months to date, whereas elsewhere in the report that figure was stated as \$1.662M. It was highlighted that the figure of \$1.662M was correct.

Regarding repayments of loans, Ms Nicholls confirmed that Council had a repayment programme on its loans. However, there was also the Long Term Plan (LTP) to consider and the debt level would increase significantly over the next ten years. She referred to the graph of Council's debt projections and highlighted that Council would need to be addressing that by 2027-2029. The Chair acknowledged that important point, noting that one of the covenants of borrowing from the Local Government Funding Agency (LGFA) was that Council was not able to loan any more than its upper limit, and Council would be pushing that in 2028. He suggested that the Committee could have a discussion about whether some of the on-lending could be deducted to give Council more leeway, but that would only 'kick the can a short while down the road'.

Asked if there was a need to start that work now, Ms Nicholls confirmed that the matter would be thoroughly investigated as part of the LTP process. The Chair advised that it would be important for the PAR Committee as a whole and for individual members to allocate time and resource to investigating all options and keeping an eye on that process.

Group Manager Paul Hope advised that he did not believe any other Council had undertaken such work yet. 50 Councils had done their LTPs, and they had made some different assumptions with far greater resources available to them. As a sector, local government would be looking at all debt that the entire sector is projecting forward in the early part of the new financial year. Waitaki District Council is probably better than most, he believed, that it would have issues in 4-5 years' time. He highlighted that it is a sector-wide issue and was not just applicable to our Council. Getting covenants lifted by the LGFA for the sector as a whole was a sector goal, and it was a complex problem that will need a complex solution. Our Council could not come up with the solution that will meet all the requirements that we will have and still meet our debt commitments.

**RESOLVED PAR 2024/026**

Moved: Cr John McCone  
Seconded: Deputy Mayor Hana Halalele

That the Performance, Audit and Risk Committee receives and notes the information.

**CARRIED**

**5 RESOLUTION TO EXCLUDE THE PUBLIC**

**RESOLVED PAR 2024/027**

Moved: Cr John McCone  
Seconded: Deputy Mayor Hana Halalele

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

The general subject matter 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 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

| General subject of each matter to be considered                    | Reason for passing this resolution in relation to each matter   | Ground(s) under section 48 for the passing of this resolution   |
|--|---|---|
| <p><b>6.1 - Accounts Receivable Report at 31 March 2024 PE</b></p> | <p>s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p> <p>s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p>   | <p>s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7</p> |
| <p><b>6.2 - Accounts Payable Report at 31 March 2024 PE</b></p>    | <p>s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p> <p>s7(2)(b)(ii) - the withholding of the information is necessary 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</p> <p>s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities</p> | <p>s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7</p> |

**CARRIED**

**6 PUBLIC EXCLUDED SECTION**

The Public Excluded Minutes apply to this section of the meeting.

**7 RESOLUTION TO RETURN TO THE PUBLIC MEETING**

**RESOLVED PAR 2024/030**

Moved: Cr Tim Blackler  
Seconded: Mayor Gary Kircher

That the Performance, Audit and Risk Committee resumes in open meeting and decisions made in the Public Excluded section of the meeting are confirmed and made public as and when required and considered.

**CARRIED**



**8 RELEASE OF PUBLIC EXCLUDED INFORMATION**

In accordance with Waitaki District Council Standing Orders, and pursuant to resolutions in the public excluded session of the meeting, the Performance, Audit and Risk Committee decided to release the following previously public excluded information under this agenda item in the Public Minutes of this meeting:

In accordance with Waitaki District Council Standing Orders, and pursuant to resolutions in the public excluded session of the meeting, the Performance, Audit and Risk Committee decided to release the following previously public excluded information under this agenda item in the Public Minutes of this meeting:

**6.1 ACCOUNTS RECEIVABLE REPORT AT 31 MARCH 2024 PE**

**RESOLVED PAR 2024/028**

Moved: Cr Tim Blackler  
Seconded: Deputy Mayor Hana Halalele

That the Performance, Audit and Risk Committee:

1. Receives and notes the information.

**CARRIED**

**6.2 ACCOUNTS PAYABLE REPORT AT 31 MARCH 2024 PE**

**RESOLVED PAR 2024/029**

Moved: Deputy Mayor Hana Halalele  
Seconded: Mayor Gary Kircher

That the Performance, Audit and Risk Committee:

1. Receives and notes the information.

**CARRIED**

**9 MEETING CLOSE**

The Chair declared the meeting closed at 2.48pm.

TO BE CONFIRMED at the Performance, Audit and Risk Committee Meeting to be held on Tuesday, 28 May 2024.

.....  
CHAIRPERSON

## 4 DECISION REPORTS

### 4.1 AUDIT NEW ZEALAND DOCUMENTS FOR THE ANNUAL REPORT FY2023/2024 AUDIT PROCESS

**Author:** Amanda Nicholls, Chief Financial Officer

**Authoriser:** Paul Hope, Finance and Corporate Development Group Manager

**Attachments:**

1. **Audit New Zealand 24J Audit Proposal Letter dated 11 April 2024 for audit of Waitaki District Council Annual Report FY2023/2024**
2. **Audit New Zealand Audit Engagement Letter dated 15 April 2024 for audit of Waitaki District Council Annual Report FY2023/2024**
3. **Audit New Zealand Draft Audit Plan for audit of Waitaki District Council Annual Report FY2023/2024**

### RECOMMENDATION

That the Performance, Audit and Risk Committee recommends:

That Council:

1. Agrees that the Mayor for Waitaki will sign the Audit Proposal Letter dated 10 April 2024 for the 2024 and 2025 financial years on the Council's behalf; and
2. Agrees that the Mayor for Waitaki will sign the Audit Engagement Letter dated 15 April 2024 for the 2024 and 2025 financial years on the Council's behalf; and
3. Considers the Draft Audit Plan for Council's FY 2023/2024 Annual Report and agrees its contents in discussion with the Appointed Auditor, with or without amendment at this meeting, noting that it is for the 2024 financial year only.

### DECISION OBJECTIVE

To seek Council's consideration and sign off to Audit New Zealand's Audit Proposal Letter dated 10 April 2024 and the Audit Engagement Letter dated 15 April 2024, and agreement to the contents of the Audit Plan dated 14 April 2024, in relation to the audit of the Waitaki District Council Annual Report FY 2023/2024.

### SUMMARY

Council is legislatively required to have an independent audit completed on its Annual Report.

Audit New Zealand, as Council's appointed audit service provider, requires agreement to the following three letters prior to the commencement of their audit:

- The Audit Proposal Letter dated 10 April 2024 (Attachment 1) – outlines the proposed hours and audit fee that Audit New Zealand requires to complete the audit; and
- The Audit Engagement Letter dated 15 April 2024 (Attachment 2) – outlines the standards terms of the audit engagement and responsibilities of both parties; and
- The Audit Plan dated 14 April 2024 (Attachment 3) – outlines what Audit New Zealand has identified as the key audit risks and issues that they will focus on as part of their audit, as well as the audit process and logistics.

The Appointed Auditor will be in attendance to discuss the two letters and speak to the areas of focus highlighted in the Audit Plan (which is for FY2024 only).

**DECISION-MAKING EXPECTATIONS**

|                              |  |
|------------------------------|--|
| Governance Decision-Making:  | Consideration and agreement or not of the Audit New Zealand documentation related to this year's audit of the Waitaki District Council Annual Report for FY 2023/2024  |
| Operational Decision-Making: | To ensure that the legislated obligations on Council are met in accordance with Council's decisions at this meeting  |
| Communications               | Media Releases – contributed to by officers and Elected Members<br><br>Media/public enquiries regarding governance decision-making topics above can be addressed by governance<br><br>Media/public enquiries regarding operational decision-making topics above can be addressed by officers |

**SUMMARY OF DECISION-MAKING CRITERIA**

|                    | No/Moderate/Key |                              | No/Moderate/Key |
|--------------------|-----------------|------------------------------|-----------------|
| Policy/Plan        | Moderate        | Environmental Considerations | No              |
| Legal              | Key             | Cultural Considerations      | No              |
| Significance       | Moderate        | Social Considerations        | No              |
| Financial Criteria | Moderate        | Economic Considerations      | No              |
| Community Views    | No              | Community Board Views        | No              |
| Consultation       | No              | Publicity and Communication  | Moderate        |

**BACKGROUND**

Council is legislatively required to have an independent audit completed on its Annual Report. The resulting audit opinion informs the reader about the reliability of the information contained in the Council's Annual Report. Therefore, the annual audit is an important part of the Council's financial calendar. An efficient and effective audit can add value to the organisation and provide independent assurance that the financial results are presented fairly.

Audit New Zealand requires sign off by Council to the two letters discussed below, and agreement on the content of the Audit Plan, prior to commencing its audit of Council's Annual Report for FY2023/2024.

**Audit Proposal Letter (Attachment 1)**

In the previous year, Audit New Zealand proposed significant increases to its audit fees for the 2023, 2024, and 2025 financial years. A 22% (\$65,630) discount was ultimately provided for the 2023 financial year, and a one-year Audit Proposal Letter was signed for that year only.

Officers have recently met with Audit New Zealand to discuss the proposed fees for the 2024 and 2025 financial years. Discussion has resulted in a proposed 10% (\$32,401) discount for the 2024 financial year.

The proposed fees are outlined in the Audit Proposal Letter at Attachment 1.

### **Audit Engagement Letter (Attachment 2)**

A new audit team has been provided by Audit New Zealand for the 2024 financial year's audit. This includes a change in Appointed Auditor from Rudie Tomlinson (from the Dunedin office) to Dereck Ollsson (from the Christchurch office). Mr Ollsson is familiar with the Council and its subsidiaries, as he was the Appointed Auditor prior to Mr Tomlinson. The entire audit team is now based out of the Christchurch office. Given the change in Appointed Auditor, a new Audit Engagement Letter, outlining the terms of the audit engagement and responsibilities of both Audit New Zealand and the Council, is required to be signed.

### **Audit Plan (Attachment 3)**

The Appointed Auditor will attend the Council Meeting today and will speak to the Audit Plan and answer questions from Council's Elected Members.

Audit New Zealand has highlighted its key areas of focus are around internal controls, fair value of property, plant and equipment, the group consolidation, the prior year audit opinion matter about the carrying value of infrastructure assets, and the transfer of Oamaru Hospital to Health New Zealand – Te Whatu Ora. "Local Water Done Well" also continues to be a sector-wide focus area for the auditors.

The previous year's audit went reasonably smoothly, and officers feel that we are well placed to complete a smooth audit process again this year.

In terms of fair value of property, plant and equipment and the previous year's audit opinion matter about the carrying value of infrastructure assets, Council is completing independent revaluations of its land and buildings and also its roading infrastructure assets as at 30 June 2024, to reduce the auditors' concerns in this area.

The audit team has worked with officers to agree the audit timeframes. The interim audit for the FY2023/2024 Annual Report will commence on 24 June 2024, and the final audit will commence on 23 September 2024.

It is noted that the auditors have been unable to agree that they will issue their audit opinion at the Council Meeting scheduled for 22 October 2024. However, they will endeavour to meet the 31 October 2024 legislative deadline. Consequently, once the Audit Plan is agreed, an Extraordinary or Additional Council Meeting will be scheduled, potentially on 31 October 2024, so that Council can consider and adopt the Annual Report on that day instead.

Officers are not aware of any significant issues outstanding from previous audits and expect to meet our legislative deadline this year.

### **SUMMARY OF OPTIONS CONSIDERED**

#### **Option 1 – Agree to the two audit letters and the content of the Audit Plan (Recommended)**

Audit New Zealand requires agreement on the two audit letters and the content of the Audit Plan before they will commence their audit. The audit plan is considered reasonable and in line with the scope and timeframes required to meet the legislative reporting deadline. The auditors have already provided a discount on the audit fee, and it is not considered likely that any further discount will be possible.

Council agreement on the three documents is necessary to progress the audit.

#### **Option 2 – Negotiate further on the audit proposal or plan**

It is not considered likely that any further discount on the audit fee will be possible.

The legislative reporting deadline was not met in the previous year, due to the time that had to be taken then to negotiate a discount on the audit fee. Any further negotiation now will delay the commencement of this year's audit and potentially impact on the timing of the audit completion.

## **ASSESSMENT OF PREFERRED OPTION**

Option 1 is the preferred option, because agreement on the three documents is necessary to progress the audit.

Option 2 is likely to have a limited potential impact given the effort that was made in the previous year to develop a compromise position, with very limited results.

## **CONCLUSION**

Audit New Zealand has supplied the three documents for which they require sign off or agreement from Council before they will commence their audit. Without Council's agreement, the audit cannot proceed. Agreement to the documents at this meeting is the most appropriate way forward.

## **ADDITIONAL DECISION-MAKING CONSIDERATIONS**

### **Waitaki District Council Strategic Framework**

#### **Outcomes**

#### **Community Outcomes**

##### Prosperous District

- Attractive to new opportunities
- Supporting local businesses
- Fostering a diverse and resilient economy

##### Strong Communities

- Enabling safe, healthy communities
- Connected, inclusive communities
- Promoting a greater voice for Waitaki
- Celebrating our community identity

##### Quality Services

- Robust core infrastructure and services
- Community facilities and services we are proud of

##### Valued Environment

- Protecting our diverse landscapes and water bodies
- Meeting environmental and climate change challenges

### **Policy and Plan Considerations**

These are covered in the body of the report.

Attachment 1



AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

10 April 2024

Level 1, 399 Moray Place  
PO Box 232, Dunedin 9054

Gary Kircher  
Mayor  
Waitaki District Council  
Private Bag 50058  
Oamaru 9444

Ref: EN/LCA/03-0055/D787  
Copy: Manager, Auditor Appointments  
Office of the Auditor-General  
PO Box 3928  
Wellington 6140

Dear Gary

**Proposal to conduct the audit of Waitaki District Council on behalf of the Auditor-General for the 2024 and 2025 financial years**

**1 Introduction**

As required by the Office of the Auditor-General (OAG), I set out below information relating to the audit of Waitaki District Council for the financial years ending 30 June 2024 and 2025.

The purpose of this proposal is to provide information on:

- the statutory basis for the audit and how audit fees are set;
- the entities covered by this proposal;
- key members of the audit team;
- the hours we plan to spend on the audit and reasons for any change in hours;
- our proposed fees for the audits for the financial years ending 30 June 2024 and 2025;
- assumptions relating to the proposed audit fees, including what we expect of your Council;
- what the OAG Audit Standards and Quality Support charge provides;
- certification required by the Auditor-General; and
- our commitment to conduct the audit in accordance with the Auditor-General's Auditing Standards.



## 2 Statutory basis for the audit and how audit fees are set

The audit of Waitaki District Council is carried out under section 15 of the Public Audit Act 2001, which states that “the Auditor-General must from time to time audit the financial statements, accounts, and other information that a public entity is required to have audited”.

Fees for audits of public entities (including Councils) are set by the Auditor-General under section 42 of the Public Audit Act 2001. However, your Council and I can reach agreement first and recommend those fees for approval. The Auditor-General, with assistance from the OAG, will set audit fees directly only if we fail to reach agreement.

The Public Audit Act 2001 requires the Auditor-General to make sure that audit fees are “reasonable” for the auditors and for each of the entities audited. Parliament has indicated that it expects the cost of annual audits under the Act (which include an OAG Audit Standards and Quality Support charge) to be funded by public entities.

Over recent years, audit fees for many public entities have not kept pace with the real costs of the audit for a range of reasons, including the effect of new accounting and auditing standards and the changing scale and complexity of many public entities’ activities. A general concern about low fees impacting on auditors’ ability to maintain consistent audit quality has also been raised by regulatory bodies here in New Zealand and overseas.

Low fees are unsustainable and need to be rectified. The Auditor-General has decided to allow fee increases to a level that reflects the real time and cost of the audit. The size of increases will vary depending on the reasonableness of the current fee paid by each entity and any changes that have occurred since the last fees were agreed.

Our fees will take account of the nature and extent of the audit requirements for each Council. The audit hours in this proposal reflect the time required to complete a high-quality public sector audit efficiently.

The fees are based on charge-out rates that will ensure we can maintain the capacity needed to complete your audits. The global and local auditor shortage is having a continuing impact and has resulted in significant salary inflation. The current economic uncertainty and general inflation have also contributed to charge out rates increasing significantly.

Our proposed audit fees are set out in this letter and include an estimate of the reasonable cost of disbursements (including travel and accommodation where necessary).

The OAG will be monitoring the outcome of the negotiations to ensure that fees are reasonable.

Councils can take actions to ensure the efficiency of their audit. This includes being well prepared for audit, ensuring complex judgement issues are addressed early, regularly communicating with your auditor about any changes that might impact your reporting or the audit, having tidy systems and controls, and ensuring that relevant people are available to assist the auditors as they carry out their audit work. I welcome further discussion with you on opportunities for reducing the time and costs of your audit.

**3 Entities covered by this proposal**

This proposal covers the audit of Waitaki District Council.

**4 Key members of the audit team**

Appointed Auditor Dereck Ollsson

Audit Manager Laura Song

**5 Estimated audit hours**

We estimate that the following hours will be required to carry out a quality public sector audit for your Council efficiently. We have also included some information to help you understand how this compares with budgeted and actual data from the previous financial year):

| Audit team member                               | 2023 budget | 2023 actual * | 2024        | 2025        |
|---|-------------|---------------|-------------|-------------|
| Appointed Auditor                               | 130         | 123           | 130         | 130         |
| Engagement Quality Reviewer                     | -           | -             | -           | -           |
| Audit Manager                                   | 182         | 160           | 182         | 182         |
| Other Chartered Accountant (CA) qualified staff | 418         | 791           | 418         | 418         |
| Non-CA qualified staff                          | 526         | 513           | 566         | 566         |
| Other specialists                               | 25          | 23            | 25          | 25          |
| <b>Total audit hours</b>                        | <b>1281</b> | <b>1610</b>   | <b>1321</b> | <b>1321</b> |

\*Note – actual hours have not been adjusted to eliminate any hours that were due to auditor or client inefficiencies.

As part of an “open book” exercise as agreed during the signing of the prior year APL we provide the following information that analyses the time spent on the 2023 audit:

| Item   | Hours |
|--|-------|
| Budgeted audit hours.  | 1,281 |
| Total actual audit hours incurred.   | 1,610 |
| Extra hours were required to address out-of-scope tasks, for the following additional unplanned work.  | 89    |
| <ul style="list-style-type: none"> <li>• Consolidation – 29 hours:                             <ul style="list-style-type: none"> <li>○ Additional hours required in discussions with the component auditor and the Council to obtain the necessary information for</li> </ul> </li> </ul> |       |

| Item   | Hours |
|--|-------|
| <p>consolidation. Specifically, the value distribution between land and building from WDHSL, ensuring alignment with parent disclosure.</p> <ul style="list-style-type: none"> <li>○ Additional time required to discuss and obtain cost details for self-constructed assets from White Stone. Additionally, we calculated the value of the profit that should have been eliminated, based on the mark-up percentage and addressed the elimination error.</li> <li>○ Additional time by the Director dealing with current vs term disclosure issue, including correspondence with component auditor and the Council.</li> <li>● Performance Measure – 10.5 hours: <ul style="list-style-type: none"> <li>○ Water Loss - We sought technical advice to address several unresolved issues. Subsequently, we conducted additional procedures based on the technical advice to validate the calculation inputs.</li> <li>○ Drinking water - The audit team made an additional disclosure recommendation.</li> </ul> </li> <li>● Property, Plant and Equipment – 45.5 hours: <ul style="list-style-type: none"> <li>○ The accumulated depreciation of \$22,154k was not eliminated against cost due to a desktop approach being taken. Additional hours required to identify the error.</li> <li>○ Additional hours used to discuss and rectify the inaccurate valuation of road assets. Extra time also included PPG technical advice, precedent approval request and modification of audit opinion.</li> <li>○ Fair value assessment for water assets.</li> </ul> </li> <li>● Legal confirmation – 1 hour: <ul style="list-style-type: none"> <li>○ One of the legal confirmations returned with a potential issue identified. The team spent an additional hour discussing it with the client and solicitor to resolve the matter.</li> </ul> </li> <li>● Draft Accounts – 3 hours: <ul style="list-style-type: none"> <li>○ We reviewed five draft accounts. Additional hours required to discuss and resolve the outstanding misstatement identified in Draft four.</li> </ul> </li> </ul> |       |
| Auditor inefficiencies (non-chargeable administrative activities, team mix and team inexperience).   | 95    |
| Additional hours required to perform an efficient and effective audit (not included in hours for 2024 and 2025).   | 145   |

**5.1 Reasons for changes in audit hours**

The major reasons for the changes in hours for your organisation’s audit are:

| Reasons for increased or decreased audit hours compared to previous period budgeted hours:   | 2024      |
|--|-----------|
| Changes within your environment – such as changes in group structure (Waitaki District Health Services Limited group becoming more complex and increased review of other auditors’ workpapers), council growth, additional work on high-risk accounting estimates (specifically valuations), complexity of the asset systems (interfaces with spreadsheets and incomplete reconciliations), and the complexity of the consolidation process, which have resulted in a change to the size or complexity of the audit. | 40        |
| <b>Total increase in audit hours</b>   | <b>40</b> |

**5.2 Other matters that may impact the scope of the audit and actual audit hours**

There are several emerging reporting and auditing challenges in the sector that will potentially require additional audit effort and cost over the next three years. At this point the impact of these on your Council is unknown, so we have not included any allowance in our audit hours or fees. They include:

- the impact of extreme weather events;
- the impact of implementation of new legislation, including that relating to three waters reform, and/or Resource Management Act reforms;
- the impact of any climate reporting requirements, or Greenhouse Gas (GHG) performance measures;
- council-controlled organisation performance measures related to climate change or GHG that are material to a group;
- out of cycle, additional revaluations, including as a result of continued movements in property values and infrastructure construction costs;
- the impact of future growth of your Council, including changes within your Council’s group structure; and/or
- changes in the number of material measures, for example, new water loss measures.

Where costs related to these issues cannot be absorbed within the agreed fee, we will inform management and seek additional fee recoveries through our normal processes.

## 6 Proposed audit fees

Our proposed fees for the 2024 and 2025 audits (compared to budgeted and actual data from the previous financial year) is:

| Structure of audit fees  | 2023 budget    | 2023 actual *  | 2024           | 2025           |
|--|----------------|----------------|----------------|----------------|
|  | \$             | \$             | \$             | \$             |
| Net audit fee (excluding OAG Audit Standards and Quality Support charge and disbursements) | 275,536        | 275,536        | 297,752        | 321,414        |
| OAG Audit Standards and Quality Support charge (ASQS)                                      | 19,094         | 19,094         | 26,255         | 27,436         |
| <b>Total audit fee</b>   | <b>294,630</b> | <b>294,630</b> | <b>324,007</b> | <b>348,850</b> |
| Discount Net fee   | (65,630)       | (65,630)       | (29,775)       | -              |
| Discount ASQS fee  | -              | -              | (2,626)        | -              |
| <b>Total audit fee after discount (excluding disbursements and GST)</b>                    | <b>229,000</b> | <b>229,000</b> | <b>291,606</b> | <b>348,850</b> |
| Estimated disbursements  | -              | 451            | 1,000          | 1,000          |
| <b>Total billable audit fees and charges (excluding GST)</b>                               | <b>229,000</b> | <b>229,451</b> | <b>292,606</b> | <b>349,850</b> |

**\*Note** – 2023 actual audit fees charged were \$209,906 (excluding OAG Audit Standards and Quality Support charge and disbursements), compared to our 2023 audit costs of \$317,888.

Through negotiation, we have agreed the above fee for the 2023 audit. The OAG have already moderated fees for the next two years and have determined that a reasonable net audit fee for Waitaki District Council in 2024 is \$297,752 and 2025 \$321,414. If nothing has changed in the Council prior to the start of the 2024 year, these fees will form the basis of our negotiation.

The net audit fee allows for the audit team to carry out specific tasks identified in the OAG Sector Brief and for the OAG Audit Standards and Quality Support charge.

Disbursement costs will be charged on an actual and reasonable basis.

### 6.1 Reasons for changes in audit fees

In table 5.1 we showed the factors that have resulted in a change of audit hours. The cost impacts of those changes are shown in the table below.

| Reasons for increased or decreased audit fees compared to previous period <i>budgeted</i> fees.   | 2024          | 2025          |
|---|---------------|---------------|
| Changes within your environment – such as changes in group structure (Waitaki District Health Services Limited group becoming more complex and increased review of other auditors' workpapers), council growth, additional work on high-risk accounting estimates (specifically valuations), complexity of the asset systems (interfaces with spreadsheets and incomplete reconciliations) and the complexity of the consolidation process, which have resulted in a change to the size or complexity of the audit. | 9,040         | -             |
| Predicted charge out rate movements net of discount   | 20,337        | 24,843        |
| Discount movement   | 33,229        | 32,401        |
| <b>Total increase in audit fees</b>   | <b>62,606</b> | <b>57,244</b> |

**7 Assumptions relating to our audit fee**

You are responsible for the production of Waitaki District Council's financial statements and anything else that must be audited. Our proposed audit fees are based on the assumption that:

- you will provide to us, in accordance with the agreed timetable, the complete information required by us to conduct the audit;
- your staff will provide us with an appropriate level of assistance;
- your Council's annual report and financial statements (including statements of service performance) will be subject to appropriate levels of quality review by you before being submitted to us for audit;
- your Council's financial statements will include all relevant disclosures;
- we will review **up to two** sets of draft annual reports, **one** printer's proof copy of the annual report, and one copy of the electronic version of the annual report (for publication on your website);
- there are no significant changes to the structure and/or scale of operations of the entities covered by this proposal (other than as already advised to us);
- there are no significant changes to mandatory accounting standards or the financial reporting framework that require additional work (other than as specified in tables 5.1 and 6.1);
- there are no significant changes to mandatory auditing standards that require additional work other than items specifically identified in the tables above; and



- there are no significant changes to the agreed audit arrangements (set out in the audit plan) that change the scope of, timing of, or disbursements related to, this audit.

If the scope changes and/or the amount of work we do increases, we will discuss this with you and potentially seek additional fees from you. The OAG will be monitoring these recoveries to ensure that they are reasonable.

## **8 What the OAG Audit Standards and Quality Support charge provides**

Parliament has indicated that it expects the cost of annual audits under the Public Audit Act (including an OAG Audit Standards and Quality Support charge) to be funded by public entities.

The OAG Audit Standards and Quality Support charge partially funds a range of work that supports auditors and entities, including:

- development and maintenance of auditing standards;
- technical support for auditors on specific accounting and auditing issues;
- ongoing auditor training on specific public sector issues;
- preparation of sector briefs to ensure a consistent approach to annual audits;
- development and maintenance of strategic audit plans; and
- carrying out quality assurance reviews of all auditors, and their audits and staff on a regular (generally, three-year) cycle.

Appointed Auditors are required to return the OAG Audit Standards and Quality Support charge portion of the audit fee, to the OAG.

## **9 Certifications required by the Auditor-General**

We certify that:

- the undertakings, methodology, and quality control procedures that we have declared to the OAG continue to apply;
- our professional indemnity insurance policy covers this engagement; and
- the audit will be conducted in accordance with the terms and conditions of engagement set out in the audit engagement agreement and schedules.

**10 Conclusion**

As the Appointed Auditor, I am committed to providing you and the Auditor-General with the highest level of professional service. I intend to work with you, the OAG, and the Auditor-General in a partnership environment to resolve any issues that may arise.

If you require any further information, please do not hesitate to contact me.

Please counter-sign this letter (below) to confirm that you, and the governing body of your organisation, agree with its contents. This letter will then form the basis for a recommendation to the Auditor-General on the audit fee that should be set. The schedules of audit hours and fees will also be incorporated into my audit engagement agreement with the Auditor-General, to carry out the audit of your organisation as the agent of the Auditor-General.

Yours sincerely

Dereck Ollsson  
Appointed Auditor

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I accept the audit fees for the audit of the two financial years as stated above.

Full name: Gary Kircher Position: Mayor  
Authorised signature: \_\_\_\_\_ Date: \_\_\_\_\_  
Entity name: Waitaki District Council

**Actions to take when agreement has been reached:**

- 1 Make a copy of this signed proposal and keep it for your file.
- 2 Send the original to: Dereck Ollsson  
PO Box 2  
Christchurch 8140

Attachment 2



AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

15 May 2024

Level 3, 335 Lincoln Road  
Addington  
PO Box 2, Christchurch 8140

Gary Kircher  
Mayor  
Waitaki District Council  
Private Bag 50058  
Oamaru 9444

Dear Gary

**Audit engagement letter**

This audit engagement letter is sent to you on behalf of the Auditor-General who is the auditor of all “public entities”, including Waitaki District Council (the District Council) and its controlled entities (the group), under section 14 of the Public Audit Act 2001 (the Act). The Auditor-General has appointed me, Dereck Ollsson, using the staff and resources of Audit New Zealand, under sections 32 and 33 of the Act, to carry out the annual audits of the District Council and group’s financial statements and performance information. We will be carrying out these annual audits on the Auditor-General’s behalf, for the years ending 30 June 2024 to 30 June 2025.

This letter outlines:

- the terms of the audit engagement and the nature, and limitations, of the annual audit; and
- the respective responsibilities of the governing body (the Council) and me, as the Appointed Auditor, for the financial statements and performance information.

The objectives of the annual audit are:

- to provide an independent opinion on the District Council and group’s financial statements and performance information; and
- to report on other matters that come to our attention as part of the annual audit (typically those matters will relate to issues of financial management and accountability).

We will carry out the audit in accordance with the Auditor-General’s Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board (collectively the Auditing Standards). The Auditing Standards require that we comply with ethical requirements, and plan and perform the annual audit to obtain reasonable assurance about whether the District Council’s financial statements and performance information are free from material misstatement.

A business unit of the Controller and Auditor-General  [www.auditnz.parliament.nz](http://www.auditnz.parliament.nz)

The Auditing Standards also require that we remain alert to issues of concern to the Auditor-General. Such issues tend to relate to matters of financial management and accountability.

### **The Council's responsibilities**

Our audit will be carried out on the basis that the Council, as the governing body, acknowledges that it has responsibility for:

- preparing the financial statements and performance information in accordance with any applicable legal requirements and financial reporting standards;
- having such internal control as determined necessary to enable the preparation of financial statements and performance information that are free from material misstatement, whether due to fraud or error; and
- providing us with:
  - access to all information relevant to preparing the financial statements and performance information such as records, documentation, and other information;
  - all other information, in addition to the financial statements and performance information, to be included in the annual report;
  - additional information that we may request from the District Council for the purpose of the audit;
  - unrestricted access to council members and employees that we consider necessary; and
  - written confirmation concerning representations made to us in connection with the audit.

In addition, the Council is responsible for:

- the preparation of the summary financial statements and summary performance information;
- making the audited summary financial statements and summary performance information readily available to the intended users of that information; and
- including our audit report on the summary financial statements and summary performance information in any document that contains that information and that indicates that we have reported on that information.

The Council's responsibilities extend to all resources, activities, and entities under its control. We expect that the Council will ensure:

- the resources, activities, and entities under its control have been operating effectively and efficiently;

- it has complied with its statutory obligations including laws, regulations, and contractual requirements;
- it has carried out its decisions and actions with due regard to minimising waste;
- it has met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector in that it has carried out its decisions and actions with due regard to probity; and
- its decisions and actions have been taken with due regard to financial prudence.

We expect the Council and/or the individuals within the District Council and group with delegated authority, to immediately inform us of any suspected fraud, where there is a reasonable basis that suspected fraud has occurred – regardless of the amount involved. Suspected fraud also includes instances of bribery and/or corruption.

The Council has certain responsibilities relating to the preparation of the financial statements and performance information and in respect of financial management and accountability matters. These specific responsibilities are set out in Appendix 1. Appendix 2 contains some additional responsibilities relating to the health and safety of audit staff. We expect members of the Council to be familiar with those responsibilities and, where necessary, have obtained advice about them.

The Council should have documented policies and procedures to support its responsibilities. It should also regularly monitor performance against its objectives.

### **Our responsibilities**

#### ***Carrying out the audit***

We are responsible for forming an independent opinion on whether the financial statements of the District Council and group:

- present fairly, in all material respects:
  - its financial position; and
  - its financial performance and cash flows for the financial year; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards.

We are also responsible for forming an independent opinion on whether the performance information of the District Council:

- presents fairly, in all material respects, the performance for the financial year, including:
  - its performance achievements as compared with the intended levels of service for the financial year; and
  - its actual revenue and expenses as compared with the forecasts included in the long-term plan and annual plan for the financial year; and
- complies with generally accepted accounting practice in New Zealand.

In addition to the above we are also responsible for forming an independent opinion whether:

- the funding impact statement of the District Council, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the long-term plan or annual plan;
- the statement about capital expenditure for each group of activities of the District Council, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the long-term plan; and
- the funding impact statement for each group of activities of the District Council, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the long-term plan.

We are also required to report on whether the District Council has:

- complied with the requirements of schedule 10 of the Local Government Act 2002 that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements and performance information. How we obtain this information depends on our judgement, including our assessment of the risks of material misstatement of the financial statements and performance information, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements and performance information.

We do not examine every transaction, nor do we guarantee complete accuracy of the financial statements and performance information. Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with the Auditing Standards.

During the audit, we obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council's internal controls. However, we will communicate to you in writing about any significant deficiencies in internal control relevant to the audit of the financial statements and performance information that we identify during the audit.

During the audit, the audit team will:

- be alert for issues of effectiveness and efficiency – in particular, how the Council and the District Council and group have carried out their activities;
- consider laws and regulations relevant to the audit;



- be alert for issues of waste – in particular, whether the Council obtained and applied the resources of the District Council and group in an economical manner, and whether any resources are being wasted;
- be alert for issues of a lack of probity – in particular, whether the Council and the District Council and group have met Parliament’s and the public’s expectations of appropriate standards of behaviour in the public sector; and
- be alert for issues of a lack of financial prudence.

***Our independence***

It is essential that the audit team and Audit New Zealand remain both economically and attitudinally independent of the District Council and group; including being independent of management personnel and members of the Council. This involves being, and appearing to be, free of any interest that might be regarded, whatever its actual effect, as being incompatible with the objectivity of the audit team and the Audit New Zealand.

To protect our independence, specific limitations are placed on us in accepting engagements with the council other than the annual audit. We may accept certain types of other engagements, subject to the requirements of the Auditing Standards. Any other engagements must be the subject of a separate written arrangement between the Council and me or Audit New Zealand.

***Reporting***

We will issue an independent audit report that will be attached to the financial statements and performance information. This report contains our opinion on the fair presentation of the financial statements and performance information and whether they comply with the applicable reporting requirements. The audit report may also include comment on other financial management and accountability matters that we consider may be of interest to the addressee of the audit report.

In addition, we will issue an audit report that will be attached to the summary financial statements and summary performance information. This audit report will contain an opinion that provides the same level of assurance as the audit report on the full financial statements and full performance information.

We will also issue a report that will be sent to the Council. This report communicates any matters that come to our attention during the audit that, in our opinion, are relevant to the Council. Typically, those matters will relate to issues of financial management and accountability. We may also provide other reports to the District Council and group from time to time. We will inform the Council of any other reports we have issued.

Please note that the Auditor-General may publicly report matters that are identified in the annual audit, in keeping with section 21 of the Public Audit Act 2001.

**Next steps**

Please acknowledge receipt of this letter and the terms of the audit engagement by signing the letter in the space provided and returning a copy to me. The terms will remain effective until a new audit engagement letter is issued.

If you have any questions about the audit generally, or have any concerns about the quality of the audit, you should contact me as soon as possible. If, after contacting me, you still have concerns, you should contact the Director of Auditor Appointments at the Office of the Auditor-General on (04) 917 1500.

If you require any further information, or wish to discuss the terms of the audit engagement further before replying, please do not hesitate to contact me.

Yours sincerely



Dereck Ollsson  
Appointed Auditor  
On behalf of the Auditor-General

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I acknowledge the terms of this engagement and that I have the required authority on behalf of the Council.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
Name: Gary Kircher  
Title: Mayor

## Appendix 1: Respective specific responsibilities of the Council (the governing body) and the Appointed Auditor

| Responsibilities of the Council  | Responsibility of the Appointed Auditor   |
|--|---|
| <b>Responsibilities for the financial statements and performance information</b>   |   |
| <p>You are required by legislation to prepare financial statements and performance information in accordance with legal requirements and financial reporting standards.</p> <p>You must also ensure that any accompanying information in the annual report is consistent with that reported in the audited financial statements and performance information.</p> <p>You are required by legislation to prepare the financial statements and performance information and provide that information to us before the statutory reporting deadline. It is normal practice for you to set your own timetable to comply with statutory reporting deadlines.</p> <p>To meet the reporting deadlines, we are dependent on receiving the financial statements and performance information ready for audit and in enough time to enable the audit to be completed. "Ready for audit" means that the financial statements and performance information have been prepared in accordance with legal requirements and financial reporting standards, and are supported by proper accounting records and complete evidential documentation.</p> | <p>We are responsible for carrying out an annual audit, on behalf of the Auditor-General. We are responsible for forming an independent opinion on whether the financial statements:</p> <ul style="list-style-type: none"> <li>• present fairly, in all material respects: <ul style="list-style-type: none"> <li>○ the financial position; and</li> <li>○ the financial performance and cash flows for the financial year; and</li> </ul> </li> <li>• comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards.</li> </ul> <p>We are also responsible for forming an independent opinion on whether the performance information:</p> <ul style="list-style-type: none"> <li>• presents fairly, in all material respects, the performance for the financial year, including: <ul style="list-style-type: none"> <li>○ the performance achievements as compared with the intended levels of service for the financial year; and</li> <li>○ the actual revenue and expenses as compared with the forecasts included in the long-term plan and annual plan for the financial year; and</li> </ul> </li> <li>• complies with generally accepted accounting practice in New Zealand.</li> </ul> <p>In addition to the above we are also responsible for forming an independent opinion whether:</p> <ul style="list-style-type: none"> <li>• the funding impact statement of the District Council, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the long-term plan or annual plan;</li> <li>• the statement about capital expenditure for each group of activities of the District Council, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the long-term plan; and</li> </ul> |

| Responsibilities of the Council | Responsibility of the Appointed Auditor  |
|---------------------------------|--|
|                                 | <ul style="list-style-type: none"> <li>• the funding impact statement for each group of activities of the District Council, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the long-term plan.</li> </ul> <p>We are also required to report on whether the District Council has:</p> <ul style="list-style-type: none"> <li>• complied with the requirements of schedule 10 of the Local Government Act 2002 that apply to the annual report; and</li> <li>• made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014.</li> </ul> <p>We will also read the other information accompanying the financial statements and performance information and consider whether there are material inconsistencies with the audited financial statements and performance information.</p> <p>Materiality is one of the main factors affecting our judgement on the areas to be tested and on the timing, nature, and extent of the tests and procedures performed during the audit. In planning and performing the annual audit, we aim to obtain reasonable assurance that the financial statements and performance information do not have material misstatements caused by either fraud or error. Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence the audit report addressee’s overall understanding of the financial statements and performance information.</p> <p>If we find material misstatements that are not corrected, they will be referred to in the audit opinion. The Auditor-General's preference is for you to correct any material misstatements and avoid the need for them to be referred to in the audit opinion.</p> <p>An audit also involves evaluating:</p> <ul style="list-style-type: none"> <li>• the appropriateness of accounting policies used and whether they have been consistently applied;</li> <li>• the reasonableness of the significant accounting estimates and judgements made by those charged with governance;</li> </ul> |

| Responsibilities of the Council | Responsibility of the Appointed Auditor   |
|---------------------------------|---|
|                                 | <ul style="list-style-type: none"> <li>• the appropriateness of the content and measures in any performance information;</li> <li>• the adequacy of the disclosures in the financial statements and performance information; and</li> <li>• the overall presentation of the financial statements and performance information.</li> </ul> <p>We will ask you for written confirmation of representations made about the financial statements and performance information. In particular, we will seek confirmation that:</p> <ul style="list-style-type: none"> <li>• the adoption of the going concern basis of accounting is appropriate;</li> <li>• all material transactions have been recorded and are reflected in the financial statements and performance information;</li> <li>• all instances of non-compliance or suspected non-compliance with laws and regulations have been disclosed to us;</li> <li>• uncorrected misstatements noted during the audit are immaterial to the financial statements and performance information;</li> <li>• any representation made does not in any way reduce our responsibility to perform appropriate audit procedures and enquiries; and</li> <li>• we will ensure that the annual audit is completed by the reporting deadline or, if that is not practicable because of the non-receipt or condition of the financial statements and performance information, or for some other reason beyond our control, as soon as possible after that.</li> </ul> <p>The work papers that we produce in carrying out the audit are the property of the Auditor-General. Work papers are confidential to the Auditor-General and subject to the disclosure provisions in section 30 of the Public Audit Act 2001.</p> |

| Responsibilities of the Council  | Responsibility of the Appointed Auditor   |
|--|---|
| <b>Responsibilities for the accounting records</b>   |   |
| <p>You are responsible for maintaining accounting and other records that:</p> <ul style="list-style-type: none"> <li>• correctly record and explain the transactions of the District Council and group;</li> <li>• enable you to monitor the resources, activities, and entities under your control;</li> <li>• enable the District Council and the group's financial position to be determined with reasonable accuracy at any time;</li> <li>• enable you to prepare financial statements and performance information that comply with legislation (and that allow the financial statements and performance information to be readily and properly audited); and</li> <li>• are in keeping with the requirements of the Commissioner of Inland Revenue.</li> </ul> | <p>We will perform sufficient tests to obtain reasonable assurance as to whether the underlying records are reliable and adequate as a basis for preparing the financial statements and performance information.</p> <p>If, in our opinion, the records are not reliable or accurate enough to enable the preparation of the financial statements and performance information and the necessary evidence cannot be obtained by other means, we will need to consider the effect on the audit opinion.</p>   |
| <b>Responsibilities for accounting and internal control systems</b>  |   |
| <p>You are responsible for establishing and maintaining accounting and internal control systems (appropriate to the size of the District Council and group), supported by written policies and procedures, designed to provide reasonable assurance as to the integrity and reliability of financial and performance information reporting.</p>  | <p>The annual audit is not designed to identify all significant weaknesses in your accounting and internal control systems. We will review the accounting and internal control systems only to the extent required to express an opinion on the financial statements and performance information.</p> <p>We will report to you separately, on any significant weaknesses in the accounting and internal control systems that come to our notice and that we consider may be relevant to you. Any such report will provide constructive recommendations to assist you to address those weaknesses.</p> |
| <b>Responsibilities for preventing and detecting fraud and error</b>   |   |
| <p>The responsibility for the prevention and detection of fraud and error rests with you, through the implementation and continued operation of adequate internal control systems (appropriate to the size of the District Council) supported by written policies and procedures.</p>  | <p>We design our audit to obtain reasonable, but not absolute, assurance of detecting fraud or error that would have a material effect on the financial statements and performance information. We will review the accounting and internal control systems only to the extent required for them to express an opinion on the financial statements and performance information, but we will:</p>   |



| Responsibilities of the Council   | Responsibility of the Appointed Auditor   |
|---|---|
| <p>We expect you to formally address the matter of fraud, and formulate an appropriate policy on how to minimise it and (if it occurs) how it will be dealt with. Fraud also includes bribery and corruption.</p> <p>We expect you to consider reporting all instances of actual, suspected, or alleged fraud to the appropriate law enforcement agency, which will decide whether proceedings for a criminal offence should be instituted. We expect you to immediately inform us of any suspected fraud where you, and/or any individuals within the District Council with delegated authority have a reasonable basis that suspected fraud has occurred – regardless of the amount involved.</p> | <ul style="list-style-type: none"> <li>• obtain an understanding of internal control and assess its ability for preventing and detecting material fraud and error; and</li> <li>• report to you any significant weaknesses in internal control that come to our notice.</li> </ul> <p>We are required to immediately advise the Office of the Auditor-General of all instances of actual, suspected, or alleged fraud.</p> <p>As part of the audit, you will be asked for written confirmation that you have disclosed all known instances of actual, suspected, or alleged fraud to us.</p> <p>If we become aware of the possible existence of fraud, whether through applying audit procedures, advice from you, or management, or by any other means, we will communicate this to you with the expectation that you will consider whether it is appropriate to report the fraud to the appropriate law enforcement agency. In the event that you do not report the fraud to the appropriate law enforcement agency, the Auditor-General will consider doing so, if it is appropriate for the purposes of protecting the interests of the public.</p> |
| Responsibilities for compliance with laws and regulations   |   |
| <p>You are responsible for ensuring that the District Council] has systems, policies, and procedures (appropriate to the size of the District Council and group) to ensure that all applicable legislative, regulatory, and contractual requirements that apply to the activities and functions of the District Council are complied with. Such systems, policies, and procedures should be documented.</p>   | <p>We will obtain an understanding of the systems, policies, and procedures put in place for the purpose of ensuring compliance with those legislative and regulatory requirements that are relevant to the audit. Our consideration of specific laws and regulations will depend on a number of factors, including:</p> <ul style="list-style-type: none"> <li>• the relevance of the law or regulation to the audit;</li> <li>• our assessment of the risk of non-compliance; and</li> <li>• the impact of non-compliance for the addressee of the audit report.</li> </ul> <p>The way in which we will report instances of non-compliance that come to our attention will depend on considerations of materiality or significance. We will report to you and to the Auditor-General all material and significant instances of non-compliance.</p>  |

| Responsibilities of the Council  | Responsibility of the Appointed Auditor   |
|--|---|
|  | We will also report to you any significant weaknesses that we observe in internal control systems, policies, and procedures for monitoring compliance with laws and regulations.  |
| <b>Responsibilities to establish and maintain appropriate standards of conduct and personal integrity</b>  |   |
| <p>You should at all times take all practicable steps to ensure that your members and employees maintain high standards of conduct and personal integrity. You should document your expected standards of conduct and personal integrity in a “Code of Conduct” and, where applicable, support the “Code of Conduct” with policies and procedures.</p> <p>The expected standards of conduct and personal integrity should be determined by reference to accepted “Codes of Conduct” that apply to the public sector.</p> | <p>We will have regard to whether you maintain high standards of conduct and personal integrity – particularly in matters relating to financial management and accountability. Specifically, we will be alert for significant instances where members and employees of the District Council may not have acted in accordance with the standards of conduct and personal integrity expected of them.</p> <p>The way in which we will report instances that come to our attention will depend on significance. We will report to you and to the Auditor-General all significant departures from expected standards of conduct and personal integrity that come to our attention during the audit.</p> <p>The Auditor-General, on receiving a report from us, may, at his discretion and with consideration of its significance, decide to conduct a performance audit of, or an inquiry into, the matters raised. The performance audit or inquiry will be subject to specific terms of reference, in consultation with you. Alternatively, the Auditor-General may decide to publicly report the matter without carrying out a performance audit or inquiry.</p> |
| <b>Responsibilities for conflicts of interest and related parties</b>  |   |
| <p>You should have policies and procedures to ensure that your members and employees carry out their duties free from bias.</p> <p>You should maintain a full and complete record of related parties and their interests. It is your responsibility to record and disclose related-party transactions in the financial statements and performance information in accordance with generally accepted accounting practice.</p>   | To help determine whether your members and employees have carried out their duties free from bias, we will review information provided by you that identifies related parties, and will be alert for other material related-party transactions. Depending on the circumstances, we may enquire whether you have complied with any statutory requirements for conflicts of interest and whether these transactions have been properly recorded and disclosed in the financial statements and performance information.  |
| <b>Responsibilities for publishing the audited financial statements on a website</b>   |   |
| You are responsible for the electronic presentation of the financial statements and performance information on the District Council’s website.   | Examining the controls over the electronic presentation of audited financial statements and performance information, and the associated audit report, on your website is beyond the scope of the annual audit.  |



| <b>Responsibilities of the Council</b>  | <b>Responsibility of the Appointed Auditor</b> |
|---|--|
| <p>This includes ensuring that there are enough security and controls over information on the website to maintain the integrity of the data presented.</p> <p>If the audit report is reproduced in any medium, you should present the complete financial statements, including notes, accounting policies, and any other accountability statements.</p> |  |

## **Appendix 2: Health and safety of audit staff**

The Auditor-General and Audit New Zealand take seriously their responsibility to provide a safe working environment for audit staff. Under the Health and Safety at Work Act 2015 we need to make arrangements with you to keep our audit staff safe while they are working at your premises.

We expect you to provide a safe work environment for our audit staff. This includes providing adequate lighting and ventilation, suitable desks and chairs, and safety equipment, where required.

We also expect you to provide them with all information or training necessary to protect them from any risks they may be exposed to at your premises. This includes advising them of emergency evacuation procedures and how to report any health and safety issues.

Attachment 3



## Audit plan

I am pleased to present our audit plan for the audit of Waitaki District Council (the District Council) and group for the year ended 30 June 2024. The purpose of this audit plan is to discuss:

|                              |    |
|------------------------------|----|
| Audit risks and issues ..... | 2  |
| Group audit .....            | 7  |
| Our audit process.....       | 9  |
| Reporting protocols .....    | 14 |
| Audit logistics .....        | 15 |
| Expectations.....            | 17 |

The contents of this plan should provide a good basis for discussion when we meet with you.

We will be happy to elaborate further on the matters raised in this plan.

Our work improves the performance of, and the public's trust in, the public sector. Our role as your auditor is to give an independent opinion on the financial statements and performance information. We also recommend improvements to the internal controls relevant to the audit.

If there are additional matters that you think we should include, or any matters requiring clarification, please discuss these with me.

Yours sincerely

Dereck Ollsson  
Appointed Auditor  
14 May 2024

## Audit risks and issues

### Focus areas



Based on the planning work and discussions that we have completed to date, we set out in the table below the main audit risks and issues. These will be the main focus areas during the audit.

| Audit risk/issue   | Our audit response  |
|--|---|
| <b>The risk of management override of internal controls</b>  |   |
| <p>There is an inherent risk in every organisation of fraud resulting from management override of internal controls.</p> <p>Management are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>Auditing standards require us to treat this as a risk on every audit.</p>   | <p>Our audit response to this risk includes:</p> <ul style="list-style-type: none"> <li>• testing the appropriateness of selected journal entries;</li> <li>• reviewing accounting estimates for indications of bias; and</li> <li>• evaluating any unusual or one-off transactions, including those with related parties.</li> </ul>   |
| <b>Fair value of property, plant, and equipment</b>  |   |
| <p>The District Council periodically revalue its property, plant and equipment. PBE IPSAS 17, <i>Property, Plant and Equipment</i>, requires that valuations are carried out with sufficient regularity to ensure that the carrying amount does not differ from fair value.</p> <p>The three waters assets were last revalued to fair value at 30 June 2021, and the roading network was last revalued to fair value at 30 June 2023. Both three waters assets and roading network are scheduled for revaluation this year.</p> <p>The land, buildings and improvements were last revalued to fair value at 30 June 2022, and are not scheduled for revaluation this year but are subject to fair value assessment to determine if there's material fair value movements.</p> <p>The carrying value of property, plant and equipment is an audit risk due to the significance of the carrying values to the financial statements, and the complexity of judgements involved.</p> | <p>We will review the District Council's assessment of fair value against carrying value, for each asset class which is not proposed to be revalued this year.</p> <p>If the fair value movement of the assets individually or in combination with other asset classes is significant the District Council may need to complete a revaluation. In certain circumstances it may be acceptable to make an adjustment based on the desktop revaluation.</p> <p>For asset classes which are proposed to be revalued this year, we will:</p> <ul style="list-style-type: none"> <li>• assess the systems and controls in place to ensure the valuation is carried out accurately;</li> <li>• review that all assets have been revalued and there are no duplications;</li> <li>• obtain the valuation report, and review the methodology for reasonableness and consistency with relevant accounting and valuation standards;</li> </ul> |

| Audit risk/issue   | Our audit response   |
|--|--|
| <p>Of specific risk is the current inflationary pressures and their impact on estimating replacement costs.</p>  | <ul style="list-style-type: none"> <li>• assess the reasonableness of significant assumptions applied in the valuation;</li> <li>• evaluate the qualifications, competence, independence, objectivity, and expertise of the external experts used to assist with the valuation;</li> <li>• confirm that any fair value movements, arising from the valuation, have been appropriately accounted for in the District Council's financial statements; and</li> <li>• and judgements relating to the valuation are adequately disclosed.</li> </ul>   |
| <b>Group consolidation</b>   |  |
| <p>The only significant components within the group are Waitaki District Health Services Limited and Whitestone Contracting Limited. The significant business and accounting issues for the group are:</p> <ul style="list-style-type: none"> <li>• the valuation and impairment assessment of key group assets; and</li> <li>• alignment of group entity results with the District Council's reporting requirements before they are consolidated into the group. This is required as the District Council applies the public benefit entity accounting framework, whilst Whitestone Contracting Limited applies the for-profit accounting framework.</li> </ul> <p>It is important that the District Council has identified and adjusted for any required changes, prior to the audit to aid in the development of the consolidated accounts.</p> | <p>We will:</p> <ul style="list-style-type: none"> <li>• consider any accounting and auditing issues that may arise within the wider District Council group in planning and executing the respective audits of the group entities;</li> <li>• review the consolidation workings to gain assurance that it is prepared in accordance with accounting standards including specifically, that there is full elimination of all inter-entity transactions;</li> <li>• review whether the accounting policies and other financial information are prepared on a consistent basis across the group and appropriately disclosed; and</li> <li>• consider audit risks in relation to significant components of the group, assess the responses from the significant components to those risks, and communicate our findings in our report to the Council.</li> </ul> |
| <b>Audit opinion matters</b>   |  |
| <p>Our prior year audit opinion was qualified because of the carrying value of the roading and three waters infrastructure assets as at 30 June 2022 (comparative information) and the associated assets valuation movements for the year ended 30 June 2023.</p> <p>There will be an impact on the current year opinion in so far as it relates to the comparative information reported – the asset valuation movements for the year ended 30 June 2023, which has been recognised in the other comprehensive</p>   | <p>We will consult with our professional practices group to ensure the opinion wording is appropriate.</p>   |

| Audit risk/issue   | Our audit response  |
|--|---|
| revenue and expense section of the statement of comprehensive revenue and expense, and the statement of changes in equity.   |   |
| <b>Transfer of Oamaru Hospital to Health New Zealand - Te Whatu Ora</b>  |   |
| <p>We are aware that the Council is currently in negotiation with Health New Zealand - Te Whatu Ora (TWO) to transfer the hospital services, including all its personnel to TWO. The Oamaru Hospital is current a subsidiary of Waitaki District Health Services Limited Group (WDHSL Group), which is ultimately owned by the Council.</p> <p>At this stage, there has not been any formal agreement being reached between the Council and the TWO. However, the transfer may have material impact on the Group structure and financial position.</p> | <p>We will review the final agreement reached between the WDHSL Group and Health New Zealand - Te Whatu Ora.</p> <p>We will review any accounting treatment required for at year end as implied by the final agreement and the appropriateness of disclosure in the Council's financial statement regarding the transfer.</p> <p>We will inform the component auditor of the WDCHSL group to factor the transfer in the review of going concern assessment of the WDHSL group and review the results of the going concern assessment.</p> |

**Sector focus areas**



The Office of the Auditor-General has issued its local authority sector audit brief. We set out in the table below the main audit risks and issues relevant to the local government sector.

| Area of audit focus   | Our audit response   |
|---|--|
| <b>“Local Water Done Well” programme</b>  |  |
| <p>In February 2024, the Government passed legislation that repealed the affordable waters reform legislation passed into law by the previous Government.</p> <p>The Government intends implementing its “Local Water Done Well” programme through the passing of two further bills through Parliament.</p> <p>The first bill will set out provisions relating to council service delivery plans and transitional economic regulation. It will also provide for streamlining the establishment of CCOs to deliver water, should Council's desire to do so.</p> <p>A second bill will set out provisions relating to long-term requirements for financial sustainability, provide for a complete economic regulation regime,</p> | <p>We will monitor the progress of the legislation and discuss related impacts with you.</p> <p>We will review the Council's assessment of the impact of the legislative change on the annual report to ensure any accounting or disclosure implications are considered.</p> |



| Area of audit focus   | Our audit response |
|---|--------------------|
| <p>and a new range of structural and financing tools, including a new type of financially independent council-controlled organisation.</p> <p>The first and second bills are expected to be passed by mid-2024 and mid-2025, respectively.</p> <p>Until the content of the bills is known the impact on the District Council and on the 30 June 2024 annual report is unclear.</p> <p>The District Council should ensure the annual report includes sufficient disclosure about the impact of the programme (to the extent that the impact is known).</p> |                    |

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Please tell us about any additional matters we should consider, or any specific risks that we have not covered. Additional risks may also emerge during the audit. These risks will be factored into our audit response and our reporting to you.

### **Fraud risk**

Misstatements in the financial statements and performance information can arise from either fraud or error. The distinguishing factor between fraud and error is whether the underlying action is intentional or unintentional. In considering fraud risk, two types of intentional misstatements are relevant - misstatements resulting from fraudulent reporting, and misstatements resulting from misappropriation of assets.

The primary responsibility for the prevention and detection of fraud and error rests with the Council (as the governing body), with assistance from management. In this regard, we will discuss the following questions with you:

- What role does the Council play in relation to fraud? How do you monitor management's exercise of its responsibilities?
- Has a robust fraud risk assessment been completed? If so, is the Council satisfied that it had appropriate input into this process?
- How does management provide assurance that appropriate internal controls to address fraud risks are in place and operating?
- What protocols/procedures have been established between the Council and management to keep you informed of instances of fraud, either actual, suspected, or alleged?
- Are you aware of any actual, suspected, or alleged fraud? If so, have the results of management's investigation been reported to the Council? Has appropriate action been taken on any lessons learned?

### ***Our responsibility***

Our responsibility is to obtain reasonable, but not absolute, assurance that the financial statements and performance information are free from material misstatement resulting from fraud. Our approach to obtaining this assurance is to:

- identify fraud risk factors and evaluate areas of potential risk of material misstatement;
- evaluate the effectiveness of internal controls in mitigating the risks;
- perform substantive audit procedures; and
- remain alert for indications of potential fraud in evaluating audit evidence.

The Auditor-General has published useful information on fraud that can be found at [oag.parliament.nz/reports/fraud-reports](https://oag.parliament.nz/reports/fraud-reports).

## Group audit



Our auditor’s report covers the group as a whole.

Waitaki District Council group comprises the District Council and the following entities:

- Whitestone Contracting Limited (significant component)
- Waitaki District Health Services Limited group (significant component), comprising:
  - Waitaki District Health Services Limited
  - Waitaki District Health Services Trust (non-significant component)
  - Observatory Village Charitable Trust group (significant component) comprising:
    - Observatory Village Charitable Trust
    - Observatory Village Lifecare Limited
    - Observatory Village Care Limited
- Tourism Waitaki Limited (non-significant component)
- Waitaki Whitestone Geopark Trust (non-significant component)
- Omarama Airfield Limited (non-significant component 50% owned)

Our auditor’s report covers the group as a whole. Our audit approach is developed to ensure we have sufficient information to give an opinion on the group. In designing our group audit approach, we considered the structure of the group and identified the entities which are included in the group financial statements. Each entity is referred to as a component. We have assessed the risks of material misstatement and have identified our approach for each component. The table below shows the work planned for each significant component.

| Significant component          | Work to be performed  |
|--------------------------------|---|
| Whitestone Contracting Limited | <p>This component will be audited by a different Appointed Auditor from another audit service provider.</p> <p>Group instructions will be issued to the component auditor that will specify the information we require and when it is required. This will include matters such as confirming audit risks and materiality the component auditor will use for audit purposes. We will also request the component auditor’s working papers and assess the results of their audit work.</p> <p>The audit risks relevant to Whitestone Contracting Limited are:</p> <ul style="list-style-type: none"> <li>• risk of management override; and</li> <li>• operating revenue – risk of fraud in revenue recognition.</li> </ul> <p>The audit work on this component will be a full financial statement and performance report.</p> |

| Significant component                          | Work to be performed  |
|--|---|
| Waitaki District Health Services Limited group | <p>This component and its material component Observatory Village Charitable Trust group are audited separately by an Appointed Auditor from another audit service provider.</p> <p>Group instructions will be issued to the component auditor that will specify the information we require and when it is required. This will include matters such as confirming audit risks and materiality the component auditor will use for audit purposes. We will also request the component auditors working papers and assess the results of their audit work.</p> <p>The audit risks relevant to the entities that form part of the Waitaki District Health Services group are:</p> <ul style="list-style-type: none"> <li>• risk of management override;</li> <li>• financial viability;</li> <li>• impairment/valuation of property, plant and equipment; and</li> <li>• valuation of investment properties.</li> </ul> <p>The audit work on this component will be a full financial statement and performance report audit.</p> |

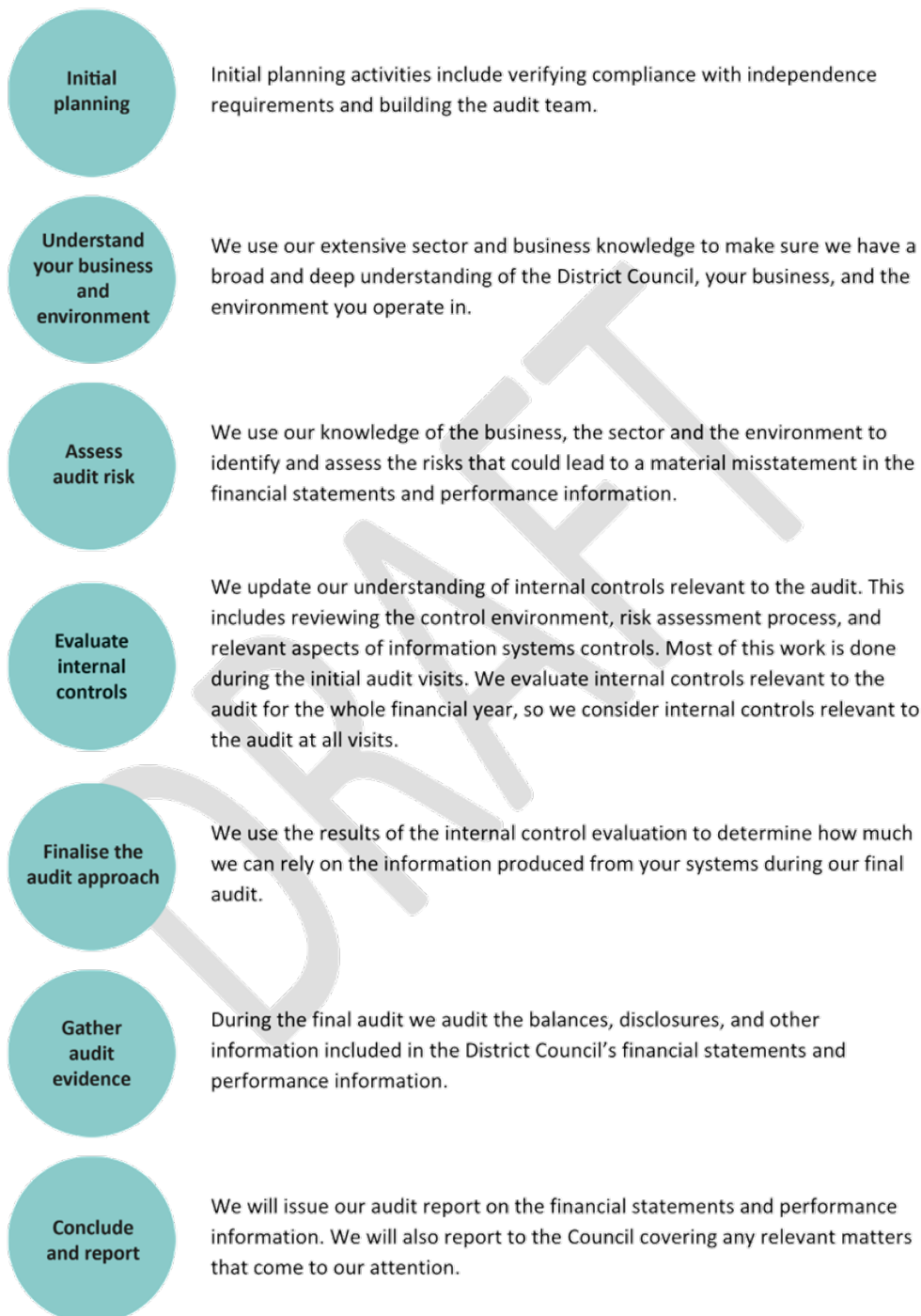
For non-significant components, we will perform analytical procedures at the group level to identify unexpected movements.

We will report any significant internal control deficiencies to the and management of the group. This will include any deficiencies identified by the group engagement team or brought to our attention by the component auditor. We will communicate deficiencies related to:

- group-wide internal controls; or
- internal controls at each component.

We will also communicate any fraud identified by the group engagement team or brought to our attention by the component auditor.

## Our audit process



### **Prioritising higher risk work to ensure an efficient year-end processes**

To ensure the year-end annual report and audit thereof are efficient, the District Council should prioritise their work to ensure higher risk areas and those that involve significant management judgment are planned to be ready for auditing as soon as possible. Timelines for this information should be agreed with us early. Delays in providing this information to us could impact our ability to resolve technical issues late in the audit process.

Examples of areas that typically involve management and auditor judgment include, and should be resolved early include:

- valuation of PPE;
- fair value assessments and revaluations of property, plant and equipment held at fair value;
- provision estimates; and
- financial assets or liabilities held at fair value.

### **Materiality**

In performing our audit, we apply materiality. In the public sector, materiality refers to information that if omitted, misstated, or obscured could reasonably be expected to:

- influence readers' overall understanding of the financial statements and service performance information; and
- influence readers' in making decisions about the stewardship and allocation of resources, or assessing your performance.

This definition of materiality is broader than the one used in the private sector.

It is a matter of judgement whether information is material. We consider the nature (qualitative) and amount (quantitative) of each item judged in the surrounding circumstances and its impact. In the public sector qualitative considerations are of equal significance as quantitative considerations. Qualitative considerations are of primary importance in our assessment of materiality in the context of disclosures for transparency and accountability reasons, and in evaluating any non-compliance with laws and regulations.

The District Council and management need to consider materiality in preparing the financial statements and service performance information and make their own assessment of materiality from a preparer's perspective. IFRS Practice Statement 2, *Making Materiality Judgements*, provides guidance on how to make materiality judgements from a financial statements preparer's perspective. Although this guidance is primarily aimed at for-profit entities, the same principles can be applied by public benefit entities. Management and the District Council should not rely on our materiality assessment as a basis for owning and making judgements about the integrity of the financial statements and service performance information.

#### ***Financial statements materiality***

For planning purposes we have set **overall materiality** for the financial statements at \$104,000,000 based on last year’s total property, plant and equipment. We have set the group’s **overall materiality** for the financial statements at \$106,790,000 based on last year’s total property, plant and equipment.

|                                  |                      |
|----------------------------------|----------------------|
| <b>Overall group materiality</b> | \$106,790,000        |
| Specific group materiality       | \$2,950,000          |
| Group clearly trivial threshold  | \$147,500            |
| <b>Overall materiality</b>       | <b>\$104,000,000</b> |
| Specific materiality             | \$1,800,000          |
| Clearly trivial threshold        | \$90,000             |

This is subject to change once the actual results for the current year are available. For this audit we are only applying this overall materiality to the fair value of property, plant and equipment.

For this audit we have set a lower, specific materiality of \$1,800,000 for all items not related to the fair value of property, plant and equipment. For the group we have set a lower, specific materiality of \$2,950,000 for all items not related to the fair value of property, plant and equipment.

We also set a lower, specific materiality for some items due to their sensitivity. For example, we apply a lower specific materiality to related party and key management personnel disclosures.

We design our audit procedures to detect misstatements at a lower level than overall materiality. This takes account of the risk of cumulative misstatements and provides a safety net against the risk of undetected misstatements.

We will report all uncorrected misstatements to the other than those that are **clearly trivial**. We consider misstatements of less than \$90,000 (\$147,500 for the group) to be clearly trivial unless there are qualitative considerations that heighten its significance. We will ask for each misstatement to be corrected, other than those that are clearly trivial. Where management does not wish to correct a misstatement we will seek written representations from management and the on the reasons why the corrections will not be made.

|  |
|--|
| <b>Misstatements</b>   |
| Misstatements are differences in, or omissions of, amounts and disclosures that may affect a reader’s overall understanding of your financial statements and service performance information. The effects of any detected and uncorrected misstatements, individually and in aggregate, are assessed against overall materiality and qualitative considerations. |

Overall financial statement materiality does not apply to any matters of effectiveness and efficiency, waste, or a lack of probity or financial prudence.

***Materiality for service performance information***

At an overall level, we assess whether the service performance information is suitable, given your purpose and the nature of your activities, and whether the reporting allows for an informed assessment of the District Council’s performance. In doing this we consider whether the information is relevant, complete, reliable, neutral, and understandable.

We set materiality for service performance information at an individual measure level based on what we expect would influence readers’ overall understanding, decision making, or assessment of the District Council’s performance. We consider a variety of factors including the level of public interest and



potential public risk. Because of the variety of measurement bases applied, we normally express this materiality as a percentage of the reported result.

We have identified the following measures as material and assessed materiality for planning purposes. We will reassess this during the audit.

| Material measure   | Materiality<br>% of the reported<br>result |
|--|--|
| <p><b>Water supply - Safety of drinking water</b></p> <p>The extent to which the local authority's drinking water supply complies with:</p> <p>(a) part 4 of the drinking-water standards (bacteria compliance criteria), and</p> <p>(b) part 5 of the drinking-water standards (protozoal compliance criteria).</p>   | 0% for compliance/non compliance           |
| <p><b>Water supply - Water loss</b></p> <p>The percentage of real water loss from the local authority's networked reticulation system (including a description of the methodology used to calculate this).</p>   | 8%   |
| <p><b>Wastewater - discharge compliance</b></p> <p>Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of:</p> <p>(a) abatement notices;</p> <p>(b) infringement notices;</p> <p>(c) enforcement orders; and</p> <p>(d) convictions</p> <p>received by the territorial authority in relation to those resource consents.</p> | 5%   |
| <p><b>Wastewater – system adequacy</b></p> <p>The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system.</p>  | 5%   |
| <p><b>Stormwater - discharge compliance</b></p> <p>Compliance with the TA's resource consents for discharge from its stormwater system, measured by the number of:</p> <p>(a) abatement notices;</p> <p>(b) infringement notices;</p> <p>(c) enforcement orders; and</p> <p>(d) convictions</p> <p>received by the TA in relation to those resource consents.</p>                                    | 5%   |
| <p><b>Roading - road condition</b></p> <p>The average quality of ride on a sealed local road network, measured by smooth travel exposure.</p>  | 8%   |
| <p><b>Roading asset quality - renewal of assets</b></p> <p>The percentage of the sealed local road network that is resurfaced.</p>   | 8%   |

### **Professional judgement and professional scepticism**

Many of the issues that arise in an audit, particularly those involving valuations or assumptions about the future, involve estimates. Estimates are inevitably based on imperfect knowledge or dependent on future events. Many financial statement items involve subjective decisions or a degree of uncertainty. There is an inherent level of uncertainty which cannot be eliminated. These are areas where we must use our experience and skill to reach an opinion on the financial statements and performance information.

The term “opinion” reflects the fact that professional judgement is involved. Our audit report is not a guarantee but rather reflects our professional judgement based on work performed in accordance with established standards.

Auditing standards require us to maintain professional scepticism throughout the audit. Professional scepticism is an attitude that includes a questioning mind and a critical assessment of audit evidence. Professional scepticism is fundamentally a mind-set. A sceptical mind-set drives us to adopt a questioning approach when considering information and in forming conclusions.

Exercising professional scepticism means that we will not accept everything we are told at face value. We will ask you and management to provide evidence to support what you tell us. We will also challenge your judgements and assumptions and weigh them against alternative possibilities.

### **How we consider compliance with laws and regulations**

As part of the Auditor-General’s mandate, we consider compliance with laws and regulations that directly affect your financial statements or general accountability. Our audit does not cover all of your requirements to comply with laws and regulations.

Our approach involves first assessing the systems and procedures that you have in place to monitor and manage compliance with laws and regulations relevant to the audit. We may also complete our own checklists. In addition, we will ask you about any non-compliance with laws and regulations that you are aware of. We will evaluate the effect of any such non-compliance on our audit.

### **Wider public sector considerations**

A public sector audit also examines whether:

- the District Council carries out its activities effectively and efficiently;
- waste is occurring or likely to occur as a result of any act or failure to act by the District Council;
- there is any sign or appearance of a lack of probity as a result of any act or omission by the District Council or by one or more of its members, office holders, or employees; and
- there is any sign or appearance of a lack of financial prudence as a result of any act or omission by the District Council or by one or more of its members, office holders, or employees.



## Reporting protocols

### Communication with management and the Council



We will meet with management and the Council's audit committee throughout the audit. We will maintain ongoing, proactive discussion of issues as and when they arise to ensure there are "no surprises".

### Reports to the Council



We will provide a draft of all reports to management for discussion/clearance purposes. Once management comments are received the report will be finalised and provided to the Council.

We will also follow up on your progress in responding to our previous recommendations.

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## Audit logistics

### Our team



Our engagement team is selected to ensure that we have the right subject matter expertise and sector knowledge. Each member of the audit team has received tailored training to develop their expertise.

Our senior audit team members are:

|                |                   |
|----------------|-------------------|
| Dereck Ollsson | Appointed Auditor |
| Laura Song     | Audit Manager     |

### Timetable



Our proposed timetable is:

|   |                   |
|---|-------------------|
| Interim audit   | 24 June 2024      |
| Draft financial statements available for audit (including notes to the financial statements) with actual year-end figures | 23 September 2024 |
| Final audit   | 23 September 2024 |
| Final annual report available, incorporating all the amendments agreed to between us                                      | 21 October 2024   |
| Audit opinion issued (subject to client delivery)   | 31 October 2024   |
| Draft management report to the Council issued   | 31 October 2024   |

### **AuditDashboard**

We began implementing a new online portal called AuditDashboard in 2021. AuditDashboard allows for easier collaboration and file sharing between the Council and your audit team. It is a robust, secure digital platform that is specifically designed to streamline the process of sharing information with us.

We will again use AuditDashboard for transferring audit documentation as part of the audit.

### **Working remotely**

Covid-19 restrictions, such as lockdowns, and resultant changes to our own and our client's work locations, including increasing numbers working from home since the start of the pandemic, have meant we changed how we worked with our clients over the last two years.

Lockdowns meant that our clients and our auditors did not always have access to their premises and information and had to work remotely. For clients able to work remotely, with access to systems and electronic documentation, as well as being prepared for the audit, audits continued to progress and progress well.

Performing our audit work during higher alert level restrictions confirmed that aspects of our audit work can be done efficiently off-site. We plan to continue to perform aspects of your audit remotely as there are some benefits to you and us of having our team off-site for parts of the audit. For you these benefits include:

- staging and sending the information we request for audit over an agreed period of time as opposed to having all the information requested ready for our arrival at one agreed date;
- less time spent on travel, so we will have more time focus on auditing what matters and raising issues earlier;
- reduction in disbursements as we will incur less travel and overnight costs; and
- less auditor time on site which allows you to get on with your work and enables planned focused conversations when these take place.

To enable audit work to be completed off-site and fully obtain the benefits detailed above, you will need to ensure that you can provide supporting documents electronically.

During the previous audit, we were able to perform the majority of our audit work remotely. Based on our experience we found that the District Council has good systems and processes in place to facilitate any future off-site work by us.

We recognise different organisations are positioned differently to enable off-site audit work. We will be discussing and agreeing off-site working expectations in conjunction with our information requests with you as part of your 2023 audit. This will include our continued use of AuditDashboard to manage our information requests.

## Expectations



For the audit process to go smoothly for both you and us, there are expectations that each of us need to meet.

Our respective responsibilities are set out in our audit engagement letter.

We expect that:

- you will provide us with access to all relevant records and provide information in a timely manner;
- staff will provide an appropriate level of assistance;
- the draft financial statements, including all relevant disclosures, will be available in accordance with the agreed timetable;
- management will make available a detailed workpaper file supporting the information in the financial statements; and
- the annual report, financial statements and performance information will be subjected to appropriate levels of quality review before being provided to us.

To help you prepare for the audit, we will liaise with management and provide them with a detailed list of the information we will need for the audit.

## Health and safety



The Auditor-General and Audit New Zealand take seriously their responsibility to provide a safe working environment for audit staff.

Under the Health and Safety at Work Act 2015, we need to make arrangements with management to keep our audit staff safe while they are working at your premises.

We expect you to provide a work environment for our audit staff that minimises or, where possible, eliminates risks to their health and safety. This includes providing adequate lighting and ventilation, suitable desks and chairs, and safety equipment where required. We also expect management to provide them with all information or training necessary to protect them from any risks they may be exposed to at your premises. This includes advising them of emergency evacuation procedures and how to report any health and safety issues.



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## 5 MEMORANDUM REPORTS

### 5.1 FINANCIAL SUMMARY (TO 30 APRIL 2024)

**Author:** Amanda Nicholls, Chief Financial Officer

**Authoriser:** Paul Hope, Finance and Corporate Development Group Manager

#### RECOMMENDATION

That the Performance, Audit and Risk Committee receives and notes the information.

#### PURPOSE

This report presents a high-level financial summary for the period ending 30 April 2024.

#### COMMENTARY

This report does not replace the regular financial reporting that is provided at each quarter's end. Instead, it is intended to supplement that reporting and bridge the gap between the quarters.

While individual operating revenue and expense categories report variances from budget, Council's overall operating result for the period, being a deficit of (\$13,070), is significantly worse than the budgeted deficit of (\$11,852k).

#### Income and Expenditure

- Revenue from external grants is under budget by -\$798k.
  - The Ministry of Health has provided unbudgeted funding of \$514k towards fluoridation of the Ōamaru Water Treatment Plant.
  - Roothing subsidies remain slightly behind plan.
  - The Mayors' Taskforce for Jobs programme has generated revenue to April of \$417k compared with budget of \$255k for the full year. This is a pleasing reflection of the amount of work completed on that project to equip young people for work.
  - The budget anticipated the receipt of \$1,310k external grants and donations for the Events Centre project, but these have not been received. The full year's budget includes the receipt of \$4,900k by year end for this project – refer to Projections later in this report.
  - Grants of \$400k have been received towards the Gallery extension, well ahead of budget to date of \$180k, and the annual budget of \$270k.
- Depreciation is reported over budget by \$1,051k, largely as a result of the larger-than-expected Roothing revaluation at June 2023. This variance will continue to grow until year end.
- Personnel costs are under budget by \$478k, reflecting vacancies remaining unfilled and better recoveries from capital projects.
- Finance Revenue is significantly over budget, reflecting increased lending to outside parties and improved interest rates, while Finance Cost is extremely close to budget for the period, despite increased borrowing from the LGFA.

A number of aspects of the April period have still to be finalised. Therefore, the result reported here is an interim one and is provided as an indication of financial performance.

KEY FINANCIAL UPDATE AT 30 APRIL 2024

| REVENUE   | ACTUAL YTD<br>APR 2024<br>\$000 | BUDGET YTD<br>APR 2024<br>\$000 |
|---|---------------------------------|---------------------------------|
| Rates   | 34,314                          | 34,201                          |
| Grants  | 10,102                          | 11,945                          |
| User charges and Property rental                    | 4,886                           | 4,771                           |
| Statutory charges                                   | 1,952                           | 2,016                           |
| Other revenues – DCs, Petrol tax, and infringements | 1,279                           | 1,362                           |
| Investment income                                   | 2,028                           | 1,795                           |
| Dividend  | 200                             | 350                             |

| EXPENDITURE  | ACTUAL YTD<br>APR 2024<br>\$000 | BUDGET YTD<br>APR 2024<br>\$000 |
|--|---------------------------------|---------------------------------|
| Employee costs   | 14,427                          | 14,905                          |
| Depreciation   | 16,825                          | 15,774                          |
| Contractors – Roading                                    | 4,998                           | 4,283                           |
| Contractors – Waters                                     | 4,714                           | 3,361                           |
| Contractors – Property                                   | 1,108                           | 818                             |
| Contractors – Parks and Recreation                       | 3,058                           | 2,672                           |
| Contractors – Economic Development                       | 601                             | 1,032                           |
| Project Reclaim  | 3,018                           | 7,663                           |
| Backfill for staff vacancies                             | 244                             | -                               |
| Consultants, Solicitors, Valuers = Professional services | 2,408                           | 2,024                           |
| Grants   | 903                             | 930                             |
| Finance costs  | 2,326                           | 1,795                           |
| Electricity  | 2,163                           | 1,955                           |
| Insurance  | 1,321                           | 1,067                           |
| Other expenses   | 9,744                           | 10,035                          |

|   |                   |                   |
|---|-------------------|-------------------|
| <b>OPERATING SURPLUS / (DEFICIT) – YEAR TO DATE</b> | <b>(\$13,070)</b> | <b>(\$11,852)</b> |
|---|-------------------|-------------------|

The budget for Project Reclaim has been brought forward from later periods and is still subject to negotiation. It presents a “worst-case” scenario which involves the purchase and surrendering of carbon credits and incurring considerable waste minimisation levies, neither of which may come to fruition. As reported above, actual cost incurred to date is well within the budget.

| CAPITAL EXPENDITURE                 | ACTUAL YTD<br>APR 2024<br>\$000 | BUDGET YTD<br>APR 2024<br>\$000 |
|-------------------------------------|---------------------------------|---------------------------------|
| Roading                             | 7,282                           | 10,930                          |
| Waters                              | 12,711                          | 11,078                          |
| Property                            | 962                             | 2,241                           |
| Parks and Recreation                | 986                             | 4,818                           |
| Information Systems                 | 1,258                           | 1,987                           |
| Solid waste                         | 691                             | 1,350                           |
| Other business units                | 943                             | 1,623                           |
| <b>Council – all business units</b> | <b>\$24,833</b>                 | <b>\$34,027</b>                 |

Capital Expenditure for the period varies considerably against budget. Waters projects are progressing better than anticipated, but other units are not faring as well. Delays in starting the Events Centre project have significantly impacted Parks and Recreation; delays with the Gallery, Airport and Harbour projects affect Property; and ongoing staffing issues continue to hamper IT projects.

| <b>SUMMARY STATEMENT OF FINANCIAL POSITION</b> | <b>ACTUAL YTD<br/>APRIL 2024<br/>\$000</b> | <b>ANNUAL<br/>BUDGET 2024<br/>\$000</b> |
|--|--|---|
| Property, Plant and Equipment (1)              | 1,153,023                                  | 1,197,024                               |
| Loans to other entities (2)                    | 37,505                                     | 33,257                                  |
| Cash and Cash Equivalents (3)                  | 7,237                                      | 3,384                                   |
| Receivables                                    | 6,254                                      | 5,355                                   |
|  |  |   |
| Borrowings (2)                                 | 71,231                                     | 50,265                                  |
| Accounts Payable                               | 10,281                                     | 13,175                                  |
| Employee Entitlements                          | 2,024                                      | 1,932                                   |

Budget figures appearing in the table above represent the projected year-end position, and so may not be directly comparable with the year-to-date position.

1. The budget for Property, Plant and Equipment includes not only the full year's capital expenditure, less Depreciation, but also the Waters revaluation to be processed in June 2024. The actual result is now expected to also include the revaluation of Roading infrastructure, following the recent decision to revalue all infrastructure annually in future.
2. Loans to Other Entities and Borrowings are detailed as part of the Quarterly Treasury Report and the Treasury Strategy.
3. Cash and Cash Equivalents are higher than normal as some of the funds recently received from the LGFA are still held pending expenditure on capital projects and Project Reclaim.

## **Projections**

As noted earlier in the report, actual results have been impacted by two significant factors:

- To date, no grants or donations have been received by Council in relation to the Events Centre project. The 2023-24 budget includes revenue of \$4,900k, but receipt of the funds is linked to the construction programme which has been considerably delayed. If these funds are not received, Council's annual financial result will be adversely affected.
- Annual Depreciation charge will definitely exceed budget because of the revaluation of Roading at June 2023 which exceeded expectations. It is likely that the additional cost will amount to at least \$1,250k, which will further worsen the financial result for the year ended June 2024.
- Aside from works undertaken in upgrading the Palmerston landfill, Project Reclaim is almost entirely operational. As Council's Elected Members will recall, this work was initially to be spread over several years with only a limited impact on the 2024 financial year. The project has been brought forward, and work is ongoing, but it should be noted that expenditure to date of \$3,264k already exceeds the full year budget of \$2,917k. Accordingly, there is no doubt that this will also have a potentially significant effect on the annual financial result.



**5.2 PROCUREMENT UPDATE - LAST QUARTER FY 2024**

**Author:** Amelia Lines, Risk and Procurement Advisor

**Authoriser:** Paul Hope, Finance and Corporate Development Group Manager

**Attachments:** 1. Contracts Awarded February, March, and April 2024

**RECOMMENDATION**

That the Performance, Audit and Risk Committee receives and notes the information.

**PURPOSE**

This report provides an update on procurement activity throughout the last two months.

**PROCUREMENT OVERVIEW**

In the months of March and April, a total of 11 contracts were entered into. In addition to this, four previously unreported contracts that were entered into in February are included in the table below.

| Department           | Contracted entered within March and April 2024, including previously unreported contracts from February 2024 |  |                      |                          |
|----------------------|--|--|----------------------|--------------------------|
|                      | Number of contracts awarded  | Value of contracts awarded   | Standard procurement | Non-standard procurement |
| Roading              | 6  | \$239,944.05   | 4                    | 2                        |
| Waters               | 5  | \$819,885.45   | 4                    | 1                        |
| Regulatory           | 1  | \$ 95,601.09   | 0                    | 1                        |
| Parks and Recreation | 1  | \$2,770,499.20<br>(annually)<br>\$8,311,497.60<br>(3-year initial contract term) | 1                    | 0                        |
| Property             | 2  | \$37,500.00  | 1                    | 1                        |
| <b>Totals</b>        | <b>15</b>  | <b>\$9,504,428.19</b>  | <b>10</b>            | <b>5</b>                 |

Of the 15 contracts awarded, nine (9) related to professional services and six (6) related to goods or works. Further details can be found in Attachment 1.

All non-standard procurements require additional approval as per the Procurement Policy.

**PROCUREMENT POLICY ADHERENCE CHECKS**

Checks have been undertaken to understand the adherence to policy requirements across the organisation. These checks revealed that, whilst actions were in line with policy requirements, there were instances in which the correct form was not completed for low-cost non-standard procurement.

However, discussions revealed there were valid reasons for the non-standard approaches taken. In all cases of non-adherence, the relevant manager was aware of the approach taken, but the formal documentation was not complete. Changes to the Procurement Policy adopted in April 2024 aim to increase clarity around the difference between standard and non-standard procurement approaches. These changes are now being rolled out to the organisation, with additional supporting documentation being made available. This additional education should reduce instances of paperwork being missed.

### **PROCUREMENT REPORTING**

In order to improve procurement reporting, it is proposed that quarterly updates to the Performance, Audit, and Risk (PAR) Committee are expanded to increase a forward-looking view of procurement over \$1.5M, detailing the procurement approach planned. This would provide a view of the contracts Elected Members will potentially be required to approve once the procurement process has been undertaken.

### **PROCUREMENT COMMUNITY OF PRACTICE**

The second Procurement Community of Practice meeting was held in April. Procuring officers from across Council met to discuss various topics including tender tags, conflicts of interests, and new processes relating to procurement of external legal services and office supplies.

### **CONCLUSION AND NEXT STEPS**

Updates to the Procurement Policy are being rolled out across the business, with additional information being made available to staff through a new Procurement Toolbox page on the intranet. Ongoing education through the Community of Practice should improve knowledge and understanding of procurement throughout the organisation.

The next quarterly update will be submitted to the PAR Committee Meeting in September.

**Attachment 1**

Goods and Works Contracts

Procurement Update  
Attachment 1

| Group  | Department           | Supplier                                    | Procurement Description                                     | Month  | Total Value     | Procurement Approach |
|--------|----------------------|---|---|--------|-----------------|----------------------|
| Assets | Roading              | Recreation Construction                     | Contract 969: Washover Culvert Quailburn Road Major Repairs | Apr-24 | \$ 56,764.05    | Non-Standard         |
| Assets | Property             | Ksouth                                      | Oamaru Airport Runway 02/20 Re-seeding                      | Apr-24 | \$ 17,500.00    | Non-Standard         |
| Assets | Roading              | SouthRoads                                  | Contract 964: Asphalt Concrete Overlay on Ribble Street     | Apr-24 | \$ 25,000.00    | Non-Standard         |
| Assets | Parks and Recreation | Recreational Services Ltd (Green by Nature) | Contract 924: Parks Maintenance Contract                    | Mar-24 | \$ 8,311,497.60 | Standard             |
| Assets | Roading              | SouthRoads                                  | Contract 958: Intersection Improvement Gilligan Street 2024 | Feb-24 | \$ 70,000.00    | Standard             |
| Assets | Waters               | Whitestone Contracting                      | Contract 920 Stour Street Rising Main Upgrade (Palmerston)  | Feb-24 | \$ 576,885.45   | Standard             |

Professional Services Contracts

Procurement Update  
Attachment 1

| Group  | Department | Supplier                          | Procurement Description   | Month  | Total Value   | Procurement Approach |
|--------|------------|-----------------------------------|---|--------|---------------|----------------------|
| Assets | Roading    | WSP Ltd                           | Contract 967: Road Safety Audit 2023  | Apr-24 | \$ 37,500.00  | Standard             |
| Assets | Roading    | Waugh Infrastructure              | Contract 966: Resource Consent Monitoring Returns   | Apr-24 | \$ 11,500.00  | Standard             |
| Assets | Roading    | Waugh Infrastructure              | Contract 965: Kaura River Global Consent Application  | Apr-24 | \$ 39,180.00  | Standard             |
| HER    | Regulatory | Food and Health Services 2006 Ltd | Contract Service Agreement Food and Health Services 2006 Ltd March 2024 v8                    | Apr-24 | \$ 95,601.09  | Non-Standard         |
| Assets | Waters     | Elizabeth Soal                    | Oamaru Water Strategy - Phase Two - Raw Water Source Capacity Increase - Wellbeings study     | Mar-24 | \$ 45,000.00  | Standard             |
| Assets | Waters     | Fluent Solutions Ltd              | Oamaru Water Strategy - Phase Two - Raw Water Source Capacity Increase - LWIC                 | Mar-24 | \$ 49,000.00  | Standard             |
| Assets | Waters     | Fluent Solutions Ltd              | Oamaru Water Strategy - Phase Two - Raw Water Source Capacity Increase - Alternatives to LWIC | Mar-24 | \$ 49,000.00  | Standard             |
| Assets | Property   | AVSAFE                            | Oamaru Airport Aeronautical Study   | Feb-24 | \$ 20,000.00  | Standard             |
| Assets | Waters     | Fluent Solutions Ltd              | Oamaru Water Strategy - Phase One - Oamaru Water TP Capacity Improvements Issues and Options  | Feb-24 | \$ 100,000.00 | Non-Standard         |

**6 RESOLUTION TO EXCLUDE THE PUBLIC**

**RECOMMENDATION**

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

The general subject matter 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 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

| <b>General subject of each matter to be considered</b>   | <b>Reason for passing this resolution in relation to each matter</b>  | <b>Ground(s) under section 48 for the passing of this resolution</b>  |
|--|---|---|
| <p><b>7.1 - Public Excluded Minutes of the Performance, Audit and Risk Committee Meeting held on 23 April 2024</b></p> | <p>s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p> <p>s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p> | <p>s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7</p> |

**7 PUBLIC EXCLUDED SECTION**

**8 RESOLUTION TO RETURN TO THE PUBLIC MEETING**

**RECOMMENDATION**

That the Performance, Audit and Risk Committee resumes in open meeting and decisions made in public excluded session are confirmed and made public as and when required and considered.

**9 RELEASE OF PUBLIC EXCLUDED INFORMATION**

In accordance with Waitaki District Council Standing Orders, and pursuant to resolutions in the public excluded session of the meeting, any previously public excluded information that the Performance, Audit and Risk Committee decides to release will be included under this agenda item in the Public Minutes of this meeting.

**10 MEETING CLOSE**