

Komiti o te Mōrearea me te Tūmaru | Risk & Assurance Committee



Kaupapataka Wātea | Open Agenda



Notice is hereby given that an ordinary meeting of Komiti o te Mōrearea me te Tūmaru | Risk & Assurance Committee will be held on:

Ko te rā | Date: Tuesday 2 July 2024
Wā | Time: 9:00
Wāhi | Venue: Council Chambers
35 Kenrick Street
TE AROHA

Ngā Mema | Membership

Tiamana | Chairperson

Jaydene Kana

Independent Member

Joanne Aoake

Koromatua | Mayor

Adrienne Wilcock, JP

Koromatua Tautoko | Deputy Mayor

James Thomas

Kaunihera ā-Rohe | District Councillors

Bruce Dewhurst

Kevin Tappin

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1 Whakatūwheratanga o te hui | Meeting Opening

Chairperson to welcome members and open the meeting.

2 Karakia

The opening karakia is to be performed.

3 Ngā whakapāha/Tono whakawātea | Apologies/Leave of Absence

At the close of the agenda no apologies had been received.

4 Pānui i Ngā Take Ohore Anō | Notification of Urgent/Additional Business

Section 46A(7) of the Local Government Official Information and Meetings Act 1987 (as amended) states:

“An item that is not on the agenda for a meeting may be dealt with at that meeting if-

- (a) The local authority by resolution so decides; and
- (b) The presiding member explains at the meeting, at a time when it is open to the public,-
 - (i) The reason why the item is not on the agenda; and
 - (ii) The reason why the discussion of the item cannot be delayed until a subsequent meeting.”

Section 46A(7A) of the Local Government Official Information and Meetings Act 1987 (as amended) states:

“Where an item is not on the agenda for a meeting,-

- (a) That item may be discussed at that meeting if-
 - (i) That item is a minor matter relating to the general business of the local authority; and
 - (ii) the presiding member explains at the beginning of the meeting, at a time when it is open to the public, that the item will be discussed at the meeting; but
- (b) no resolution, decision or recommendation may be made in respect of that item except to refer that item to a subsequent meeting of the local authority for further discussion.”

5 Whākī pānga | Declaration of Interest

Members are reminded of their obligation to declare any conflicts of interest they might have in respect of the items on this Agenda.

6 Whakaaetanga mēneti | Confirmation of Minutes

Minutes, as circulated, of the Extraordinary meeting of Komiti o te Mōrearea me te Tūmaru | Risk & Assurance Committee , held on 19 March 2024

7 Pūrongo me whakatau | Decision Reports

7.1 Chair's Update

CM No.: 2824056

Te Kaupapa | Purpose

The purpose of this report is for the Chairperson to update the Committee on activities following the last meeting.

Rāpopotonga Matua | Executive Summary

Risk and Assurance Committee Chairperson, Jaydene Kana to present the Chair's Update report.

Tūtohunga | Recommendation

That:

1. The information be received.

Ngā Tāpiritanga | Attachments

[A↓.](#) 2 July - RAC meeting - Report - Chair Report



Ngā waitohu | Signatories

Author(s)	Kuljeet Kaur Governance Support Officer	
Approved by	Sandra Harris Strategic Partnerships and Governance Manager	

TE KAUNIHERA AA-ROHE O MATAMATA-PIAKO DISTRICT COUNCIL
KOMITI O TE MOOREAREA ME TE TUUMARU/RISK AND ASSURANCE COMMITTEE

JULY 2024 – CHAIR REPORT

Kia ora koutou,

My thanks to Kelly Reith, Lesley Steeples, Jenni Cochrane and staff members involved in hosting a risk management workshop on the 21st of May 2024. The objective for Elected Members and Risk and Assurance Committee members attending, was to review the draft risks and their inherent ratings identified by management. The workshop resulted in healthy debate amongst attendees and also progressed Council’s risk management journey. Thank you to all attendees for their engagement.

I have attended 2 further Audit and Risk Chair Forums, hosted by The Office of the Auditor-General. The table below outlines some summary reflections for the Committee’s consideration:

Forum	Summary Reflections
Cyber Security Governance 22 March 2024 National Cyber Security Centre	The NCSC’s Charting Your Course series of documents provides organisations with practical advice on enhancing cyber security governance, including 6 keys steps for cyber-security governance: <ul style="list-style-type: none"> ▪ Building a culture of cyber-security ▪ Establishing roles and responsibilities ▪ Holistic risk management ▪ Cyber security collaboration ▪ Creating a cyber-security programme ▪ Measuring resilience More information can be found here: Guidance <p>Other takeaways for governors:</p> <ul style="list-style-type: none"> ▪ Cyber incidents are inevitable, so have a response plan in place and ensure it is tested ▪ Understand your points of failure, for example the powerful spreadsheet, only one person with the knowledge, non-existent documentation and third-party vendors that manage, support, protect or hold your data and/or infrastructure.
Climate Governance 17 May 2024 Speakers from Air New Zealand and Mercury	Some key steps for climate governance include: <ul style="list-style-type: none"> ▪ Setting targets ▪ Having a long-term view ▪ Having a culture where climate and nature matter ▪ Ensuring governance are across climate reporting, including updating Assurance Committee’s terms of reference to cover climate reporting ▪ Understanding climate adaptation scenarios, for example what does a 1.5% change in temperature mean for infrastructure. <p>The Chapter Zero NZ Board Toolkit also provides a simple and practical framework to ensure that climate challenge is being effectively addressed at the board table. More information can be found here: Guidance</p>

Ngaa mihi o te tau hou Maaori ki a koutou katoa. Happy Maaori New Year everyone, an opportunity to remember the previous year and reflect on the upcoming year.

Recommendation

That the Risk and Assurance Committee receives the report.

Jaydene Kana
 Chair, Risk and Assurance Committee
 20 June 2024

7 Pūrongo me whakatau | Decision Reports

7.2 Chief Executive Update

CM No.: 2820516

Te Kaupapa | Purpose

The purpose of this report is for the Chief Executive to update the committee on activities following the last meeting.

Rāpopotonga Matua | Executive Summary

Chief Executive, Don McLeod to present the Chief Executive Update report.

Tūtohunga | Recommendation

That:

1. The information be received.

Ngā Tāpiritanga | Attachments

There are no attachments for this report.

Ngā waitohu | Signatories

Author(s)	Kuljeet Kaur Governance Support Officer	
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Approved by	Sandra Harris Strategic Partnerships and Governance Manager	
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8 Ngā Pūrongo Whakamārama | Information Reports

8.1 Long Term Plan 2024-2034 Audit Management Report on Consultation Document

CM No.: 2873022

Te Kaupapa | Purpose

The purpose of this report is to present the Audit Management Report on the Consultation Document for the Long Term Plan 2024-2034 to the Committee.

Rāpopotonga Matua | Executive Summary

The Audit Management Report on the Consultation Document for the Long Term Plan 2024-2034 has been received from Audit NZ.

Tūtohunga | Recommendation

That:

1. The Committee receives the report.
2. The Committee provides feedback on the report to staff or Council (*if desired, feedback to be included in resolution*).

Horopaki | Background

The Audit Management Report on the Consultation Document for the Long Term Plan 2024-2034 has been received from Audit NZ.

The full report (attached) includes management comment on the points raised by Audit NZ.

Audit NZ will issue an Audit Management Report on the final Long Term Plan 2024-2034 following Council adoption.

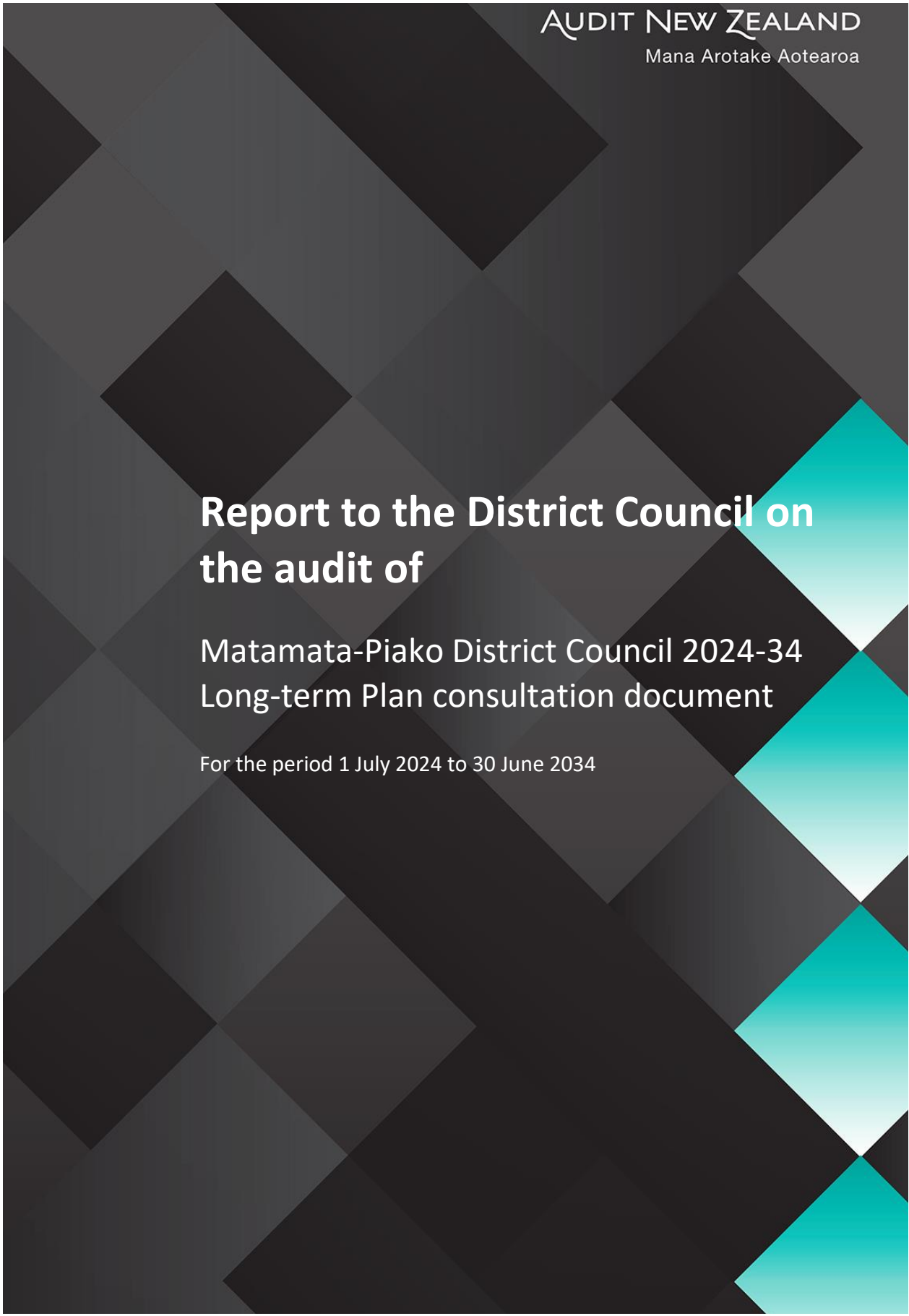
Ngā Tāpiritanga | Attachments

[A↓](#). Report to Council - Audit of the LTP 2024-2034 Consultation Document FINAL



Ngā waitohu | Signatories

Author(s)	Anne Gummer Policy Advisor	
Approved by	Niall Baker Policy Team Leader	
	Sandra Harris Strategic Partnerships and Governance Manager	



Item 8.1

Attachment A

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Key messages

We have completed the audit for Matamata-Piako District Council's (the Council's) consultation document for its proposed ten-year Long-term Plan (LTP) covering the period commencing 1 July 2024 to 30 June 2034. The Council plans to adopt its LTP on 3 July 2024. This report sets out our findings and recommendations from the audit of the consultation document stage of the LTP.

Audit report

We issued an unmodified audit opinion on the Council's consultation document on 20 March 2024. This means that in our opinion, the consultation document provides an effective basis for public participation in the Council's decision-making processes relating to the content of its draft LTP and the information and assumptions underlying the information in the consultation document are reasonable.

We included two emphasis of matter paragraphs in the audit report drawing attention to the disclosure in the consultation document outlining the following matters:

- uncertainty over the capital delivery programme (refer to 2.2.1); and
- the proposed unbalanced budget (refer to 2.2.2).

Preparation of the consultation document and underlying information

The development of a consultation document together with the required underlying information is a large and complex task for any Council to undertake. We acknowledge that there was significant pressure on the Council staff and that there was limited time for proper quality review by those preparing the information for audit. This resulted in the audit team having to complete some of those quality assurance tasks that Council staff did not have the capacity to perform.

During the audit we experienced several issues with the quality and consistency of the documents provided to audit. These included the identification of inconsistencies between documents, modelling errors and the general quality of the documents overall. We also experienced delays in the delivery of certain information at various stages of the audit and had to augment our audit effort to still meet the Council's deadline for adoption. This resulted in a significant amount of additional time and effort spent by the audit team to complete the audit of the consultation document within the timeframe required by Council. The issues identified during the audit is discussed in more detail the paragraphs below.

At the end of the audit, we were satisfied that the consultation document provided adequate information about the impacts on rates, debt and levels of service for the options proposed by the Council, and as such, the consultation document provided an effective basis for public participation in the Council's decisions about the proposed content of the 2024-2034 LTP.

Audit of the LTP

In addition to the opinion issued on the LTP consultation document, we will issue an opinion on the final LTP.

To ensure our audit of the final LTP is efficient, we also ask the Council to prepare and provide us with a schedule of changes to the financial forecasts, other underlying information that were the basis for the consultation document as well as address the urgent recommendations. Our audit of the LTP will primarily focus on these changes and the content of the LTP document itself.

Thank you

We would like to thank the Council, management and staff for their assistance during the audit and look forward to completing the audit of the LTP.



René van Zyl
Appointed Auditor
14 June 2024

1 Recommendations



Our recommendations for improvement and their priority are based on our assessment of how far short current practice is from a standard that is appropriate for the size, nature, and complexity of your business. We use the following priority ratings for our recommended improvements.

Priority	Explanation
Urgent	Needs to be addressed <i>urgently</i> These recommendations relate to a significant deficiency that exposes the Council to significant risk or for any other reason need to be addressed without delay.
Necessary	Address at the earliest reasonable opportunity, <i>generally within six months</i> These recommendations relate to deficiencies that need to be addressed to meet expected standards of best practice. These include any control weakness that could undermine the system of internal control.
Beneficial	Address, <i>generally within six to 12 months</i> These recommendations relate to areas where the Council is falling short of best practice. In our view it is beneficial for management to address these, provided the benefits outweigh the costs.

1.1 New recommendations

The following table summarises our recommendations and priority.

Recommendation	Reference	Priority
Uncertainty over capital programme delivery The Council will need to reassess the reasonableness of the capital programme delivery based on updated information at the time of preparing the final LTP and consider whether assumptions and delivery forecasts remain appropriate. The Council will need to ensure that the disclosures are appropriate in the LTP.	2.2.1	Urgent

Recommendation	Reference	Priority
<p>Proposed unbalanced budget</p> <p>Prior to the adoption of the LTP, the Council will need to pass a resolution to approve an unbalanced budget and include a statement in the Long-term Plan explaining the Council’s reasons for that resolution. Section 100 (2) of the Act outlines the matters elected members need to consider when making an unbalanced budget resolution. We recommend that the Council considers and applies the requirements of the Act should an unbalanced budget be adopted at the LTP stage and include appropriate disclosures in the LTP.</p>	2.2.2	Urgent
<p>Quality of information</p> <p>All reports and supporting underlying information provided to audit should be complete, including all figures, narrations, graphs, disclosures and formatting. Prior to providing audit with this information, an internal quality review process should be undertaken to ensure information/figures are correct and that there is consistency between documents including the underlying information. The principal is that a document should be prepared and then reviewed by management. The Council should ensure that it has processes in place that will ensure consistency between all the various documents prepared by different staff members.</p> <p>The Council should also ensure that there is a quality process in place for the supporting documents provided for audit.</p> <p>Quality control processes needs to be implemented for LTP stage of this audit and for future consultation document/LTPs.</p>	2.6	Urgent
<p>Improvements to the infrastructure strategy</p> <p>The Council should consider adding disclosures regarding funding arrangements, potential costs savings or efficiencies and possible legislative changes to the infrastructure strategy that is adopted as part of the LTP.</p>	3.2.1	Necessary
<p>Updating the AMPs</p> <p>We noted areas where performance/service targets included in the infrastructure strategy differed from the underlying AMPs. We recommend the AMPs are updated ahead of the LTP audit.</p>	3.3	Urgent
<p>Significant assumptions</p> <p>We recommend that all assumptions are reassessed when preparing the final LTP forecasts.</p>	3.4	Urgent

Recommendation	Reference	Priority
<p>Quality of asset data used for Three-Water renewals forecasting - stormwater</p> <p>The Council should carry out a review of pipes assigned the default install date and ascertain a more accurate timeframes as to when the pipes were installed. This will enable Council, in the absence of a recent condition assessment, to prepare more accurate age-based renewals forecasts in the future.</p>	3.3.1	Necessary
<p>Controls around feedback/comments by Committees</p> <p>Where feedback and comments are provided by Council Committee members, Council should implement a process to ensure that feedback is recorded and addressed. The feedback could either be formally documented in the minutes or shared through a separate process and management should keep a record of how the feedback was dealt with.</p>	4.1	Necessary

1.2 Status of previous recommendations

Set out below is a summary of the action taken against previous recommendations. Appendix 1 sets out the status of previous recommendations in detail.

Priority	Priority			
	Urgent	Necessary	Beneficial	Total
Open	1	-	-	1
Implemented or closed	-	-	-	-
Matters that will be followed up during our final audit visit	1	-	-	1
Total	2	-	-	2

2 Our audit scope and audit report

2.1 Scope of our audit

The scope of our audit engagement and our respective responsibilities are contained in our audit engagement letter dated 26 February 2024.

2.2 Our audit report



We issued an unmodified audit opinion on the consultation document on 20 March 2024.

This meant we were satisfied that the Council's consultation document was fit for purpose. To form that conclusion, we audited the consultation document to determine whether it provided an effective basis for consultation with a particular emphasis on whether it fairly represented the matters the Council proposed to include in its Long-term Plan, and whether the Council's underlying information and assumptions used to prepare the consultation document was reasonable.

In forming our opinion, we included emphasis of matter paragraphs in the audit report highlighting the uncertainties relating to significant assumptions over capital programme delivery and the proposed unbalanced budget. Our emphasis of matter paragraphs draws the reader's attention to the disclosures made in the consultation document.

2.2.1 Uncertainty over capital programme delivery

Due to the high level of uncertainty, Council has made disclosures around capital programme delivery "do-ability" uncertainty. Council also disclosed potential impacts if any MUST-do compliance projects are delayed. There is uncertainty over whether the infrastructure construction industry will be able to meet local government demand in the coming years, particularly for three waters assets projects. If Council is unable to deliver on the planned programme, costs and intended levels of service would be impacted.

The Council has a large capital programme particularly over the first four years and last year of the next 10 years. The Council also plans an increased asset renewals programme over the first four years. The Council has disclosed that they may not be able to deliver 10-25% (\$35 million to \$88 million) of the proposed programme. We consider the disclosures are appropriate.

We carried out a "do-ability" review by considering how much of the Council's capital budget over the past three years has been delivered. The delivery was significantly affected by Covid-19 supply chain issues in the construction market. The level of uncertainty about capital "do-ability" was disclosed as "high" and we completed additional audit work over the capital expenditure delivery assumption to ensure that we are satisfied that the assumption for delivery is appropriate.

Over the last three years, Council achieved an average delivery percentage of 72%. Historically the Council has largely delivered on its capital and renewals programme for roading, and the underspend has primarily been in wastewater.

Financial year	Actual capex	Budget capex	Achieved
	\$000s	\$000s	%
2021	20,301	31,856	64%
2022	20,891	25,437	82%
2023	28,219	40,964	69%
Average			72%

We are satisfied that the capital expenditure “do-ability” assumption in the consultation document is reasonable as a high-risk, high-uncertainty assumption.

Recommendation

We recommend the Council reassess the reasonableness of the capital programme delivery based on updated information at the time of preparing the final LTP and consider whether assumptions and delivery forecasts remain appropriate. The Council will need to ensure that the disclosures are appropriate in the LTP.

Given the size of the capital programme it will be important for the Council to continue to maintain good project planning and monitoring practices.

Management comment

As part of the quality assurance process, staff will review assumptions, delivery forecasts and disclosures.

2.2.2 Proposed unbalanced budget

The Council proposes to have an unbalanced budget across all ten-years of the plan. The Act requires a council to budget operating revenue that meets planned operating expenses for each year of the plan unless, after considering certain matters set out in the Act, the Council resolves that it is financially prudent to budget for a deficit. The Council provides reasons why its proposal is financially prudent on pages 46 to 48 and outlines the potential impact on future debt and rates should the assumptions not eventuate.

We consider the disclosure and the underlying information to be reasonable and included an emphasis of matter paragraph in the audit opinion to highlight the proposal to the reader of the consultation document.

Recommendation

Prior to the adoption of the LTP, the Council will need to pass a resolution to approve the unbalanced budget and include a statement in the Long-term plan explaining the Council's reasons for that resolution. Section 100 (2) of the Act outlines the matters elected members need to consider when making an unbalanced budget resolution. We recommend that the Council considers and applies the requirements of the Act should an unbalanced budget be adopted at the LTP stage and include appropriate disclosures in the LTP.

Management comment

Staff will prepare a resolution for Council to approve the unbalanced budget and the reasons for that resolution in accordance with legislative requirements. Staff will review the disclosures related to the unbalanced budget in the LTP.

2.3 Uncorrected misstatements

The misstatements that have not been corrected are listed in Appendix 2 along with management's reasons for not adjusting these misstatements. The Council may wish to correct this for the LTP.

2.4 Corrected misstatements

We also identified misstatements in the consultation document and underlying information that were corrected by management. The corrected misstatements are listed in Appendix 3.

2.5 Control environment

Our initial assessment of the Council's control environment was that it was effective for the purpose of preparing the consultation document and the underlying information. However, during the audit we noted a number of control and quality challenges as noted in this report.

2.6 Project delivery and quality and timeliness of information provided for audit



The development of the consultation document and LTP is a significant and complex project, and a comprehensive project plan is required for a successful LTP process. The Council had a detailed project plan which included key milestones, deadlines, and work streams.

Council's staff were available to assist throughout the audit. Supporting documents and information requested, however, was in some cases not provided on a timely basis. This required the audit team to augment their effort to ensure the audit is still delivered within the Council's timeframe.

In addition, Council initially did not provide a quality consultation document and underlying information for audit. There were over 3000 changes made, including format changes, between the initial versions of the consultation document and underlying information provided for audit and the final versions. Several versions of the respective documents were reviewed including the consultation document, assumptions, infrastructure strategy, financial strategy, financial statements and forecast performance reporting. These documents had not gone through a sufficient quality review process prior to submission for audit.

Consequently, this resulted in a significant amount of additional work throughout the audit to provide feedback to improve the quality of documents and review multiple versions of the consultation document and key documents within the underlying information. Refer to Appendix 3 for a high-level summary of the corrected misstatements. It is important that a complete quality document is provided for audit to ensure that time is focused on auditing the information presented and the critical audit matters in contrast to assisting in the development of the documents.

Examples of inconsistencies identified during the audit include:

- The initial excel file of the funding impact statement was inconsistent with the underlying information.
- Funding impact statement was inconsistent with the Asset Management Plans (AMPs).
- The Amps were not consistent with the Infrastructure Strategy.
- Errors in excel spreadsheet on depreciation due to these being linked internally with other excel spreadsheets which were not updated.

Recommendations:

We recommend that all reports and supporting underlying information provided to audit should be complete, including all figures, narrations, graphs, disclosures and formatting. Prior to providing audit with this information, an internal quality review process should be undertaken to ensure information/figures are correct and that there are consistency documents including the underlying information. The principal is that a document should be prepared and then reviewed by management. Each document should be signed off by

the relevant manager as checked and complete to assign responsibility. Alternatively, an external service provider could be considered to assist with the quality and consistency checks before the information is provided for audit.

The Council should also ensure that there is quality process in place for the supporting documents provided for audit.

Quality control processes needs to be implemented for LTP stage of this audit and for future consultation document/LTPs.

Management comment

This was a challenging LTP to prepare with various central government reforms occurring at the same time. For example, there was uncertainties about three water reform. The Water Services Acts Repeal Act 2024 was enacted on 16 February 2024; part way through the consultation document audit process.

LTPs, and including the supporting documentation, is long, complex and resource intensive to prepare. Throughout the e LTP preparation, Council implemented our project management approach/system and project updates were reported to the Risk and Assurance Committee and Council.

Council staff agreed the preparation of the Consultation Document in a plain text format with the Audit team in late 2023. During the Audit process, feedback was given on the format, layout and presentation of the Consultation Document which resulted in many updates being made.

In relation to the suggestion that “an external service provider could be considered to assist with the quality and consistency checks before the information is provided for audit” management note the draft LTP and Consultation document underwent an external peer review in January 2024. This included a high level legislative compliance check. A copy of those findings and report was provided to the Audit team.

A formal quality assurance plan was prepared at the outset of the LTP project. It is acknowledged the internal quality review process was not as robust as staff would have liked and the quality assurance plan was not able to fully be implemented in the timeframes allowed.

Staff are proposing to delay the final LTP audit by 1 week (from 4 June to 10 June) to allow for quality control processes to be implemented. This will delay the LTP adoption.

We acknowledge the dedication, time, and effort of the Audit team in the consultation document audit process.

3 Matters raised in the Engagement Letter



Except where already reported on above, this section sets out our findings in relation to the main audit risks and issues as documented in our Audit Engagement Letter.

3.1 Financial strategy

We reviewed the Council's financial strategy and evaluated the local authority's compliance with the requirements of legislation, in particular sections 100 to 101A of the Local Government Act 2002 including the balanced budget requirements. The Act requires the financial strategy to support ongoing, prudent financial management by the local authority and requires the local authority to make adequate and effective provision for identified expenditure needs in the LTP.

The strategy sets out the four key challenges of growth and demand, climate change and resilience, compliance, and affordability.

We concluded that overall, the financial strategy is reasonable, based on financial forecasts and complies with relevant legislation.

3.2 Infrastructure strategy

We reviewed several versions of the infrastructure strategy and provided feedback to the Council. Much of our feedback focused on improvements required to comply with s101B of the Local Government Act 2002. We also provided feedback on areas we considered there were opportunities to improve the infrastructure strategy as a key accountability document. We concluded that the adopted infrastructure strategy was sufficient for the purpose of the consultation document stage of the LTP.

The format of the infrastructure strategy has not significantly changed from the previous Long-term Plan. The four key challenges of growth and demand, resilience, compliance, and affordability remain with an increased focus on the affordability of proposals. The activities included in the infrastructure strategy are roading, three-waters, rubbish and recycling (new in 2024), parks and open spaces, and community facilities and property.

The infrastructure strategy highlights six key areas of work and the Council's proposed approach to their delivery along with consideration of other (not preferred) options available to address each issue:

- investment in roading renewal;
- meeting water demand;
- prioritising capital projects;

- responding to climate change;
- servicing growth; and
- meeting waste minimisation targets.

Contextual information is provided on each activity together with details of major projects categorised in term of their contribution to renewals, ensuring compliance with external standards, facilitating growth, meeting demand, addressing climate change and building resilience.

We are satisfied that there are sound linkages between the latest versions of the financial and infrastructural strategies.

Through our review we identified the following areas where improvements can be made to the infrastructure strategy to improve accountability to the readers

- Include references to funding arrangements for infrastructural assets and cross reference to the financial strategy,
- clearly articulated where cost or efficiency savings are planned, and
- disclose possible legislative changes and impacts.

Recommendation

We recommend that the Council considers adding disclosures regarding funding arrangements, potential costs savings or efficiencies and possible legislative changes to the infrastructure strategy that is adopted as part of the LTP.

Management comment

Staff agree the broad focus of the Infrastructure Strategy has not changed significantly changed from the 2021 Long-Term Plan. Staff will assess and make recommendations on any resulting changes in relation to the additional disclosures noted.

3.3 Quality of asset related forecasting information

The Council has asset management plans (AMPs) that set out the approach to managing each of its core infrastructure activities. We reviewed these asset management plans to ensure that they materially supported the projections (operating and capital) in the consultation document. In particular we looked at whether:

- the operating and capital projections contained in the consultation document were adequately supported and consistent with the financial projections in the underlying AMPs;
- the underlying AMPs materially support the projections in the consultation document; and

- the performance framework as set out in the infrastructure strategy is consistent with the levels of service and performance framework as contained in the underlying AMPs.

We noted areas where performance/service targets included in the infrastructure strategy differed from the underlying AMPs. We understand that Council will update the AMPs so that they are consistent with the LTP and supporting information. This did not adversely affect our opinion on the consultation document, but it will need to be rectified before the adoption of the LTP. Based on work completed, we were satisfied that asset management practices and planning for the core infrastructure activities were acceptable. Whilst forecasting renewals is primarily driven by the age of asset, we concluded that there was sufficient knowledge of asset condition and performance across the Council to provide a reasonable basis for adopting the strategies as included in the consultation document. We have, however, included recommendations for improvement in this report. We also recommend the AMPs be updated ahead of the LTP audit.

Recommendation

We recommend the AMPs are updated ahead of the LTP audit.

Management comment

Staff will update the AMPs ahead of the LTP audit.

3.3.1 Quality of asset data used for Three-Water renewals forecasting

Water and wastewater

We are satisfied that Council has acceptable data about its water and wastewater network. This information is used to inform its decision making about asset investment requirements, including its renewals strategies and renewals forecasts.

The Council's self-assessment of data quality (completeness and accuracy) whilst not updated for the 2024 AMP, presented a worst-case scenario of the current position viz-a-vis information held on the asset management information system for water and wastewater assets. Ongoing processes are in place for asset data to be updated whenever work is carried out to the asset as well as periodic condition assessment of critical assets.

The Council's self-assessment of water and wastewater asset data as being reliable was corroborated by an external expert who performed a data confidence and integrity review as part of the revaluation of three waters assets as at 30 June 2023. A rating of 'B – minor inaccuracies' provided us with assurance as to the reasonableness of Council's self-assessment with data based on some supporting documentation (as opposed to all data being based on reliable documents).

The AMPs and the infrastructure strategy refer to areas where underlying asset information for water and wastewater (including asset data quality) could be improved. It is important that the Council ensures that the quality of information held about its assets is the subject

of ongoing improvement initiatives that are monitored as part of Council's asset management programme.

Stormwater

We were advised by management that there is uncertainty over the age of some parts of the stormwater reticulation network. In these instances, the year installed has been entered into the asset management information system using a default date of 1977. The usual base life of stormwater assets is set at 100 years. However, due to the uncertainty around how old some of the stormwater assets are, the Council has adopted a conservative approach and is projecting significant renewals spend of \$43million in years 11 to 30 that includes \$27million of stormwater pipes that may or may not reach the end of their useful life within the next 30 years.

Recommendation

We recommend that the Council carries out a review of pipes assigned the default install date and ascertain a more accurate timeframes as to when the pipes were installed. This will enable Council, in the absence of a recent condition assessment, to prepare more accurate age-based renewals forecasts in the future.

Management comment

Noted – in the meeting with Audit NZ (30.04.24) we believe the three-year time-frame to complete the work that Audit NZ proposed is achievable.

3.4 Significant assumptions

The accuracy of the Council's financial forecasts is significantly affected by the assumptions on which they are based. We reviewed the appropriateness of the significant assumptions used by the Council to prepare the financial forecasts and were satisfied that these were reasonable at the time of issuing the consultation document. These will need to be revisited by the Council when preparing the LTP.

Recommendation

We recommend that all assumptions are reassessed when preparing the final LTP forecasts.

Management comment

Staff will review the assumptions when preparing the final LTP.

3.5 Key area of consultation as referred to in the audit engagement letter - Te Aroha Spa

We have reviewed the disclosures related to the Te Aroha Spa and considered the impact that has been included in the financial forecasts. We are satisfied that the Council's disclosure is clear and articulates the preferred option and alternative option in a way that readers can understand the options being consulted on.

4 Other Matters



In this section, we detail other matters noted from the audit.

4.1 Controls around feedback/comments by the Committee

We noted that there were instances where the Risk and Assurance Committee (the Committee) made resolutions where feedback and comments were provided on various documents. However, these were not formally documented in the meetings, or a control process was not implemented the Council to ensure that the feedback was considered, resolved and/or addressed. Examples include:

- the Committee provided feedback on the risk management and assurance approach for the Long-term Plan 2024-34 (Resolution number YV/2023/00004),
- the Committee reviewed the draft infrastructure strategy and provided comment (Resolution number YV/2023/00007), and
- the Committee reviewed the draft significant forecast assumptions and provided comment (Resolution number YV/2023/00007).

The minutes do not provide clarity on the feedback provided and we were unable to confirm that processes/controls were put in place to ensure the Committee's feedback and comments were addressed during the preparation of the consultation document and underlying information.

This is an important step for audit to understand and substantiate the type of interaction between management and the Committee and the results of those interactions during the process of developing the documents.

Recommendation

We recommend that where there are instances where feedback/comments are provided by Council Committee members, the Council implements a process to ensure that feedback is evidenced as received and addressed. The feedback could either be formally documented in the minutes or shared through a separate process and management should keep a record of how the feedback was dealt with.

This should not only take place during an LTP but should also extend to any other feedback provided by the Committee including the annual report process.

Management comment

We agree with this recommendation. Following a discussion with Audit on this issue, the Governance Team have been working on a process with our Committee Chairs to ensure this feedback is captured formally within the resolution/minutes moving forward.

A new process for actioning resolutions from meetings will be introduced - this involves adding all actions into our corporate software (Infocouncil) and then sending them to report writers to be actioned following each Council/Committee meeting from 1 September 2024, with any outstanding actions reported to e-team on a regular basis.

5 Audit of the Long-term Plan

The next step in the LTP process will be the audit of the final LTP. This is scheduled to be undertaken 10 to 21 June 2024. To ensure our audit of the LTP is efficient we expect the Council to prepare a schedule of changes to the financial forecasts, strategies and policies, performance framework and other underlying information that were the basis of the consultation document. This will enable us to assess the extent of changes as a result of community consultation and tailor our audit work accordingly.

Under section 94(1) of the Act, our audit opinion on the LTP forms part of the LTP, which the Council is required to adopt. Our agreed timeframes will enable us to issue our audit report in time for the Council meeting on 3 July 2024, at which time the 2024-34 LTP will be formally adopted.

Our audit report is required to report on:

- whether the LTP provides for long-term, integrated decision-making and co-ordination of the Council's resources, and a basis for accountability of the local authority to the community; and
- the quality of the underlying information and assumptions.

In preparation for the LTP stage audit, Council needs to ensure that all AMPs are updated. All content with the LTP should be relevant to the time of adoption and should be updated to reflect any changes in the economic environment or political change. This could include (not limited to) updated assumption source data, more certainty of specific assumptions such as NZTA funding. The Council will need to ensure that the updates are consistently applied to financial strategy, infrastructure strategy, key assumptions and financial statements.

As highlighted in section 2.6, we recommend the Council implements a quality review process over all reports, underlying information and supporting information. This process should occur prior to releasing information to for audit and can be an internal process or making use of external consultants.

Appendix 1: Status of previous recommendations

Open recommendations

Recommendation	First raised	Status
Urgent		
Financial model and forecasts		
Management should review their processes to identify areas where controls can be implemented. It would also be beneficial to spread the knowledge of the model across a wider group of individuals, to ensure future proofing of the process going forward.	2020/21	<p>In progress</p> <p>The Council acknowledged in the previous LTP that they would consider formalising some reviews and implement further controls and safeguards over access to the modelling. We did not note significant improvements during the audit.</p> <p>Management comments</p> <p><i>Regular backups and version control are in place. The steps in the modelling process are documented and the spreadsheets used, while complex, they are easy to follow by staff with an understanding of the financial modelling process. Access is restricted to the Finance Team, but could be further locked down.</i></p>
Compliance with the Local Government (Rating) Act 2002		
The Council engaged external legal experts to conduct a review of relevant aspects of the Council’s rating practice, including the Funding Impact Statement and draft rates resolution. Management made several improvements to these documents following this legal review. However, one matter remains outstanding. This relates to the 50% discount on metered water rates given to Matamata farm properties if payment is made by the due date.	2020/21	<p>In progress</p> <p>Audit will consider Council’s progress during the LTP stage.</p> <p>Management comments</p> <p><i>A legal review is being commissioned of the Funding Impact Statement, draft rates resolution and draft Revenue and Financing Policy.</i></p>

Appendix 2: Uncorrected misstatements

The table below reflects the impact of one uncorrected misstatement noted in the financial statements which forms part of the underlying information to the consultation document. This relates to the Matamata Stadium and Council’s contribution of \$3m towards the stadium in 2024/25. The Council has included \$2m in the financial statements as capital expenditure resulting in an underfunding of \$1m. If this was included in the financial statements it would increase property, plant and equipment (PPE), debt, rates, depreciation and interest charges as follows.

Balance sheet (\$)		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Debit	PPE (capex)	\$1m	\$1m	\$1m	\$1m	\$1m	\$1m	\$1m	\$1m	\$1m	\$1m
Credit	Debt	\$1m	\$1m	\$1m	\$1m	\$1m	\$1m	\$1m	\$1m	\$1m	\$1m

Profit and loss (\$)		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Credit	Rates	25,000	68,730	70,017	72,584	75,052	77,801	79,950	81,318	82,567	83,616
Debit	Depreciation	-	20,430	20,917	21,384	21,852	22,301	22,750	23,218	23,667	24,116
Debit	Interest charges	25,000	48,300	49,100	51,200	53,200	55,500	57,200	58,100	58,900	59,500

Appendix 3: Corrected misstatements

The following is a high-level summary of the significant misstatements corrected during the course of the audit.

Detail of disclosure deficiency
<p>Consultation Document</p> <p>The initial draft provided for audit was not of a good quality and required significant changes to meet requirements including:</p> <ul style="list-style-type: none"> • Various consultation matters were updated to include all disclosures required including the rate cost, source of funding, impact on debt and impact on levels of service. • The context was updated for some matters to be clear to the reader. • Key information in the document was updated to be more prominent e.g. rates. • Disclosures in relation to the capital programme delivery and proposed unbalanced budget were included. • Information was updated for various matters to be consistent with the financial strategy and infrastructure strategy. • Wording used through the document was made consistent. • Updated to be clear on matters the Council were planning to re-consult on in the future. • Financial numbers were not finalised in the initial draft and these were updated in the consultation document. • Significant matters in relation to the financial strategy and infrastructure strategy were disclosed in the consultation document.
<p>Assumptions (underlying information)</p> <p>The initial draft provided for audit was not of a good quality and required significant changes to meet requirements including:</p> <ul style="list-style-type: none"> • Various updates to information disclosed in the assumptions. • Potential impact of risks for certain assumption were updated. • Certain aspects of managing the risk of an assumption were updated for disclosures to be clear. • Various data sources and links were updated.

Detail of disclosure deficiency
<p>Infrastructure strategy (underlying information)</p> <p>The initial draft provided for audit was not of a good quality and required significant changes to meet requirements including:</p> <ul style="list-style-type: none"> • Updated to meet the requirements of legislation. • Updated to improve clarification and consistency on aspects. • Cross referenced to key assumptions. • Updated to be consistent with financial strategy and financial information. • Capital works delivery was brief and was updated to reflect the steps Council will take to ensure success. • Updates on consideration for the change in population, the geographic spread and demographic features (e.g., age, household size) and how this translates into demand and impacts upon the Council's infrastructure asset networks. • The Council's response to 'Growth and demand', 'Climate change and resilience', 'Compliance' and 'Affordability' were generic and were updated to specify the actual response that would be taken. • Graphical information was updated to illustrate proposed plans: <ul style="list-style-type: none"> ○ Capex in charts analysed by type of spend e.g., renewals, compliance, growth, resilience. ○ Some graphs were updated to be complete and provided additional context to the reader.
<p>Financial strategy (underlying information)</p> <p>There were various changes made to the initial draft to meet requirements including:</p> <ul style="list-style-type: none"> • Additional disclosure in relation to the unbalanced budget and consideration of financial prudence. This also included additional disclosure in relation to not fully funding depreciation for certain asset classes. • Disclosure of rate increases for both water and non-water between consultation document and underlying documents were updated to be consistent. • Prudential limits were updated. Graphs were updated to be consistent with updated financial figures. • Additional disclosures to articulate how the Council will achieve its goals while facing the challenges it laid out. • Graphical info added to demonstrate the impact of funding proposals. • Key actions to work towards goals were updated to clearly articulated to show readers the impact of each action clearly over the LTP period.

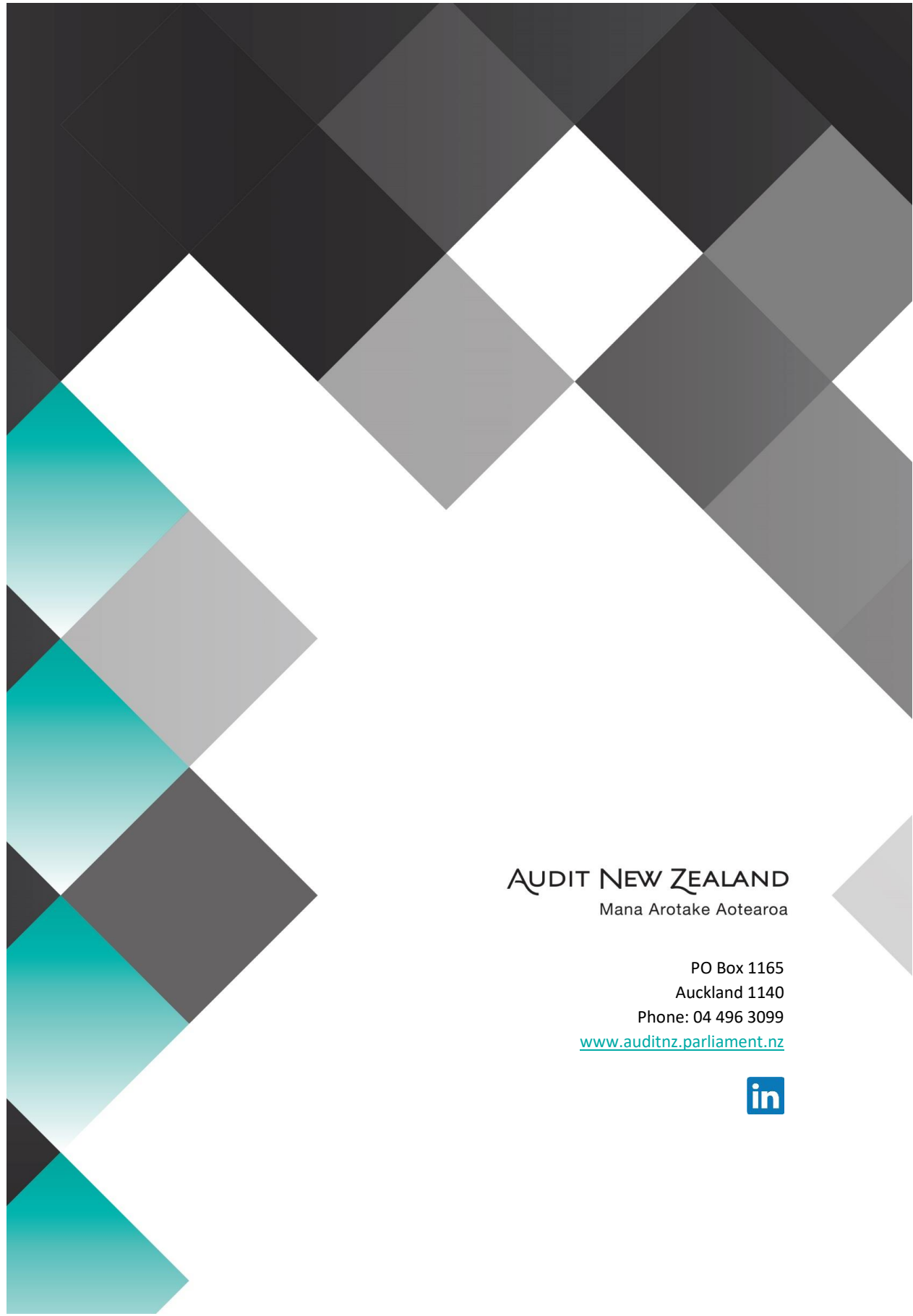
Detail of disclosure deficiency
<p>Financial statements (underlying information)</p> <p>There were various changes made to the initial draft including:</p> <ul style="list-style-type: none">• Some opening balances for the cash flow were updated.• Due to financial figures changes, the financial prudence benchmarks were updated.• Cash flow statement was updated.• Updated disclosures for accounting policies including changes from the previous LTP.• Additional disclosures related to the proposed unbalanced budget were included.
<p>Forecast performance reporting</p> <p>There were various changes made to the initial draft including:</p> <ul style="list-style-type: none">• Updates to the performance measures and targets.• Financial information was updated to be consistent with the infrastructure strategy.

Appendix 4: Disclosures

Area	Key messages
Our responsibilities in conducting the audit	<p>We carried out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the consultation document and reporting that opinion to you. This responsibility arises from section 93C(4) of the Local Government Act 2002.</p> <p>The audit of the consultation document does not relieve management or the Council of their responsibilities.</p> <p>Our Audit Engagement Letter contains a detailed explanation of the respective responsibilities of the auditor and the Council.</p>
Auditing standards	<p>Our audit has been carried out in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (revised): <i>Assurance Engagements Other Than Audits or Reviews of Historical Financial Information</i>, the International Standard on Assurance Engagements 3400: <i>The Examination of Prospective Financial Information</i>, and the Auditor-General’s Auditing Standards.</p>
Auditor independence	<p>We are independent of the Council in accordance with the independence requirements of the Auditor-General’s Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: <i>International Code of Ethics for Assurance Practitioners</i>, issued by New Zealand Auditing and Assurance Standards Board.</p> <p>In addition to the consultation document audit, we have carried out engagements in the areas of annual audit and the debenture trust deed assurance engagement, which are compatible with those independence requirements. Other than the audit and these engagements, we have no relationship with or interests in the Local Authority or its subsidiaries.</p>
Fees	<p>The audit fee, covering both the consultation document and LTP audit for the year is \$103,300 (excluding GST) as detailed in our Audit Engagement Letter.</p> <p>Due to significant additional audit hours spent during the audit of the consultation document, we have commenced a process of calculating and obtaining approval for a cost recovery.</p>
Other relationships	<p>We are not aware of any situations where a spouse or close relative of a staff member involved in the audit occupies a position with the Local Authority that is significant to the audit.</p> <p>We are not aware of any situations where a staff member of Audit New Zealand has accepted a position of employment with the Local Authority during or since the end of the financial year.</p>

Item 8.1

Attachment A



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8 Ngā Pūrongo Whakamārama | Information Reports

8.2 Long Term Plan 2024-2034 Debrief Report Stage One

CM No.: 2873021

Te Kaupapa | Purpose

The purpose of this report is to present the debrief report on the Long Term Plan 2024-2034 (LTP) (stage one) to the committee.

Rāpopotonga Matua | Executive Summary

A debrief of the LTP has taken place, with input from staff and elected members. This report summarises the key recommendations that came from the feedback received.

The debrief covered the first stages of the LTP process - from commencement until adoption for consultation. An additional debrief of the final stages of the LTP process will take place once the final LTP has been adopted.

Tūtohunga | Recommendation

That:

1. The Committee receives the report.
2. The Committee provides feedback to staff or Council on the Long Term Plan 2024-34 debrief report (*Specify feedback below, if any*).

Horopaki | Background

A debrief of the LTP process up to the point the document was adopted for consultation has taken place, with input from staff and elected members. This report (attached) summarises the key recommendations that came from the feedback received.

The second stage of the debrief will take place after the final LTP has been adopted, to gather staff and elected members' feedback on the consultation period, the hearing and deliberations and the final audit. The results from the second stage of the debrief to be incorporated into this report.

Ngā Tāpiritanga | Attachments

[A↓. LTP Debrief Report](#)



Ngā waitohu | Signatories

Author(s)	Anne Gummer Policy Advisor	
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Approved by	Niall Baker	
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	Policy Team Leader	
	Sandra Harris Strategic Partnerships and Governance Manager	

Long Term Plan 2024-2034

Debrief report

Stage one: From commencement to adoption for consultation



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Overview

Introduction

The purpose of the Long Term Plan (LTP) debrief was to gather insights from those involved in the process of developing the Long Term Plan in order to improve processes and outcomes for future LTPs, and other related documents, such as the Annual Plan and Annual Report.

This debrief report covers the period from when preparation of the draft Long Term Plan 2024-2034 (LTP) began in early 2023, through to when the documents were adopted for consultation in March 2024. The second stage of the debrief, covering the consultation period, the final audit, and Council adoption will occur once these steps have been completed. These results to be incorporated into this document.

The debrief has resulted in a number of recommendations for improvements to various aspects of the process. A set of key recommendations are detailed below, followed by a summary of feedback received from Audit.

Management Statement

The depth and variety of comments received during the debrief, show just what a challenging process this Long Term Plan (LTP) was for all parties involved.

Long Term Plans are about providing a degree of certainty and direction for the future. They are always a complex beast – but the levels of uncertainty that we were dealing with in developing this plan were unprecedented. On top of that, we opted to have a fully audited Consultation Document and LTP – and in our view, the uncertainty at a Central Government level had a flow on effect on the audit process.

So as we reflect on the process, we think it's important we acknowledge the incredible effort by teams across the whole organisation in developing this Long Term Plan - building it alongside Elected Members so they felt they really owned this plan, and completing it to a standard of accountability that many Councils across the country opted not to do this year (the audit process).

This was no mean feat. Many staff went above and beyond their expected roles, investing countless hours and pouring their expertise into every detail.

So we reflect on the learnings in this report, and take them seriously as opportunities to improve. But we also celebrate how we got here – and thank our team for their passion and professionalism in developing this plan for the community.

Methodology

The review was undertaken by the Policy team, with feedback sought from the project team, elected members, Risk and Assurance chair, and management staff.

The general approach to information gathering was to ask:

- What went well?
- What didn't go so well?
- What opportunities are there for improvement?

Respondees were given the opportunity to answer these questions individually through an online survey; they were then invited to contribute further feedback in a facilitated workshop.

Context

Long Term Plans

The Long Term Plan presents Council's plans for the district over a ten-year period. It is reviewed and updated every three years. The Long Term Plan is an opportunity for Council to consult with the community on its proposed activities, and how these will be funded.

The Long Term Plan must meet the requirements of the Local Government Act 2002.

MPDC's Long Term Plan 2024-2034

In an economic environment of rising costs and constrained household incomes, Council made affordability the key focus of the Plan. This resulted in the decision to focus on the must do projects – largely those related to compliance for stormwater, wastewater and water services.

External context

A number of uncertainties at central government level made this a challenging Long Term Plan to develop.

Key amongst these was the uncertainty around the Three Waters legislation. Work on development of the LTP began at a time when there was great uncertainty as to what extent the planned water reforms would be implemented. MPDC chose to keep the Three Waters in the Plan through the LTP development process, reasoning that it would be easier to remove the Three Waters than to add them back in. The decision proved to be advantageous and allowed us to continue with development of the plan as direction began to emerge from the new coalition government.

Other areas of uncertainty included:

- Local government reform
- Resource management law reform
- Funding for land transport
- Updates to Census data

LTP Process

The development of the Long Term Plan took place in several stages as outlined in this graphic. This debrief report currently reports on the first stages – coloured pink.



Debrief results

Results from the debrief are grouped under five themes:

1. Project management
2. Governance
3. Audit
4. Consultation and engagement
5. LTP content

Key Recommendations

Processes that worked well

Project management

- Plan on a page - The one page, plan on a page was well received by staff and elected members
- Meetings - Weekly project meetings were good for keeping the project team on track
- Project team culture - The positive and collaborative team culture was key to the project team’s ability to deliver the Plan

Governance

- Council ownership - Council felt real ownership of the plan
- Information presented to Council - Elected members were positive about the information presented to them by staff, and the workshops in general

Audit

- Relationship - There was effort on both sides to maintain a positive working relationship
- Dashboard - The Audit dashboard continues to be an efficient way to receive audit request and provide information

Consultation and engagement

- Digital approach - The decision to focus the effort on online consultation was positively received by most elected members
- Explanation of issues - The CD explained complex issues well

Processes to be improved

Recommendation	Complexity	Priority	Status / Management Comment
Project management			
<u>LTP as continuous programme of work</u> Thought should be given to developing a process for continual monitoring, review and updating of the Long Term Plan and associated documents during the period between Plans to avoid having to start from scratch.	High	High	Management have indicated this will be a topic for discussion at their strategic planning day. If AMPS were to be continuously updated how would this flow on to updates to the Infrastructure and Financial Strategies, updates to Council etc?



Recommendation	Complexity	Priority	Status / Management Comment
			How to do this in an efficient way, not creating another big job? What are the current tools and processes we have that could enhance or be part of this process?
<u>Management oversight formalised</u> The addition of a project sponsor at management level to the project team should be considered	Low	Medium	
<u>Project Planning</u> The process of developing the LTP needs to begin earlier with a final, quality reviewed document, signed off by management, ready for Audit in November / December.	Medium	High	
<u>Staff Resourcing</u> Staff resourcing needs to be sufficient to avoid staff working excessive hours, and being under extended periods of high stress and pressure. And there needs to be flexibility and back up available for when key staff are away.	High	High	There is budget for an additional staff member with a team leader role in Assets Strategy Policy team.
<u>Digital Systems and Tools</u> There is a need for appropriate digital systems and tools to allow for efficient, collaborative development of documents	Medium	High	
<u>Quality assurance</u> Time for quality assurance before each stage of the audit, needs to be factored into the project plan. And a methodology for undertaking this quality assurance needs to be developed, including documenting what has been done for audit purposes, and ensuring appropriate staff are reviewing specialised information.	Medium	High	Having one version of the truth in terms of the financials will help significantly with this. And has been done before. Digital tools may assist with this also.
<u>Asset management plans (AMPs)</u> There is a need for sufficient staff resource to ensure alignment between the AMPs and Infrastructure Strategy	Medium	Medium	Could be addressed by development of process of continuous review
<u>Project Planning</u> Council meetings currently used as control points. This can be useful to help get work completed and signed off, but should not be used too rigidly. Meetings should flex to suit the project plan when needed.	Low	Medium	
Governance			

Recommendation	Complexity	Priority	Status / Management Comment
<p><u>Summarising workshop outcomes</u> The outcomes of discussions at Council workshops should be formally summarised, documented and agreed upon by elected members at the end of each workshop. This should apply to all workshops, not just those associated with the Long Term Plan.</p>	Low	High	Governance currently in the process of implementing this.
<p><u>Refining workshops</u> Focus on refining workshops by</p> <ul style="list-style-type: none"> • Minimising repetitive information • Making information as concise as possible • Cutting down on the number of times the same issue is brought back to Council • Ensuring the purpose of the workshop and the result sought is clear • Recapping previous discussion and decisions on a topic 	Low	Medium	
<p><u>Committees</u> The role of the Risk and Assurance Committee and the Te Manawhenua Forum as pertains to the development of the Long Term Plan needs to be more clearly defined</p>	Medium	Medium	
<p><u>Strategic direction</u> The development of the strategic direction needs to be understood as a key foundational element in the development of the Long Term Plan, reflecting Council's true priorities.</p>	High	Medium	
Audit			
<p><u>Completeness of CD / LTP provided to Audit</u> The document (CD or LTP) needs to be complete, accurate and final when supplied to Audit.</p>	High	High	
<p><u>Completeness of other documentation</u> Other documents eg AMPs that Audit will be reviewing as part of the audit process need to be complete and align with the CD / LTP</p>	Medium	High	
<p><u>Audit areas of focus</u> Careful note should be taken of the areas of audit focus as detailed in the Audit Plan. Clarification should be sought to ensure the expectations are fully understood, and appropriate time and staff resource factored into the project plan to address these areas of focus in considerable detail.</p>	Medium	High	
LTP content			
<p><u>Financial Strategy and Infrastructure Strategy</u> These two strategies need to be developed in tandem to ensure messaging, approach and language are closely aligned.</p>	High	High	

Recommendation	Complexity	Priority	Status / Management Comment
<p><u>Consistent messaging</u> Thought should be given to developing a set of key messages, data and other information, which can then be used throughout the sections of the Long Term Plan to ensure coherence across the Plan, and there should be a member of the project team responsible for ensuring consistency.</p>	Medium	Medium	Having one version of the truth in terms of the financials will help significantly with this. And has been done before.
Consultation and engagement			
<p><u>Planning</u> Information needs to be given to records and digital earlier.</p>	Medium	High	

Audit feedback

The Audit team provided feedback on the audit of the Consultation Document and supporting information during an online debrief session with the project team. This feedback is summarised below. Audit also separately issued the Audit Management Report on the audit of the Consultation Document and supporting information - the key recommendations and MPDC management comment are also included below.

Debrief feedback

Consultation Document (CD)

The following issues were identified by Audit when undertaking the audit of the CD and supporting information:

- Inconsistencies between sections of the LTP, and between the LTP and the CD
- Incomplete information
- Documents had not been through sufficient quality assurance
- Many changes made to documents

Delays in receiving information

Audit experienced delays in the delivery of information from MPDC staff which resulted in a significant amount of additional time and effort spent by the audit team to do their work.

Quality checks / review

Audit highlighted that staff need to make sure the right people are doing the consistency checks e.g. who is the right person to check the consistent rate of inflation is applied?

Project management

Audit made the following suggestions in respect to project management:

- Begin the LTP process earlier so we are better prepared
- Identify one or two staff members who are across all the documents to make sure they are written in the same style and tell the same story.
- There should be progressive development of the documentation. Make sure information is integrated.
- ‘Proforma’ LTP documents should be prepared and provided to the audit team for feedback – as we do with the Annual Report. The format should be determined early on.
- The draft Infrastructure Strategy and Financial Strategy documents should remain fairly similar across LTPs – there is no need for massive updates when the current one does the job and is fit for purpose – more taking year 4 of the document and updating it to reflect current status. Should be a fluid and evolving document- e.g. updating it during the annual plan processes, so it’s not big peak of work at the LTP time. This should be done around mid-year, the year before consultation.
- The Project plan needs to be refined to provide documentation to audit earlier – there needs to be a good quality review undertaken around November / December (prior to consultation). MPDC needs to have a more final document ready in November / December. Doing this in January 2024 or concurrently with the audit process is too late.

LTP Sections

Audit made the following comments on specific sections of the LTP:

- Asset Management Plans (AMPs): These were not complete or sufficiently up to date, numbers in the AMPs did not agree to other documentation which slowed down the audit process.
- Infrastructure Strategy: There were issues in the initial draft in that it didn’t meet legislative compliance.
- Financial Strategy: This was prepared late.

Areas of Audit focus

Audit had to do a lot of extra work in respect to the unbalanced budget – audit signalled this as an area of focus in their letter to Council in late 2023. Council officers need to take note of the areas of focus and ensure they are ready.

Audit management report

Recommendation	Reference	Priority
<p>Uncertainty over capital programme delivery</p> <p>The Council will need to reassess the reasonableness of the capital programme delivery based on updated information at the time of preparing the final LTP and consider whether assumptions and delivery forecasts remain appropriate. The Council will need to ensure that the disclosures are appropriate in the LTP.</p>	2.2.1	Urgent



Recommendation	Reference	Priority
<p>Management comment</p> <p><i>As part of the quality assurance process, staff will review assumptions, delivery forecasts and disclosures.</i></p>		
<p>Proposed unbalanced budget</p> <p>Prior to the adoption of the LTP, the Council will need to pass a resolution to approve an unbalanced budget and include a statement in the long-term plan explaining the Council’s reasons for that resolution. Section 100 (2) of the Act outlines the matters elected members need to consider when making an unbalanced budget resolution. We recommend that the Council considers and applies the requirements of the Act should an unbalanced budget be adopted at the LTP stage and include appropriate disclosures in the LTP.</p> <p>Management comment</p> <p><i>Staff will prepare a resolution for Council to approve the unbalanced budget and the reasons for that resolution in accordance with legislative requirements. Staff will review the disclosures related to the unbalanced budget in the LTP.</i></p>	2.2.2	Urgent
<p>Quality of information</p> <p>All reports and supporting underlying information provided to audit should be complete, including all figures, narrations, graphs, disclosures and formatting. Prior to providing audit with this information, an internal quality review process should be undertaken to ensure information/figures are correct and that there is consistency between documents including the underlying information. The principal is that a document should be prepared and then reviewed by management. The Council should ensure that it has processes in place that will ensure consistency between all the various documents prepared by different staff members.</p> <p>The Council should also ensure that there is a quality process in place for the supporting documents provided for audit.</p> <p>Quality control processes needs to be implemented for LTP stage of this audit and for future consultation document/LTPs.</p> <p>Management comment</p> <p><i>This was a challenging LTP to prepare with various central government reforms occurring at the same time. For example, there was uncertainties about three water reform. The Water Services Acts Repeal Act 2024 was enacted on 16 February 2024; part way through the consultation document audit process.</i></p> <p><i>LTPs, and including the supporting documentation, is long, complex and resource intensive to prepare. Throughout the e LTP preparation, Council implemented our project management approach/system and</i></p>	2.6	Urgent

Recommendation	Reference	Priority
<p>project updates were reported to the Risk and Assurance Committee and Council.</p> <p>Council staff agreed the preparation of the Consultation Document in a plain text format with the Audit team in late 2023. During the Audit process, feedback was given on the format, layout and presentation of the Consultation Document which resulted in many updates being made.</p> <p>In relation to the suggestion that “an external service provider could be considered to assist with the quality and consistency checks before the information is provided for audit” management note the draft LTP and Consultation document underwent an external peer review in January 2024. This included a high level legislative compliance check. A copy of those findings and report was provided to the Audit team. A formal quality assurance plan was prepared at the outset of the LTP project. It is acknowledged the internal quality review process was not as robust as staff would have liked and the quality assurance plan was not able to fully be implemented in the timeframes allowed. Staff are proposing to delay the final LTP audit by 1 week (from 4 June to 10 June) to allow for quality control processes to be implemented. This will delay the LTP adoption.</p> <p>We acknowledge the dedication, time, and effort of the Audit team in the consultation document audit process.</p>		
<p>Improvements to the infrastructure strategy</p> <p>The Council should consider adding disclosures regarding funding arrangements, potential costs savings or efficiencies and possible legislative changes to the infrastructure strategy that is adopted as part of the LTP.</p> <p>Management comment</p> <p>Staff agree the broad focus of the Infrastructure Strategy has not changed significantly changed from the 2021 Long-Term Plan. Staff will assess and make recommendations on any resulting changes in relation to the additional disclosures noted.</p>	3.2.1	Urgent
<p>Updating the AMPs</p> <p>We noted areas where performance/service targets included in the infrastructure strategy differed from the underlying AMPs. We recommend the AMPs are updated ahead of the LTP audit.</p> <p>Management comment</p> <p>Staff will update the AMPS ahead of the LTP audit.</p>	3.3	Urgent
<p>Significant assumptions</p> <p>We recommend that all assumptions are reassessed when preparing the final LTP forecasts.</p>	3.4	Urgent



Recommendation	Reference	Priority
<p>Management comment <i>Staff will review the assumptions when preparing the final LTP.</i></p>		
<p>Quality of asset data used for 3-water renewals forecasting – stormwater The Council should carry out a review of pipes assigned the default install date and ascertain a more accurate timeframe as to when the pipes were installed. This will enable Council, in the absence of a recent condition assessment, to prepare more accurate age-based renewals forecasts in the future.</p> <p>Management comment <i>Noted – in the meeting with Audit NZ (30.04.24) we believe the three-year time-frame to complete the work that Audit NZ proposed is achievable.</i></p>	3.3.1	Necessary
<p>Controls around feedback/comments by Committees Where feedback and comments are provided by Council Committee members, Council should implement a process to ensure that feedback is recorded and addressed. The feedback could either be formally documented in the minutes or shared through a separate process and management should keep a record of how the feedback was dealt with.</p> <p>Management comment <i>We agree with this recommendation. Following a discussion with Audit on this issue, the Governance Team have been working on a process with our Committee Chairs to ensure this feedback is captured formally within the resolution/minutes moving forward.</i> <i>A new process for actioning resolutions from meetings will be introduced - this involves adding all actions into our corporate software (Infocouncil) and then sending them to report writers to be actioned following each Council/Committee meeting from 1 September 2024, with any outstanding actions reported to e-team on a regular basis.</i></p>	4.1	Necessary

8 Ngā Pūrongo Whakamārama | Information Reports

8.3 Final Long Term Plan 2024-2034

CM No.: 2873730

Te Kaupapa | Purpose

The purpose of this report is to present to the committee for their review:

- Council's rationale for setting an unbalanced budget for the Long Term Plan 2024-34 (LTP) period and the reasons why this decision is considered prudent.
- The list of capex projects for the LTP period (circulated separately).
- The final LTP (circulated separately).
- The audit opinion and letter of representation (circulated separately).

Rāpopotonga Matua | Executive Summary

The Long Term Plan (LTP)

The Local Government Act 2002 (LGA) requires local authorities to adopt a LTP every three years. Council's current LTP was adopted in June 2021 and the next LTP covering the period 2024-2034 is now to be presented for Council adoption on 3 July 2024. The LTP is circulated separately to this report.

Resolving to set an unbalanced budget

Council is proposing to set an unbalanced budget for all years of the LTP. The reasons and implications of this decision and the consideration of prudence is outlined in this report.

Capex projects

A full list of the capex projects for the LTP period are attached.

Audit of the LTP

An audit of the final LTP has been undertaken. The Auditor-General (through Audit NZ) will report on the quality of the information and the assumptions underlying the forecast information, and whether the LTP gives effect to the purpose set out in s 93B LGA 2002.

Audit Director, René van Zyl in attendance to present the audit opinion. A copy of the audit opinion and letter of representation are circulated separately to this report.

LTP in force

Section 93(3) LGA 2002, stipulates that a LTP must be adopted before the commencement of the first year in which it relates. However, due to changes to Three Waters legislation and the uncertainty this created, the government included a provision in the Water Services Acts Repeal Act which allowed an extension of the deadline to 30 September 2024.

The LTP will become operative on 4 July 2024.

In accordance with Section 93(10) LGA 2002, the LTP will be made publicly available within one month of adoption, by being published on the MPDC website.

Structure of this report

This report is organised in four parts as below:

- Part One:** Council's resolution to set an unbalanced budget for the LTP period and outline of the reasons why Council considers this decision is prudent
- Part Two:** List of capex projects for LTP period for approval
- Part Three:** Audit opinion and letter of representation
- Part Four:** Adoption of LTP

Tūtohunga | Recommendation

That:

- 1) The committee receives the report.
- 2) The committee provides feedback to Council (*if desired – feedback to be specified*).

Part One – Council resolution on unbalanced budget

Horopaki | Background

LGA Requirement – Balanced budget

Under the Local Government Act 2002, Council must ensure each year's projected operating revenue meets each year's projected operating expenses. [Section 100(1) of the LGA 2002]

However, Council may set projected operating revenue at a different level if it resolves that it is financially prudent to do so having regard to:

- The estimated expenses of achieving and maintaining predicted levels of service, including maintaining service capacity and integrity of assets throughout their useful life.
- The projected revenue available to maintain service capacity and integrity of assets throughout their useful life.
- The equitable allocation of responsibility for funding assets and facilities throughout their useful life.
- Council's funding and financial policies

[Section 100(2) of the LGA 2002]

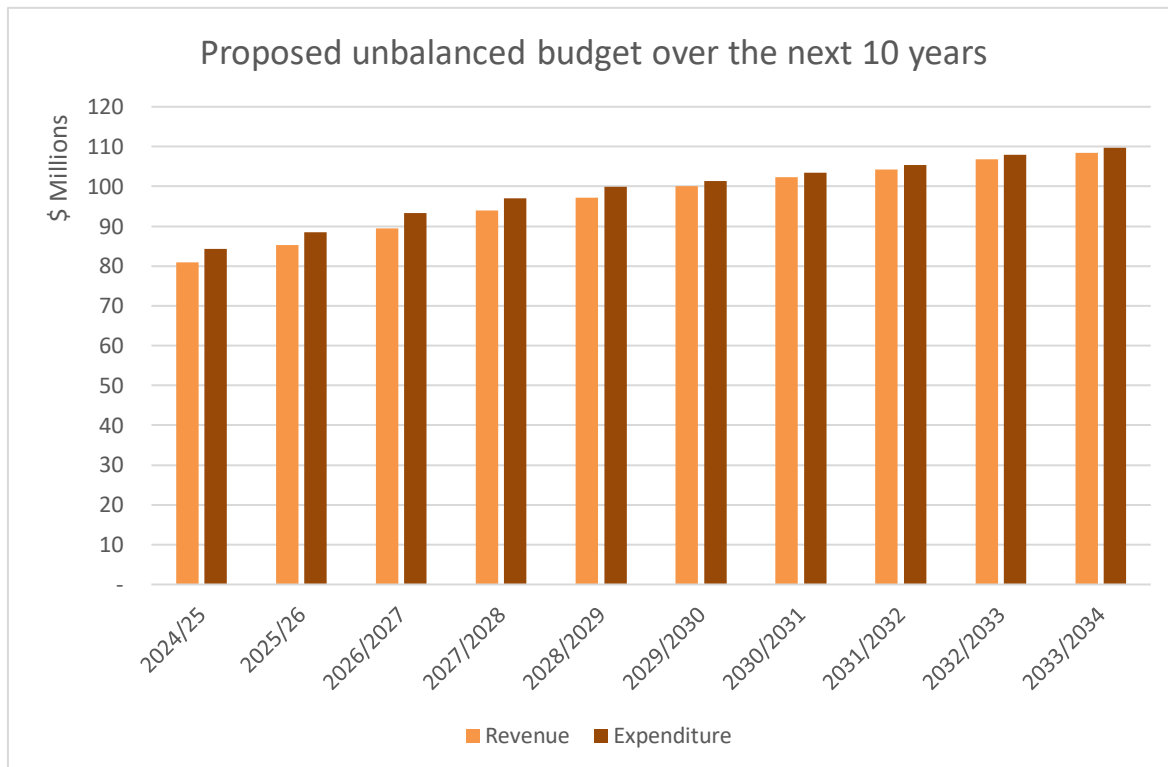
And if Council has resolved not to balance its operating budget in any year of the Long Term Plan then the Long Term Plan must include:

- A statement of the reasons for the resolution and any other matters taken into account and
- A statement of the implications of the decision

[Schedule 10(14) of the LGA 2002]

Ngā Take/Kōrerorero | Issues/Discussion

As outlined above, under the Local Government Act 2002, local authorities are required to set balanced budgets, where operating revenue is equal to expenditure. Council may operate an unbalanced budget only where this can be shown to be financially prudent. We're planning to have an 'unbalanced budget' in all ten years of this plan. This means that the revenue received each year will be less than the expenses for that year.



There are three reasons for this:

- To manage the level of rate increases (affordability) over the next ten years
- We are not planning to fund the total depreciation expense each year
- We are planning to remove wastewater biosolids (sludge) for Morrinsville and Te Aroha over a five year period. We are going to fund this work over a 15 year period.

Below is a summary of the considerations of prudence and the reasons and implications of the decision to set an unbalanced budget. For a full discussion please see the LTP Section 3 Financial Strategy and Section 6 Financials.

Prudence

In making sure this decision is prudent over the term of the LTP, Council have considered the risks and what affect they may have on the level of service we can provide, funding of the service and how it may impact both current and future ratepayers, and whether it complies with our funding and financial policies. These considerations are outlined below.

Reasons and Implications

1. Affordability

We have a goal to manage the level of rates increases over the next ten years by keeping them affordable and avoiding significant fluctuations. Our capital programme is heavily dominated by infrastructure projects. This is influenced by regulation, particularly around three-waters, Government funding for roading and maintaining critical assets. Non-infrastructure activities are where we have more discretion and this is where we are planning the biggest trade-off with our improvement programme to keep rates as low as possible. We are limiting our discretionary projects to those that have already been committed to. This means that we cannot progress as many improvements as we would like.

2. Depreciation

Depreciation is an accounting entry not an actual cash expense.

Annual depreciation, which is reflected as an expense in each year, provides a guide on the amount of money that should be collected each year to fund the replacement of assets at the end of their life. Asset replacements are funded directly from rates. Asset lives are based on estimates and in general there is a low level of uncertainty. However, there is greater uncertainty related to the asset lives of stormwater assets. We don't believe it is necessary to collect the total depreciation expense each year for assets as outlined below:

- a) **Community Facilities** - There are a number of buildings on Council land that are not owned by Council or are not essential to Council operations (including Community halls, Firth Tower museum buildings, etc.). Council has decided that it will not make provision to fund the replacement or refurbishment of these buildings, amounting to an average of \$140,000 per year that would otherwise have to be recovered from rates or from users (or a mixture of both).

Council's approach places the responsibility for building refurbishment and replacement on the users or owners of the buildings. The risk is that the different groups will not be able to raise the necessary funds to undertake this work. There may then be an expectation that Council will fund the work.

However, Council has determined that this approach is prudent as the buildings in this category are not essential. Non replacement or non-refurbishment of the buildings is a valid option. This does not prevent owners or users of the buildings from funding the work required.

- b) **Roading** - The renewal or replacement of roading assets is almost jointly funded by Council and Waka Kotahi/New Zealand Transport agency (NZTA).

We have ensured that we rate for Council's share and have assumed the agency will continue to meet its obligations. This amounts to an average of \$3 million per year which we would otherwise have to include in the rates.

As Council is funding a sufficient amount to meet its share of the planned physical works, there is not considered to be any financial risk over the term of the ten year plan. A fundamental assumption in this approach is that NZTA will continue to fund its share of the programme.

On that basis Council is comfortable that the approach is prudent.

- c) **Stormwater** - The amount of depreciation expense over the ten years is \$12.1 million. In that period we are expecting to undertake \$4.8 million of capital work.

The 30-year projection in the infrastructure strategy shows that the major portion of our asset replacement or renewals occurs in the 20-year period after this plan.

So instead of using depreciation as a guide, we have looked at how much we would have to invest each year to ensure we have sufficient funds to undertake the work. This has reduced our annual provision by an average of \$908,000 per year. Alternatively, we would need to fund this amount through annual rates.

This is considered to be a low risk strategy as there will be a number of LTPs to review the calculations before the renewals programme escalates. Council considers it is prudent as the strategy is to ensure sufficient funding is available to meet the renewals programme. This strategy meets that test for the ten year and 30 year planning periods.

3. Desludging

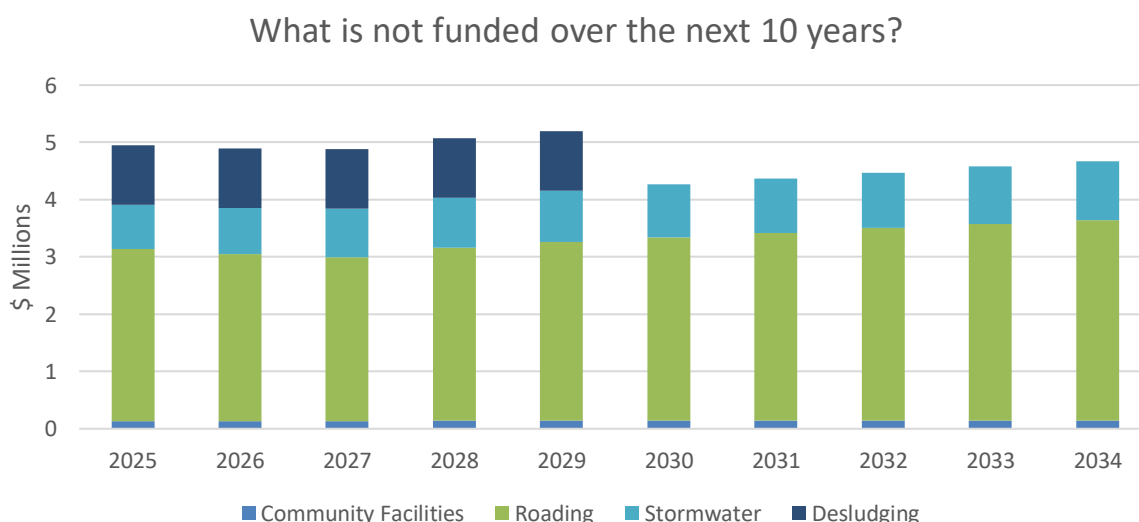
Council is planning to remove biosolids (sludge) in ponds in the Morrinsville and Te Aroha wastewater treatment plants. This is estimated to cost \$8.5m and the work will be undertaken over five years. The sludge has built up over many decades.

Council decided that it would be unfair, particularly in the current environment, to load all of that cost on ratepayers over a five year period. Instead the cost will be borrowed upfront and funded from rates over 15 years, resulting in an average of \$1.02 million less funding from rates per year for the first five years.

This is considered to be a low risk strategy as Council can continue to manage within its prudent debt limits over the term of the LTP. Also funding the work from rates over five years would have increased the risk of making rates less affordable. Council considers this strategy is prudent as it ensures the work is funded from the appropriate sources, over an extended period, and the desludging work will also provide the benefit of increased capacity over an extended period.

Overall impact of the unbalanced budget

Together, these alternative funding decisions result in a funding gap between revenue and expenses over the ten year plan as follows:



We are not planning to take steps to achieve a balanced budget during this ten year period. With each LTP cycle we will re-assess our financial position. We foresee that an unbalanced budget will likely continue past the ten year period due to similar reasons as stated above for this cycle.

Except for the wastewater sludge removal projects, there is not expected to be any impact on our borrowing as a result of the unbalanced budget beyond this ten year period. The proposed budget is based on a number of assumptions, with the risk of uncertainty and impact of which in some cases is high. A full understanding of these assumptions and risks is presented in the LTP.

These funding decisions are consistent with the Revenue and Financing Policy.

Mōrearea | Risk

As outlined above, Council acknowledges these alternative funding decisions are not without risk, but considers them to be prudent considering that projected funding will ensure levels of service will be maintained and that intergenerational equity will be achieved by ensuring that the current generation does not fund replacement of assets significantly in advance of when their replacement will occur, or fund assets that are not considered essential to the desired levels of service. Council have noted that it will need to closely monitor and review risks related to the unbalanced budget throughout the period.

New Zealand Local Government Funding Agency (LGFA), Council's main lender, has let us know that they intend to meet with Council post adoption of the LTP to discuss their general concerns around borrowing for operating purposes over a long period of time (as Council have planned to do in respect of the desludging work outlined previously in this report). LGFA has a responsibility to monitor the financial performance of the sector on behalf of all the Councils that are guarantors of LGFA. They do not have any concerns that our Council will breach our financial covenants, noting that Council's starting financial position is strong, which would allow us to borrow for operating purposes for a long period of time. However, they would prefer to see an improving picture over our ten year period. This could mean looking to repay the desludging costs over a shorter period than the 15 years currently budgeted.

As noted above, Council considers our current strategy for the funding of the desludging is prudent as it ensures the work is funded from the appropriate sources, over an extended period, and the desludging work will also provide the benefit of increased capacity over an extended period. Council will closely monitor and review risks related to the unbalanced budget, and may opt to re-address this strategy in future reviews.

Ngā take ā-ture, ā-Kaupapahere hoki | Legal and policy considerations

Local Government Act 2002 (LGA 2002) Decision-making requirements

As set out above, the LGA requirements in respect to an unbalanced budget are the following:

Under the Local Government Act 2002, Council must ensure each year's projected operating revenue meets each year's projected operating expenses. [Section 100(1) of the LGA 2002] However, Council may set projected operating revenue at a different level if it resolves that it is financially prudent to do so having regard to:

- The estimated expenses of achieving and maintaining levels of service, including maintaining service capacity and assets
- The projected revenue available to maintain service capacity and assets
- The equitable allocation of responsibility for funding assets and facilities
- Council's funding and financial policies

[Section 100(2) of the LGA 2002]

And if Council has resolved not to balance its operating budget in any year of the Long Term Plan then the Long Term Plan must include:

-
- A statement of the reasons for the resolution and any other matters taken into account and
 - A statement of the implications of the decision

[Schedule 10(14) of the LGA 2002]

Part Two – List of capex projects for LTP

Horopaki | Background

In order to make the document a little more concise, it was decided to only detail the major capital projects in Section 5 of the LTP. A full list of all capital projects will be presented to Council for their approval alongside the LTP.

Included in the LTP is forecast capital expenditure for the ten years of:

Capital expenditure	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
—to meet additional demand	11,321	8,306	8,304	2,172	1,219	1,833	1,504	1,241	75	15,529
—to improve the level of service	26,911	20,957	15,043	13,562	8,401	5,831	6,747	6,576	1,618	5,509
—to replace existing assets	22,529	21,772	21,906	22,026	15,775	17,427	18,766	19,771	14,934	13,967
Total	60,761	51,035	45,253	37,760	25,395	25,091	27,017	27,588	16,627	35,005

The above forecast includes inflation.

A schedule of the forecast capital projects included in the LTP (excluding inflation) to be circulated separately.

Part Three – Receipt of Audit Opinion and Letter of Representation

Horopaki | Background

Audit process

The Consultation Document and the draft LTP (as supporting information) were subject to an audit process prior to their adoption for consultation in March 2024. The audit opinion on the Consultation Document contained two emphasis of matter, pertaining to the unbalanced budget and Council's ability to deliver on its capital works programme.

Following consultation, hearings and deliberations, final changes have been made to the LTP and it has been subject to a final audit by Audit NZ.

Once Council adopts the LTP and receives the audit opinion it will be inserted into the LTP in Section 9.

Audit opinion

When Audit issue their audit opinion there are several options as to how this can be framed. There is potential for Council to receive an audit opinion including an "emphasis of matter" if the auditor wishes to draw reader/community attention to the risks in a particular area or a "qualified audit opinion" if they disagree with the assumption in an area (or any other aspect).

This website provides an overview of the language used in audit opinions:

[Explainer: The language of audit opinions — Audit New Zealand \(auditnz.parliament.nz\)](https://www.auditnz.parliament.nz/)

Audit opinion circulated separately. Audit in attendance to present the audit opinion.

Letter of representation

A letter of representation is required to be signed by the Mayor and Chief Executive to confirm all requirements have been met in the preparation of the LTP.

The letter of representation circulated separately.

Part Four – Adoption of Long Term Plan 2024-2034

Horopaki | Background

The Long Term Plan (LTP)

A LTP is prepared every three years, covers ten years (and includes an Infrastructure Strategy for a 30-year period), must include specific information as prescribed in the Local Government Act 2002 (LGA), must be audited, and can only be adopted after a period of public consultation. Council's current LTP was adopted in June 2021 and the next LTP covering the period 2024-2034 is being presented for adoption on 3 July 2024.

Section 96 of the LGA, explains that the LTP is Council's formal, public statement of its intentions in relation to the matters covered in the Plan. A resolution to adopt a LTP does not constitute a decision to act on any specific matter included in the Plan, and no person is entitled to require a local authority to implement the provisions in the Plan.

Timeline of the development of the LTP

Development of Draft LTP and Consultation Document through series of Council Workshops	February 2023 – March 2024
External Quality Review on early draft LTP	January 2024
Audit of Consultation Document and Supporting Information (draft LTP)	February – March 2024
Risk and Assurance Committee review	March 2024
Council Adoption of Consultation Document and Supporting Information for Consultation	20 March 2024
Public Consultation	21 March – 21 April 2024
Public Hearing	8 – 9 May 2024
Council Deliberations	22 May 2024
Preparation of final LTP	May – June 2024
Final Audit	June 2024
Risk and Assurance Committee review	2 July 2024
Final LTP presented for adoption	3 July 2024
LTP in force	4 July 2024

Overview of the sections of the LTP

The LTP consists of nine sections. A discussion of the key content of each of the sections is below.

Section 1: Introduction and Overview

This section contains the Mayor’s Forward, the function of the LTP, Council’s planning cycle, Council’s strategic planning and implementation framework. It then outlines the feedback received during the consultation plan and the decisions that Council made at the Deliberations. Next it gives a snapshot of our District now and in 30 years’ time, details the Councillors, Council’s governance structure and Māori engagement in decision making, and Council’s purpose, vision and community outcomes. It highlights the four key drivers / challenges which are referred to throughout the LTP – Affordability, Growth and demand, Compliance, and Climate change and resilience, and how Council will respond to these. Finally, it outlines an additional challenge faced by Council – legislative change.

Section 2: Key assumptions

The key assumptions represent the important trends and projections expected to affect the Council and the district over the next ten years, and are one of the essential building blocks in the development of the LTP, and a key focus for Audit. The key assumptions are used to provide a common set of data and direction for the organisation to use in its planning, to be used in conjunction with a wider set of corporate level assumptions and activity-specific assumptions. These assumptions have been fully revised since the last LTP and workshoped with elected members, a new structure included to improve readability, and the assumptions grouped and aligned (where applicable) with the four key drivers / challenges. The groups of assumptions are as follows: Significant assets, Policy landscape, Growth and demand, Climate change and resilience, Compliance, Affordability and Council services.

Section 3: Financial strategy

The purpose of a Financial Strategy is to a) facilitate prudent financial management by Council and b) provide a context for consultation on Council’s proposals for funding and expenditure by making transparent the overall effects of those proposals on Council’s services, rates, debt, and investments.

The draft Financial Strategy outlines our key drivers and responses, our goals and how we will achieve them: 1) to maintain current levels of service 2) to improve some levels of service where this complements our vision 3) to set prudent limits on rates and rates increases 4) to set prudent limits on debt, the risks, and other financial matters as required under the LGA.

More information on our rates and debt

Goal 3: To set prudent limits on rates and rate increases **Rates set for the next ten years**

	Annual Plan 2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Total rates revenue* \$000	51,129	58,856	62,241	65,416	68,745	71,386	73,618	75,266	76,807	78,777	79,925

	Annual Plan 2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Increase in total rates revenue*	14.4%	15.1%	5.8%	5.1%	5.1%	3.8%	3.1%	2.2%	2.0%	2.6%	1.5%

*Total rates revenue includes targeted rates from metered water that is charged to large industries and extra-ordinary water users.

Increases in three waters operating expenses, capital budgets and debt have a significant impact on Council finances in the early years of this plan.

The changes are driven by the need:

- to comply with tougher regulations - particularly for drinking water and sewage treatment.
- to have more robust systems to deliver the services we provide to the standards expected.

Regulators can have a major influence on the focus and timing of investments Council has to make. Council has more choice/discretion in non-three waters activities. For this reason, Council has decided to set two rating limits for the ten year period:

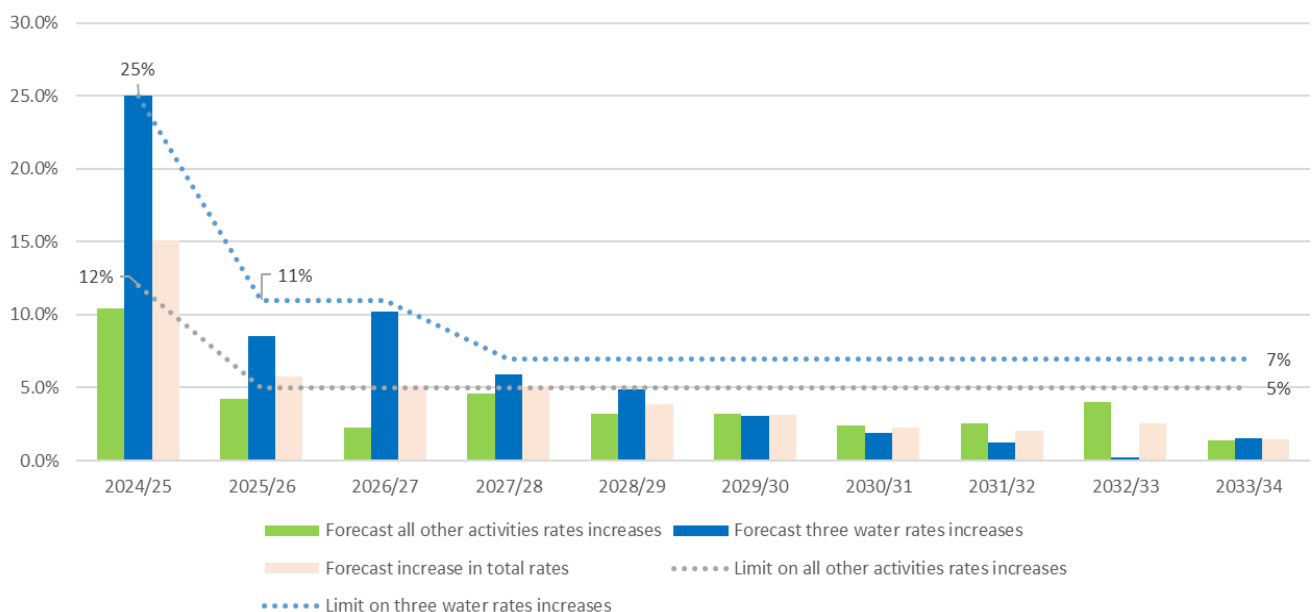
Three waters activities

Rates for the three water services will not increase by more than 25% in 2024/2025, 11% in 2025/2026 and 2026/2027, and will not increase by more than 7% over the remainder of the ten year period.

All other activities

Rates for all other rates funded activities will not increase by more than 12% in 2024/2025, and will not increase by more than 5% over the remainder of the ten year period.

Forecast rate increases and limits showing three water related rates, rates for all other activities and total rates



Goal 4: To set prudent limits on debt

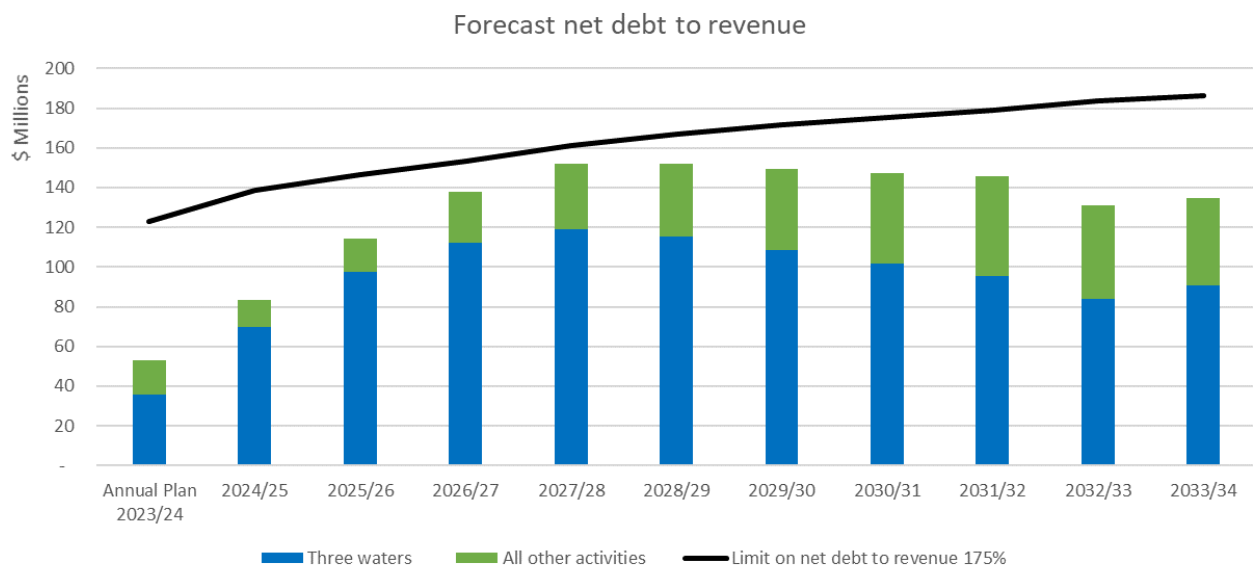
We currently borrow money to pay for new assets – for water, wastewater, roads and community buildings and facilities that will service the community over a long period of time.

Using loans to pay for these kinds of assets means we can recover the costs over time, so that both current and future ratepayers pay their fair share.

It also means that increases in rates are usually more stable/steady, as the cost of the asset is spread out over a longer period. While having a certain level of debt makes sense, it can also make us feel uncomfortable – we shouldn't borrow any more than we can comfortably afford to pay interest on, or eventually repay.

The New Zealand Local Government Funding Agency (LGFA) are one of the main lenders to New Zealand Councils. As our key lender, LGFA have set a limit on how much they believe our Council can comfortably borrow, based on our net debt compared to revenue – which is set at a ratio of 175%. (Net debt is external borrowing less cash and investments).

Up until now, Council have set our own internal limit at a more conservative level of 150%. We have only before reached as high as 47%, and have felt comforted by the extra buffer within our debt limits, which provides opportunity to the district if new things come up, and security if the worst happens.



To fund the MUST DO capital work required for our three waters activities, we're proposing to increase our debt significantly over the first 3-4 years of this plan. This would push our debt over 150%, peaking at \$151 million or 164%, meaning we would exceed our current limit and have very little-to-no headroom for much of the next ten years. These pressures mean that we feel there is little option but to increase our limit to 175% - however this is not a target. Any borrowing adds additional interest costs to ratepayers, so all projects will continue to be carefully considered with that tension in mind.

How our actual debt tracks against this forecast will depend significantly on how well we progress with our planned capital programme. We expect our debt to be, on average, around 141% of our revenue over the next ten years.

Risk management strategies for debt are outlined in Council's Liability Management Policy, including strategies to manage interest rate risk, limits to manage liquidity and funding exposure, counterparty credit exposure, debt repayment, borrowing limits, maintaining financial covenants and security arrangements. The full Policy can be found on the Council website. Council has an opportunity to review the impact of interest rates on its overall costs and rates with the Community at each Annual Planning round, and can look to slow and spread capital work programmes and/or levels of service accordingly and where this is acceptable to our regulators. However, should a significant event occur there is uncertainty as to whether the headroom will be sufficient. Included within the headroom, we have a \$5.4m investment fund for emergencies and a \$6m credit facility for urgent cashflow requirements.

Section 4: Infrastructure strategy

The purpose of an Infrastructure Strategy is to a) Identify significant infrastructure issues facing Council over the period of the strategy and b) Identify the principal options for managing those issues and the implications of those options.

The groups of activity included in the strategy are Water, Wastewater, Stormwater, Roothing, Rubbish and recycling, Parks and open spaces and Community facilities and property. The Strategy sets out Council's key principles for managing its assets, namely: looking after what we have, focusing on the must dos i.e. complying with legislative requirements, including only a few should dos, smoothing renewals and reducing some roading renewals. The Strategy provides a snapshot of our District and Council's assets, outlines the method used to prioritise capital projects and asset renewals, and discusses Council's approach to risk management. It sets out the most likely scenario for our District in 2054 and how Council will respond. The Strategy discusses the four key drivers / challenges that feature throughout the LTP and how Council will address these in respect of its assets. The Strategy discusses 6 key areas of work:

- 1) investment in roading renewal,
- 2) meeting water demand,
- 3) prioritising capital projects,
- 4) responding to climate change,
- 5) servicing growth,
- 6) meeting our waste minimisation targets.

For each it outlines a range of options, associated costs and the preferred option. It then discusses each group of activity in more detail. The Strategy concludes with a Financial Summary.

Section 5: What we do

This section details Council's eight groups of activity – Community Facilities and Property, Strategy and Engagement, Roothing, Rubbish and Recycling, Stormwater, Wastewater, Water, Consents and Licensing. For each group of activity, we identify how the group contributes to our vision and community outcomes, how the key drivers / challenges impact on the group and how Council will respond, our goal in respect to levels of service for that activity, any negative impacts it may have, key legislation etc that guide the planning and operation, the funding source, our projects over the next ten years, the performance measures and targets we will report on and the funding impact statement.

Section 6: Financials

The information in this section underpins the summary financial information including rate and debt limits presented in the consultation document. The underlying financials include: a) Statement of comprehensive revenue and expense, b) Statement of changes in equity, c) Statement of financial position, d) Statement of cash flows e) Statement of accounting policies and f) other legislative disclosures including a discussion on the decision to have an unbalanced

budget, Self-funding activities, Non funded depreciation, Depreciation and amortisation expense by group of activity, Reserve funds, Funding impact statement for whole of Council, Calculation of rates, Financial prudence disclosures.

Section 7: Policies

The Policies section of the draft LTP includes a) Draft Revenue and Financing Policy in full and b) Significance and Engagement Policy in summary.

Section 8: Council controlled organisations

This section outlines the Council Controlled Organisations we are part of, namely: Waikato Regional Airport Ltd (WRAL), Waikato Local Authority Shared Services Limited (WLASS) - trading as Co-Lab, and the Hauraki Rail Trail Charitable Trust. For each we have provided detail on their ownership structure, the nature and scope of their activities and their key performance targets. Council has provided a reporting exemption for the Hauraki Rail Trail Charitable Trust and because of this it is more correctly characterised as a Council Organisation under LGA definitions.

Section 9: Placeholder for audit opinion

Currently contains a short explanation of the audit process, to be replaced by the audit opinion on the final LTP in due course.

Mōrearea | Risk

Three of the key risks are:

Capital programme delivery

There is a risk of Council not being able to deliver on 10-25% of its capital programme.

The implications of this are that a) Council would need to extend its programme and costs would likely increase, b) borrowing could be less over the ten year period, c) work programme would be reprioritised to respond to any asset failures, d) planned improvements would not be undertaken, e) there would be impacts on levels of service, f) improvements would not be achieved.

Unbalanced budget

Council have forecast to have an unbalanced budget. Council have noted that it will need to closely monitor and review related risks throughout the period.

Managing debt

Council has increased its debt limit to 175%. Any borrowing adds additional interest costs to ratepayers, so all projects will continue to be carefully considered with that tension in mind. Risk management strategies for debt are outlined in Council's Liability Management Policy. If a significant event occurs, there is uncertainty as to whether the available emergency funds would be sufficient.

Key Assumptions

Section 2 Key Assumptions sets out a range of risks, the level of uncertainty and implications of the risks including:

- Capital programme delivery
- Borrowing/interest rates
- Revenue from development contributions
- Return on investments
- Inflation
- Waka Kotahi funding
- Rating unit growth

Ngā take ā-ture, ā-Kaupapahere hoki | Legal and policy considerations

The Local Government Act 2002, the Local Government (Financial Reporting and Prudence) Regulations 2014 and the Local Government Rating Act 2002 are the key legislative documents pertaining to the LTP. The key legislative requirements are set out below.

Local Government Act 2002

Section 93 of the LGA sets out the key requirements for a Long Term Plan and the purpose namely to:

- a) describe the activities of the local authority; and
- b) describe the community outcomes of the local authority's district or region; and
- c) provide integrated decision-making and co-ordination of the resources of the local authority; and
- d) provide a long-term focus for the decisions and activities of the local authority; and
- e) provide a basis for accountability of the local authority to the community.

Part 1 of Schedule 10 of the LGA sets out what information must be included namely:

- 1) Community outcomes
- 2) Groups of activities
- 3) Capital expenditure for groups of activities
- 4) Statement of service provision
- 5) Funding impact statements for groups of activities
- 6) Variation between Council's LTP and assessment of water and sanitary services and waste management plans
- 7) Council controlled organisations
- 8) Development of Māori capacity to contribute to decision-making processes
- 9) Financial Strategy and Infrastructure Strategy
- 10) Revenue and Financing Policy
- 11) Significance and Engagement Policy
- 12) Forecast financial statements
- 13) Financial statements for previous year
- 14) Statement concerning balancing of budget
- 15) Funding impact statement
- 16) Rating base information
- 17) Reserve funds
- 18) Significant forecasting assumptions

Section 96 of the LGA states that when a council adopts a LTP it is providing a formal and public statement of the council's intentions; but a resolution to adopt a LTP does not constitute a decision to act on any specific matter included within the plan. There are statutory restrictions if Council wants to deviate from the direction established in the adopted LTP.

Staff have completed detailed assessments of the draft LTP's compliance with the legislative requirements in order to ensure we have met all requirements.

Section 93(3) LGA 2002, stipulates that a Long Term Plan must be adopted before the commencement of the first year in which it relates. However, due to changes to Three Waters legislation and the uncertainty this created, the government included a provision in the Water Services Acts Repeal Act which allowed an extension of the deadline to 30 September 2024.

The Long Term Plan 2024-2034 will become operative on 4 July 2024.

In accordance with Section 93(10) LGA 2002, the Long Term Plan 2024-2034 will be made publicly available within one month of adoption, by being published on the MPDC website.

Local Government Act 2002 (LGA 2002) Decision-making requirements

Significance

The Local Government Act 2002 requires an assessment of the significance of matters, issues, proposals and decisions in this report against Council’s Significance and Engagement Policy. Council acknowledges that in some instances a matter, issue, proposal or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.

In making this assessment, consideration has been given to the likely impact, and likely consequences for:

- a) the current and future social, economic, environmental, or cultural well-being of the district or region
- b) any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter
- c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.

Having regard to the decision making provisions in the LGA 2002 and Council’s Significance Policy, a decision in accordance with the recommendations is assessed as having a high level of significance.

Development of the LTP is a matter of high significance. For this reason the LGA 2002 requires the Council to use the special consultative procedure when consulting with its community on adoption of the Plan (s 93(2) LGA 2002).

All Council decisions, whether made by the Council itself or under delegated authority, are subject to the decision-making requirements in sections 76 to 82 of the LGA 2002. This includes any decision not to take any action.

Local Government Act 2002 decision making requirements	Staff/officer comment
Section 77 – Council needs to give consideration to the reasonable practicable options available.	Options are addressed above in this report.
Section 78 – requires consideration of the views of Interested/affected people	Public consultation took place in accordance with the prescribed special consultative procedure.
Section 79 – how to achieve compliance with sections 77 and 78 is in proportion to the significance of the issue	The Significance and Engagement Policy is considered above. This issue is assessed as having a high level of significance.
Section 82 – this sets out principles of consultation.	Public consultation occurred in line with LGA requirements

Policy Considerations

1. To the best of the writer’s knowledge, this recommendation is not significantly inconsistent with nor is anticipated to have consequences that will be significantly inconsistent with any policy adopted by this local authority or any plan required by the Local Government Act 2002 or any other enactment.

Included in the draft LTP is identification of variations from our Waste Management and Minimisation Plans and assessment of public toilets and sanitary services, as required by legislation. We have identified no significant variations.

Te Tākoha ki ngā Hua mō te Hapori me te here ki te whakakitenga o te Kaunihera | Contribution to Community Outcomes

In May 2023, after a period of development, Council adopted its new Strategic Direction setting out its vision and community outcomes for the district. The LTP uses this new strategic direction as its foundation.





Council’s vision is:

Matamata-Piako District is vibrant, passionate, progressive, where opportunity abounds. ‘The heart of our community is our people, and the people are the heart of our community.

Council’s community outcomes are:

- He wāhi kaingākau ki te manawa | a place with people at its heart
- He wāhi puawaitanga | a place to thrive
- He wāhi e poipoi ai tō tātou taiao | a place that embraces our environment
- He wāhi whakapapa, he wāhi hangahanga | a place to belong and create

The LTP contributes to all outcomes by setting the funding and activity framework for delivery of Council services and activities.

MATAMATA-PIAKO TŌ MĀTOU WĀHI NOHO OUR PLACE		MATAMATA-PIAKO DISTRICT COUNCIL TE ARA RAUTAKI STRATEGIC DIRECTION	
TŌ MĀTOU WHAKAKITENGA OUR VISION			
Matamata-Piako District is vibrant, passionate, progressive, where opportunity abounds. ‘The heart of our community is our people, and the people are the heart of our community.			
TŌ MĀTOU WHĀINGA MATUA OUR PRIORITIES (COMMUNITY OUTCOMES)			
			
He wāhi kaingākau ki te manawa A place with people at its heart	He wāhi puawaitanga A place to thrive	He wāhi e poipoi ai tō tātou taiao A place that embraces our environment	He wāhi whakapapa, he wāhi hangahanga A place to belong and create

Pānga ki te pūtea, me te puna pūtea | Financial Cost and Funding Source

The LTP Budget is \$45,000 which is used primarily for external communications in support of the public consultation period. There is a separate budget for LTP Audit Fees.

The audit engagement letter outlined a base fee of \$103,300. Subsequently Audit have indicated that the expected final cost is likely to be higher due to additional time being spent on the audit of the Consultation Document.

Ngā Tāpiritanga | Attachments

There are no attachments for this report.

Ngā waitohu | Signatories

Author(s)	Anne Gummer Policy Advisor	
	Niall Baker Policy Team Leader	
	Larnia Rushbrooke Finance and Business Services Manager	
	Susanne Kampshof Asset Manager Strategy and Policy	

Approved by	Niall Baker Policy Team Leader	
	Sandra Harris Strategic Partnerships and Governance Manager	
	Kelly Reith Group Manager People, Governance & Relationships	
	Manaia Te Wiata Group Manager Business Support	

8 Ngā Pūrongo Whakamārama | Information Reports

8.4 Audit Plan for Annual Report 2023/24

CM No.: 2874818

Te Kaupapa | Purpose

The purpose of this report is for the Committee to;

- Receive the draft Audit Plan for the year ending 30 June 2024.
- Receive the letter of engagement for the Limited Assurance Report in respect of the Debenture Trust Deed.
- Invite any feedback.

Rāpopotonga Matua | Executive Summary

Audit NZ have provided the Audit Plan for the year ending 30 June 2024. The Audit Plan sets out the potential risks and issues, the Audit process, reporting protocols and Audit expectations for the Annual Report 2023/24. Audit have also provided the letter of engagement for the Limited Assurance Report in respect of the Debenture Trust Deed. The Committee is invited to provide any feedback.

Tūtohunga | Recommendation

That:

1. **The information be received.**
2. **The Committee receive the draft Audit Plan for the year ending 30 June 2024.**
3. **The Committee review the letter of engagement for the Limited Assurance Report in respect of Debenture Trust Deed.**
4. **The Committee provides any feedback on the above (*if desired – feedback to be specified*).**

Horopaki | Background

Each year, Council prepares and adopts an Annual Report as per Section 98 of the Local Government Act 2002 (LGA), and is required to be independently audited. The report includes an opportunity for Council to see how it is providing levels of service to the community by reporting on financial and non-financial performance measures that are set in the Long Term Plan 2021-31. The report also includes financial reporting on the budgets of that year and Council spending. Audit New Zealand are appointed to Audit Council by the Auditor General.

Ngā Take/Kōrerorero | Issues/Discussion

Annual Report audit plan

Attached to the report is the draft 2024 Audit Plan, which formally sets out arrangements for the 2023/24 audit.

The Audit Plan outlines the proposed approach to the audit, matters of particular interest in the audit approach (both for Council specifically and the local government sector in general), fees and timeline.

There will be additional audit focus area on the pecuniary interests register, materiality and the performance measures.

Debenture Trust Deed

Also attached to this report is the letter of engagement for the Limited Assurance Report in respect of Debenture Trust Deed.

The debenture trust deed covers the lending agreement with Local Government Funding Agency (LGFA), and Audit NZ undertakes a limited independent assurance review of the records of held at ComputerShare for Council’s borrowing.

ComputerShare engages its own auditors to give assurance over its operations and record keeping. Audit NZ relies upon this work to give Council its limited assurance.

Audit NZ will carry out a limited assurance review on Council’s Debenture Trust Deed (the Deed) in accordance with clause 10.2.6.4 of the Trust Deed.

Ngā Whiringa | Options

The Committee has the option of providing feedback to Council on the Audit Plan for the year ending 30 June 2024 and the Limited Assurance Report in respect of the Debenture Trust Deed.

Ngā take ā-ture, ā-Kaupapahere hoki | Legal and policy considerations

Section 98 of the Local Government Act 2002 requires Council to prepare and adopt an annual report each financial year.

There are no policy or bylaw issues.

Local Government Act 2002 (LGA 2002) Decision-making requirements

Having regard to the decision making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is assessed as having a low level of significance.

All Council decisions, whether made by the Council itself or under delegated authority, are subject to the decision-making requirements in sections 76 to 82 of the LGA 2002. This includes any decision not to take any action.

Local Government Act 2002 decision making requirements	Staff/officer comment
Section 77 – Council needs to give consideration to the reasonable practicable options available.	There are no options to consider – the Committee is asked to give any feedback on the audit plan.
Section 78 – requires consideration of the views of Interested/affected people	The audit of the Annual Report is a statutory requirement. There is no community impact.
Section 79 – how to achieve compliance with sections 77 and 78 is in proportion to the significance of the issue	The Significance and Engagement Policy is considered above. This issue is assessed as having a low

	level of significance.
Section 82 – this sets out principles of consultation.	There is no consultation regarding the audit or Annual Report process.

Policy Considerations

1. To the best of the writer’s knowledge, this recommendation is not significantly inconsistent with nor is anticipated to have consequences that will be significantly inconsistent with any policy adopted by this local authority or any plan required by the Local Government Act 2002 or any other enactment.

Ngā Pāpāhonga me ngā Whakawhitiwhitinga | Communications and engagement

There are no communication or consultation issues.





Timeframes

Key Task	Dates
Draft Annual Report and Summary is completed in preparation for Audit	30 Aug 2024
Audit of the draft Annual Report begins	2 Sept 2024
Final Audited Annual Report is presented to the Committee	29 Oct 2024
Final Audited Annual Report is presented to Council for adoption	30 Oct 2024

Te Tākoha ki ngā Hua mō te Hapori me te here ki te whakakitenga o te Kaunihera | Contribution to Community Outcomes

Matamata Piako District Council’s Community Outcomes are set out below:

MATAMATA-PIAKO TŌ MĀTOU WĀHI NOHO OUR PLACE	MATAMATA-PIAKO DISTRICT COUNCIL TE ARA RAUTAKI STRATEGIC DIRECTION
TŌ MĀTOU WHAKAKITENGA OUR VISION	
Matamata-Piako District is vibrant, passionate, progressive, where opportunity abounds. ‘The heart of our community is our people, and the people are the heart of our community.’	

TŌ MĀTOU WHĀINGA MATUA OUR PRIORITIES (COMMUNITY OUTCOMES)			
			
He wāhi kaingākau ki te manawa A place with people at its heart	He wāhi puawaitanga A place to thrive	He wāhi e poipoi ai tō tātou taiao A place that embraces our environment	He wāhi whakapapa, he wāhi hangahanga A place to belong and create

Pānga ki te pūtea, me te puna pūtea | Financial Cost and Funding Source

Funding is allocated in each Long Term Plan/Annual Plan to produce and audit the Annual Report.

i. Cost

The production of the Annual Report and Summary has a budget of \$8,000 (excluding audit costs) for production of the Annual Report and Summary.

Annual Report Audit fees have a budget of \$160,000 however the audit fees are \$216,738 ex GST per the attached letter.


ii. Funding Source

The Annual Report cost is provided for within the strategies and plans activity budgets. The Annual Report and audit are funded from general rates.

Ngā Tāpiritanga | Attachments

[A](#)  Matamata-Piako District Council - Audit Plan - June 2024



[B](#)  Matamata-Piako District Council D24 -Tri-partite engagement letter - Debenture Trust Deeds



[C](#)  Audit Fees MPDC 2023-25

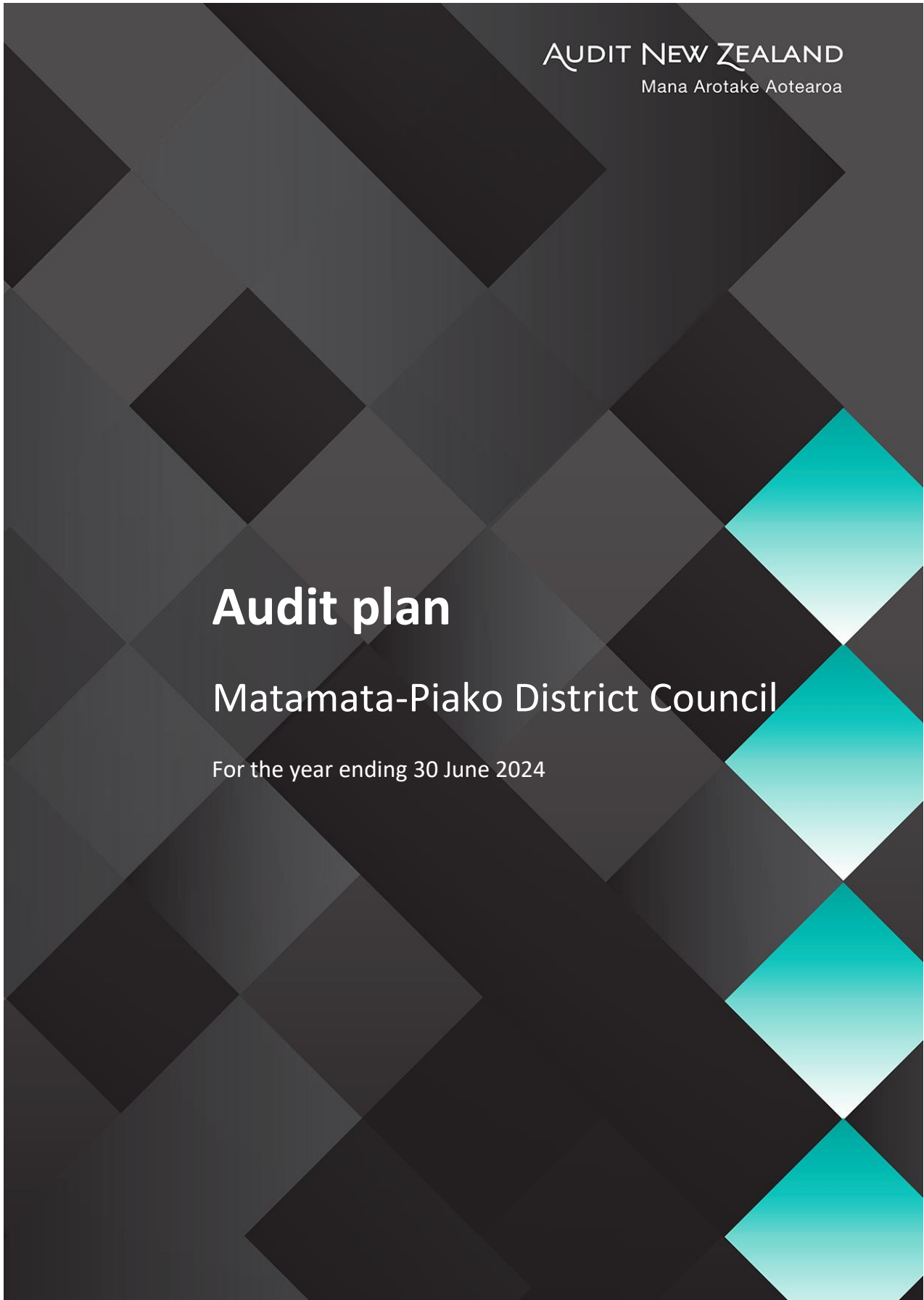


Ngā waitohu | Signatories

Author(s)	Olivia Picard Graduate Policy Advisor	
Approved by	Niall Baker Policy Team Leader	
	Sandra Harris Strategic Partnerships and Governance Manager	

Item 8.4

Attachment A



Audit plan

I am pleased to present our audit plan for the audit of Matamata-Piako District Council (the Council) for the year ending 30 June 2024. The purpose of this audit plan is to discuss:

Audit risks and issues	2
Our audit process	5
Reporting protocols	10
Audit logistics	11
Expectations	14

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



René van Zyl
Appointed Auditor
11 June 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
The risk of management override of internal controls	
<p>There is an inherent risk in every organisation of fraud resulting from management override of internal controls. 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. 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"> • testing the appropriateness of selected journal entries; • reviewing accounting estimates for indications of bias; and • evaluating any unusual or one-off transactions, including those with related parties.
Fair value assessment of property, plant and equipment (non-revaluation year)	
<p>We understand that the Council is not planning to undertake revaluations for the 2024 financial year. For those assets that the Council is not planning to revalue, the Council should perform a fair value movement assessment (assessment) to determine whether there is a significant difference between the fair value and the carrying value. Where the estimated difference is significant a revaluation may be necessary.</p> <p>Council's assessment should:</p> <ul style="list-style-type: none"> • factor in local cost information; • utilise relevant and reliable price movement indicators; and • involve consulting with valuers, if necessary. 	<p>We will review the reasonableness of Council's assessment including the appropriateness of the assumptions used in the assessment.</p> <p>If the movement of the assets individually or in combination with other asset classes is significant the Council may need to complete a revaluation.</p> <p>In certain circumstances it may be acceptable to make an adjustment based on the desktop revaluation.</p>

Audit risk/issue	Our audit response
<p>Alternatively, Council could engage valuers to assist in preparing a fair value assessment.</p> <p>Additional guidance can be obtained from the Audit New Zealand website.</p> <p>Property, plant, and equipment fair value assessment — Audit New Zealand (auditnz.parliament.nz)</p>	
Completeness of data for performance measures (CRM related performance measures)	
<p>During the prior year audit, Council was unable to extract complete reports for CRM data covering the previous financial year. Not being able to reproduce the data creates a risk to Council in terms of errors or incomplete reporting. It also creates audit risk as we need to gain support around the accuracy and completeness of the reported results.</p> <p>We understand that Council is extracting the data monthly for the 2024 financial year, and saving the data in PDF format to ensure there are no manipulation of data.</p>	<p>Additional audit testing will have to be performed to ensure accuracy and completeness of the reported results can be verified.</p> <p>We will consider whether the data the Council provides for audit to support performance reporting is complete and therefore whether the performance reporting in the annual report is complete relating to measures that use information generated from CRM. In doing so we will consider the processes that the Council has established during the year and whether it is sufficient to cover the 12-month period. We will perform testing to ensure that the data provided is complete.</p>
"Local Water Done Well" programme	
<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 Council controlled organisations to deliver water should Councils 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, and a new range of structural and financing tools, including a new type of financially independent Council-controlled organisation.</p>	<p>Our audit response to this risk includes reviewing 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>

Audit risk/issue	Our audit response
<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 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>	

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 Matamata-Piako District Council, with assistance from management.

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.

Our audit process

Initial planning

Initial planning activities include verifying compliance with independence requirements and building the audit team.

Understand your business and environment

We use our extensive sector and business knowledge to make sure we have a broad and deep understanding of the Council, your business, and the environment you operate in.

Assess audit risk

We use our knowledge of the business, the sector and the environment to identify and assess the risks that could lead to a material misstatement in the financial statements and performance information.

Evaluate internal controls

We update our understanding of internal controls relevant to the audit. This includes reviewing the control environment, risk assessment process, and relevant aspects of information systems controls. Most of this work is done during the initial audit visits. We evaluate internal controls relevant to the audit for the whole financial year, so we consider internal controls relevant to the audit at all visits.

Finalise the audit approach

We use the results of the internal control evaluation to determine how much we can rely on the information produced from your systems during our final audit.

Gather audit evidence

During the final audit we audit the balances, disclosures, and other information included in the Council's financial statements and performance information.

Conclude and report

We will issue our audit report on the financial statements and performance information. We will also report to the Council covering any relevant matters that come to our attention.

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

To ensure the year-end annual report and audit thereof are efficient, the 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:

- fair value assessments and revaluations of property, plant and equipment held at fair value;
- impairment assessments for property, plant and equipment;
- 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 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 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 \$78,500,000 based on budgeted total property plant and equipment. 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.

Overall materiality	\$78,500,000
Specific materiality	\$2,250,000
Clearly trivial threshold	\$112,500

For this audit we have set a lower, **specific materiality** of \$2,250,000 for all items not related to the fair value of property, plant and equipment. A lower **specific materiality** is also determined separately for some items due to their sensitive nature. For example, a lower specific materiality is determined and applied for 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 Council other than those that are **clearly trivial**. We consider misstatements of less than \$112,500 to be clearly trivial unless there are qualitative considerations that heighten its significance. Where using asset intensive materiality, use the threshold for the lower specific materiality here and in the box above. 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 Council on the reasons why the corrections will not be made.

Misstatements
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 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 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
The extent to which Council’s drinking water supply complies with: <ul style="list-style-type: none"> part 4 of the drinking-water standards (bacteria compliance criteria), and part 5 of the drinking-water standards (protozoal compliance criteria). 	Compliance is either met or not met. It is not appropriate to set a materiality level.
The percentage of real water loss from Council’s networked reticulation system (using minimum night flow analysis).	8% of reported result
Compliance with our resource consents for discharge from our wastewater (measured by the number of: <ul style="list-style-type: none"> abatement notices; infringement notices; enforcement orders; and convictions received in relation to those resource consents.	5% of reported result
The number of dry weather sewage overflows from our wastewater system, (expressed per 1,000 connections per year to Council’s wastewater system).	5% of reported result
Compliance with our resource consents for discharge from our stormwater system, measured by the number of: <ul style="list-style-type: none"> abatement notices; infringement notices; enforcement orders; and convictions received in relation to those resource consents.	5% of reported result
The percentage of the sealed local road network that is resurfaced.	8% of reported result
The average quality of ride on a sealed local road network, measured by smooth travel exposure.	8% of reported result

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 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 Council;
- there is any sign or appearance of a lack of probity as a result of any act or omission by 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 Council or by one or more of its members, office holders, or employees.

Reporting protocols

Communication with management and the Matamata-Piako District Council



We will meet with management and the Matamata-Piako District Council 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 Matamata-Piako District Council



We will provide a draft of all reports to management (and the Matamata-Piako District Council) for discussion/clearance purposes. In the interests of timely reporting, we ask management to provide their comments on the draft within 10 working days. 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.

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:

René van Zyl	Appointed Auditor
Claudia Brink	Audit Manager
Arin Bevie	Audit Supervisor
Parakum Pathirana	Information Systems Audit and Assurance Manager

Timetable



Our proposed timetable is:

Interim audit	8 April 2024
Risk and Assurance Committee meeting (audit to present draft audit plan)	2 July 2024
Draft interim report to the Matamata-Piako District Council issued	27 June 2024
Final trial balance for audit	29 August 2024
Annual report available, including any Chair and Chief Executive's overview or reports, financial statements and performance reporting	30 August 2024
Summary Annual report available	30 August 2024
Final audit beings	2 September 2024
Risk and Assurance Committee meeting (audit to present interim Report to Council)	10 September 2024

Final financial statements available, incorporating all the amendments agreed to between us	8 October 2024
Verbal audit clearance update	15 October 2024
Risk and Assurance Committee meeting	29 October 2024
Audit opinion issued	30 October 2024 (sent to Council on 29 October 2024)
Council meeting	30 October 2024
Draft report to the Matamata-Piako District Council issued	6 November 2024
Draft report to the Matamata-Piako District Council – management responses received	20 November 2024
Final report to the Matamata-Piako District Council issued	25 November 2024
Risk and Assurance Committee meeting	10 December 2024

There is the possibility that there may be disruptions that will require changes to the timetable proposed above. Where this arises, we will discuss a revised timetable with you.

AuditDashboard

Since 2021, we used AuditDashboard, our online portal, to transfer files between your employees and Audit New Zealand. Overall, the use of AuditDashboard made it easy to fulfil requests. Real-time status updates provided greater visibility to everyone and helped to keep everyone organised and on the same page.

We will again use AuditDashboard for transferring files 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.
- Less auditor time on site which allows you to get on with your work and enables planned focused conversations when these take place.

To complete audit work off-site and fully obtain the benefits detailed above, you will need to:

- ensure that you can assess your systems remotely.
- store supporting documents electronically and be able to easily retrieve these.

During the previous audit, we were able to perform some of our audit work remotely. Based on our experience we found that Matamata-Piako 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 2024 audit. This will include our expectation that AuditDashboard will be used, which is a safe and secure way of transferring information and documentation between you and us.

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.



AUDIT NEW ZEALAND
Mana Arotake Aotearoa

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Auckland 1140
Phone: 04 496 3099





AUDIT NEW ZEALAND
Mana Arotake Aotearoa

11 June 2024

Level 14, Shortland and Fort
88 Shortland Street
PO Box 1165, Auckland 1140

The Council
Matamata-Piako District Council
PO Box 266
Te Aroha 3342

The Board Members
Trustees Executors Limited
PO Box 3222
Wellington 6140

Tēnā kotou Councillors and Trustees Executors Limited Board Members

Confirmation of Engagement – Limited Assurance Report in respect of the Matamata-Piako District Council’s Debenture Trust Deed

The purpose of this letter is to confirm our understanding of our respective responsibilities arising from your request to provide a report under clause 10.2.6 of the Debenture Trust Deed between Trustees Executors Limited, (the Trustee) and Matamata-Piako District Council (the Council) dated 9 May 2011 (the Trust Deed). References in this letter are also made to the Deed of Amendment Trustee and the Council dated 13 February 2013 (the Deed of Amendment).

The purpose of this letter is to confirm the terms of our Limited Assurance Engagement and the nature of, and limitations to the services that we will provide. All services are provided subject to the terms and limitations set out in this letter (including any appendices).

Scope of the engagement

The Auditor-General is the auditor of the Council pursuant to the Public Audit Act 2001. The Auditor-General has appointed me, René van Zyl, using the staff and resources of Audit New Zealand to carry out the audit of the annual financial statements and performance information of the Council.

The objective of the audit of the annual financial statements and performance information, which is the subject of a separate letter of engagement with the Council dated 7 June 2023, (attached as Appendix A), is to report our opinion on those annual financial statements and performance information on behalf of the Auditor-General.

As auditors appointed for the audit of the annual financial statements and performance information, we are not responsible for:

- the preparation of the annual financial statements and performance information of the Council;
- any Reporting Certificate(s) issued to the Trustee by the Council;
- the Council's compliance with the Trust Deed; or
- the obligations of the Trustee, as defined in the Trust Deed and relevant legislation, or the Trustee's execution of those responsibilities in accordance with the Trust Deed and relevant legislation.

The procedures performed when carrying out the audit of the annual financial statements and performance information of the Council are not designed to assess whether the Council has complied with the Trust Deed or to make an evaluation of the Reporting Certificate(s) the Council issued to the Trustee.

The scope of this Limited Assurance Engagement is to report on certain matters stated in clause 10.2.6 of the Trust Deed based on information obtained as a by-product of the audit of the annual financial statements and performance information of the Council for the year ending 30 June 2024.

For the purpose of providing our Limited Assurance report (Report), (example attached as Appendix B), other than as expressly stated in the section below titled "Scope of Auditor's Responsibilities", we will not perform any further procedures beyond those required to complete the audit of the annual financial statements and performance information of the Council.

In the performance of our duties as auditors, unless expressly stated, we do not perform any work at the time the Council's Reporting Certificate for the year ended 30 June 2024 is prepared. Accordingly, our statements contained in the Report in relation to the matters addressed in clause 10.2.6 of the Trust Deed must be viewed in that context.

Scope of the Council's responsibilities

The Council is required to provide a copy of the annual report, which includes the audited financial statements and performance information of the Council and our audit opinion, to the Trustee under clause 10.2.1 of the Trust Deed.

The Council is responsible for preparing Reporting Certificates to the Trustee in accordance with clause 2.1.f of the Deed of Amendment. The Council is responsible for such internal control as is determined necessary to ensure compliance with the requirements of the Trust Deed and also to enable the preparation of Reporting Certificates that are free from material misstatement, whether due to fraud or error.

The Council is responsible for keeping the Register and ensuring that it is separately audited in accordance with clause 4.2.8 of the Trust Deed.

The Council is required to comply with the full requirements of the Trust Deed, including the continuing covenants and reporting requirements.

The Council is responsible for interpreting the clauses and definitions in the Trust Deed. We make no representations as to whether these interpretations of the Trust Deed are appropriate.

Scope of the Trustee's responsibilities

The Trustee monitors the Council's compliance under the terms of the Trust Deed. The terms of the Trust Deed were agreed by the Trustee and the Council. We are not a signatory to the Trust Deed and we were not consulted about the terms of the Trust Deed. We therefore take no responsibility for the adequacy of the terms of the Trust Deed for monitoring the Council.

The receipt of the Report and the audited annual financial statements and performance information of the Council, and any reliance on the audit opinion contained in our auditor's report attached to those audited annual financial statements and performance information, does not relieve the Trustee of its responsibilities under the Trust Deed and relevant legislation.

The Financial Markets Authority (FMA) issued a guidance note titled "Monitoring by Securities Trustees and Statutory Supervisors"¹. This guidance note sets out the FMA's expectations about how Trustees will carry out their monitoring functions effectively. Where applicable, it is the Trustee's responsibility to meet the FMA's expectations as set out in the guidance note.

¹ Please refer to the FMA website for a copy of the guidance note titled "Monitoring by Securities Trustees and Statutory Supervisors" (2013).

Scope of the Auditor's responsibilities

Our responsibility is to express a limited assurance conclusion based on the procedures we will perform and the evidence we will obtain. We will conduct our limited assurance engagement in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the New Zealand Auditing and Assurance Standards Board. A copy of this standard is available on the External Reporting Board's website.

A limited assurance engagement is not an audit and the procedures that will be performed are substantially less than for an audit where reasonable assurance is provided. As a result, the level of assurance that will be obtained is substantially lower than the assurance that would have been obtained had an audit been performed.

We will report to you on the following specific matters under clause 10.2.6 of the Trust Deed:

- From our perusal of the Reporting Certificate dated [TBC] given on behalf of the Council pursuant to clause 2.1.f of the Deed of Amendment and, as far as matters that we will observe in the performance of our duties as auditors are concerned, whether anything is brought to our attention to indicate that the statements made in such Reporting Certificate are not materially correct.

In meeting this responsibility, we will agree the total amount of all categories of stock in the Reporting Certificate dated [TBC] with Computershare Investor Services and the Local Government Funding Agency.

With reference to the other assertions the Chief Executive will make in the Reporting Certificate our procedures will be limited to talking to management and considering any issues which might have come to our attention as a by-product of our engagement to perform the audit of the annual financial statements and performance information of the Council.

- Whether in performing our duties as auditors, we have:
 - become aware of any matters which, in our opinion, are relevant to the exercise or performance of the powers or duties conferred or imposed on the Trustee; and
 - disclosed any matter that, in our opinion, calls for further investigation by the Trustee in the interests of the Stockholders.

In meeting this responsibility, our procedures will be limited to talking to management and considering any issues which might come to our attention as a by-product of the audit of the annual financial statements and performance information of the Council.

- As at the end of the financial year, from the audit procedures performed as part of the audit of the annual financial statements and performance information of the Council, whether anything came to our attention to indicate that, in all material respects, principal money due and payable on the Stock and interest due and payable on the Stock, had not been paid.

We will not test that each individual Stockholder has received all monies due and payable to them.

- Whether the Council's agents have maintained the Register in accordance with the requirements of the Trust Deed.

The Council is responsible for maintaining the Register and ensuring it is separately audited in accordance with clause 4.2.8.

We will not audit the Register for the year ended 30 June 2024. Our procedures will be limited to asking the Council for a copy of the audit report about the audit of the Register.

- As at 30 June 2024:
 - the amount of Stock and how much is Security Stock and Bearer Stock; and
 - the Principal Money owing or secured under the Stock distinguishing between Security Stock and other categories of Stock.

In meeting this responsibility, we will agree the total of all categories of Stock with Computershare Investor Services and the Local Government Funding Agency. We will not test that each individual Stockholder has received all monies due and payable to them.

Our Limited Assurance Engagement to provide the Report will be completed in accordance with the scope defined in this letter and any reliance on the Report can only be in the context of the scope as defined. The Report will therefore not be suitable for any other purpose.

Inherent limitations

We will report to you as accountants, not lawyers. Accordingly, we are not aware of all the powers and duties of trustees which may exist in statute, regulation, case law, legal precedent or otherwise.

Because of the inherent limitations in evidence gathering procedures, it is possible that fraud, error or non-compliance may occur and not be detected. As the procedures performed for this engagement will not be performed continuously throughout the period and the procedures performed in respect of the Council's compliance with the Trust Deed will be undertaken on a test basis (that is, we will not check every transaction), our Report cannot be relied on to detect all instances where the Council may not have complied with the requirements of the Trust Deed. Our Conclusion will be formed on the above basis.

Restricted use

Our Report will be addressed to the Council and the Trustee. This Report has been prepared solely for the Council and the Trustee in accordance with the requirements of clause 10.2.6 of the Trust Deed. We disclaim any assumption of responsibility for any reliance on this report to any persons other than the Council and the Trustee or for any purpose other than that for which it was prepared.

Our Report is not to be copied or made available (in whole or in part), or recited or referred to in any document, made available to any other person, without our prior written consent except as may be required by law. In addition, we will take no responsibility for, nor do we report on, any part of the Trust Deed not specifically mentioned in the report.

Independence and quality control

We will comply with the Auditor-General's:

- Independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 issued by the New Zealand Auditing and Assurance Standards Board; and
- Quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended) issued by the New Zealand Auditing and Assurance Standards Board.

Timetable

Our work will be completed concurrently with the audit of the annual financial statements and performance information. We will complete our Report as soon as possible once the Council has signed the annual financial statements and performance information and provided us with the Reporting Certificate given on behalf of the Council pursuant to clause 10.2.6 of the Trust Deed.

Fees

The fee will be payable by the Council for this Limited Assurance Engagement. The total fee is estimated to be \$8,000.

Supporting documentation required

In order to complete this engagement, we will need access certain information and documentation that council should have in its files supporting its reporting certificate. Please refer to Appendix C for details of the information and documentation we will need.

Agreement

If you have any questions about this letter, please contact me. Please confirm your agreement to the terms and limitations of this engagement letter by signing below and returning a copy to us.

Nāku, na



René van Zyl
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand

The Council acceptance

The Council confirms and accepts the engagement of Audit New Zealand to provide the services on the terms and conditions set out in this engagement letter.

(Signature)

(Name)

(Position)

Trustee acceptance

Trustees Executors Limited as Trustee for the Council confirms and accepts the engagement of Audit New Zealand to provide the services on the terms and conditions set out in this engagement letter.

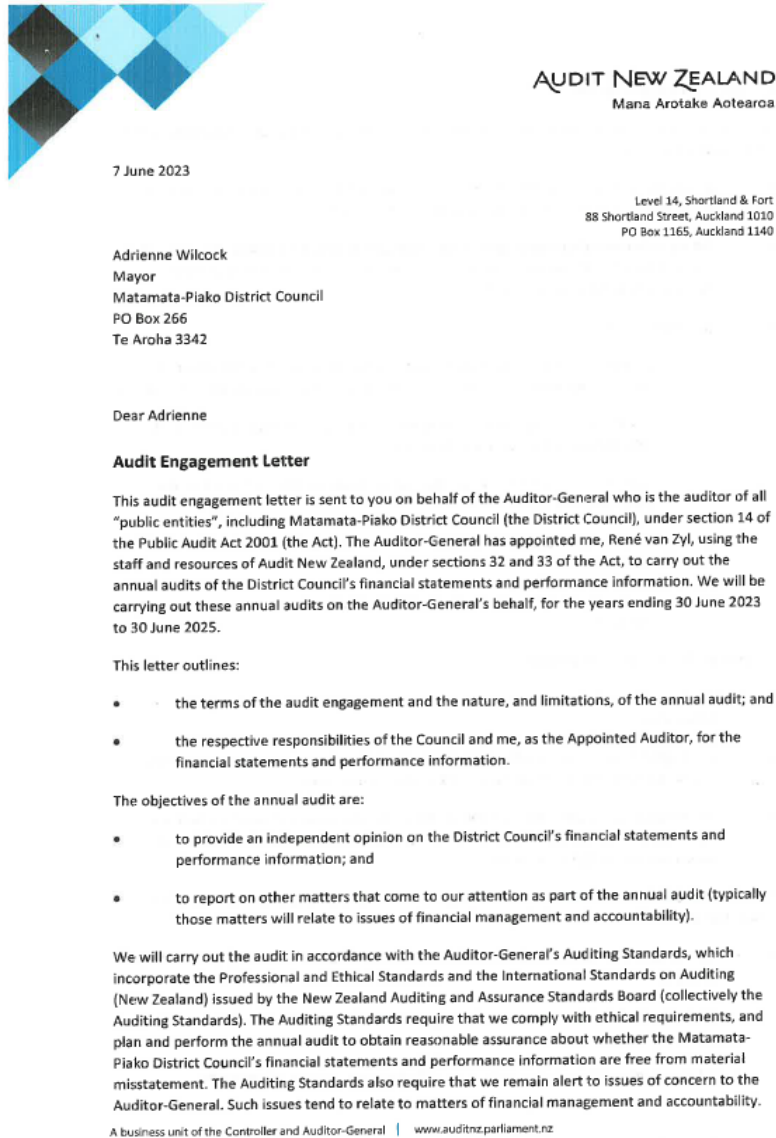
Trustees Executors Limited has entered into this letter of engagement in its capacity as Trustee of the Council and accordingly its liability shall not be personal and unlimited but shall be limited to the assets of the Council available to it from time to time in that capacity.

(Signature)

(Name)

(Position)

Appendix A: Engagement Letter – audit of the annual financial statements and performance information



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 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. We expect members of the council to be familiar with those responsibilities and, where necessary, have obtained advice about them. Appendix 3 outlines respective responsibilities when using Audit New Zealand's client portal tool.

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:

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



René van Zyl
Appointed Auditor
On behalf of the Auditor-General

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

Signature:  Date: 10/6/23
Name: Adrienne Wilcock
Title: Mayor

Appendix 1: Respective specific responsibilities of the Council and the Appointed Auditor

Responsibilities of the council	Responsibility of the Appointed Auditor
Responsibilities for the financial statements and performance information	
<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. 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"> • present fairly, in all material respects: <ul style="list-style-type: none"> ◦ the financial position; and ◦ the financial performance and cash flows for the financial year; • comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards. <p>We are also responsible for forming an independent opinion on whether the performance information:</p> <ul style="list-style-type: none"> • presents fairly, in all material respects, the performance for the financial year, including: <ul style="list-style-type: none"> ◦ the performance achievements as compared with the intended levels of service for the financial year; and ◦ the actual revenue and expenses as compared with the forecasts included in the long-term plan and annual plan for the financial year. • complies with generally accepted accounting practice in New Zealand. <p>In addition to the above we are also responsible for forming an independent opinion whether:</p> <ul style="list-style-type: none"> • 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; and

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Responsibilities of the council	Responsibility of the Appointed Auditor
	<ul style="list-style-type: none"> 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 or annual 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. <p>We are also required to report on whether the District Council has:</p> <ul style="list-style-type: none"> 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. <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>

Responsibilities of the council	Responsibility of the Appointed Auditor
	<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"> • the appropriateness of accounting policies used and whether they have been consistently applied; • the reasonableness of the significant accounting estimates and judgements made by those charged with governance; • the appropriateness of the content and measures in any performance information; • the adequacy of the disclosures in the financial statements and performance information; and • the overall presentation of the financial statements and performance information. <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"> • the adoption of the going concern basis of accounting is appropriate; • all material transactions have been recorded and are reflected in the financial statements and performance information; • all instances of non-compliance or suspected non-compliance with laws and regulations have been disclosed to us; and • uncorrected misstatements noted during the audit are immaterial to the financial statements and performance information. <p>Any representation made does not in any way reduce our responsibility to perform appropriate audit procedures and enquiries.</p>

Responsibilities of the council	Responsibility of the Appointed Auditor
	<p>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.</p> <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 for the accounting records	
<p>You are responsible for maintaining accounting and other records that:</p> <ul style="list-style-type: none"> • correctly record and explain the transactions of the District Council; • enable you to monitor the resources, activities, and entities under your control; • enable the District Council's financial position to be determined with reasonable accuracy at any time; • 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 • are in keeping with the requirements of the Commissioner of Inland Revenue. 	<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>
Responsibilities for accounting and internal control systems	
<p>You are responsible for establishing and maintaining accounting and internal control systems (appropriate to the size of the District Council), 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>

A.3.7 - H888444mP6101231 - 30-06-2023

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Responsibilities of the council	Responsibility of the Appointed Auditor
Responsibilities for preventing and detecting fraud and error	
<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 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>	<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> <ul style="list-style-type: none"> • obtain an understanding of internal control and assess its ability for preventing and detecting material fraud and error; and • report to you any significant weaknesses in internal control that come to our notice. <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>

A.1.1 - H818MatamataPiakoD24 - 30-06-2023

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Responsibilities of the council	Responsibility of the Appointed Auditor
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) 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"> • the relevance of the law or regulation to the audit; • our assessment of the risk of non-compliance; • the impact of non-compliance for the addressee of the audit report. <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> <p>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.</p>
Responsibilities to establish and maintain appropriate standards of conduct and personal integrity	
<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>

Responsibilities of the council	Responsibility of the Appointed Auditor
	<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>
Responsibilities for conflicts of interest and related parties	
<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>	<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.</p>
Responsibilities for publishing the audited financial statements on a website	
<p>You are responsible for the electronic presentation of the financial statements and performance information on the District Council's website. 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>	<p>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.</p>

Appendix B: Example Report

Independent Assurance Report

To Matamata-Piako District Council and to Trustees Executors Limited in respect of Matamata-Piako District Council's Debenture Trust Deed for the year ended 30 June 2024

The Auditor-General is the auditor of Matamata-Piako District Council (the Council) pursuant to the Public Audit Act 2001. The Auditor-General has appointed me, René van Zyl, using the staff and resources of Audit New Zealand to undertake a limited assurance engagement, on his behalf, as required by clause 10.2.6 of the Debenture Trust Deed dated 9 May 2011 (the Trust Deed), for the year ended 30 June 2024.

Councillors' Responsibilities

The Council is required to provide a copy of the annual report, which includes the audited financial statements and performance information of the Council and our audit opinion, to the Trustees Executors Limited (Trustee) under clause 10.2.1 of the Trust Deed.

The Council is responsible for preparing Reporting Certificates to the Trustee in accordance with clause 2.1.f of the Deed of Amendment of Debenture Trust Deed (the Deed of Amendment) dated 13 February 2013. The Council is responsible for such internal control as is determined necessary to ensure compliance with the requirements of the Trust Deed and also to enable the preparation of Reporting Certificates that are free from material misstatement, whether due to fraud or error.

The Council is responsible for keeping the Register and ensuring that it is separately audited in accordance with clause 4.2.8 of the Trust Deed.

The Council is required to comply with the full requirements of the Trust Deed, including the continuing covenants and reporting requirements.

The Council is responsible for interpreting the clauses and definitions in the Trust Deed. We make no representations as to whether these interpretations of the Trust Deed are appropriate.

Trustee's Responsibilities

The Trustee monitors the Council's compliance under the terms of the Trust Deed. The terms of the Trust Deed were agreed by the Trustee and the Council. We are not a signatory to the Trust Deed and we were not consulted about the terms of the Trust Deed. We therefore take no responsibility for the adequacy of the terms of the Trust Deed for monitoring the Council.

The receipt of this limited assurance report (the Report) and the audited financial statements and performance information of the Council, and any reliance on the audit opinion contained in our auditor's report attached to those audited financial statements and performance information, does not relieve the Trustee of its responsibilities under the Trust Deed and relevant legislation.

The Financial Markets Authority (FMA) issued a guidance note titled "Monitoring by Securities Trustees and Statutory Supervisors"². This guidance note sets out the FMA's expectations about how Trustees will carry out their monitoring functions effectively. Where applicable, it is the Trustee's responsibility to meet the FMA's expectations as set out in the guidance note.

Auditor's Responsibilities

Our responsibility is to express a limited assurance conclusion based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the New Zealand Auditing and Assurance Standards Board. A copy of this standard is available on the External Reporting Board's website.

A limited assurance engagement is not an audit and the procedures that have been performed are substantially less than for an audit where reasonable assurance is provided. As a result, the level of assurance that has been obtained is substantially lower than the assurance that would have been obtained had an audit been performed.

The procedures performed when carrying out the audit of the annual financial statements and performance information of the Council are not designed to assess whether the Council has complied with the Trust Deed or to make an evaluation of the Reporting Certificate(s) the Council issued to the Trustee.

The scope of this limited assurance engagement is to report on certain matters stated in clause 10.2.6 of the Trust Deed based on information obtained as a byproduct of our engagement to perform the audit of the annual financial statements and performance information of the Council for the year ended 30 June 2024.

² Please refer to the FMA website for a copy of the guidance note titled "Monitoring by Securities Trustees and Statutory Supervisors" (2013).

For the purpose of providing our Report, unless expressly stated, we have not performed any further procedures beyond those required to complete our engagement to perform the audit of the annual financial statements and performance information of the Council.

In the performance of our duties as auditors, unless expressly stated, we do not perform any work at the time the Reporting Certificate for the year ended 30 June 2024 is prepared by the Council. Accordingly, our statements contained in the Report in relation to the matters addressed in clause 10.2.6 of the Trust Deed must be viewed in that context.

Our responsibility under clause 10.2.6 of the Trust Deed is to:

- From our perusal of the Reporting Certificate dated [TBC] given on behalf of the Council pursuant to clause 2.1.f of the Deed of Amendment and, as far as matters that we will observe in the performance of our duties as auditors are concerned, report whether anything is brought to our attention to indicate that the statements made in such Reporting Certificate are not materially correct.

In meeting this responsibility, we agreed the total amount of all categories of Stock in the Reporting Certificate dated [TBC] with Computershare Investor Services and the Local Government Funding Agency.

With reference to the other assertions made by the Chief Executive in the Reporting Certificate our procedures have been limited to talking to management and considering any issues which might have come to our attention as a byproduct of our engagement to perform the audit of the annual financial statements and performance information of the Council.

- Report whether, in performing our duties as auditors, we have:
 - become aware of any matters which, in our opinion, are relevant to the exercise or performance of the powers or duties conferred or imposed on the Trustee; and
 - disclosed any matter that, in our opinion, calls for further investigation by the Trustee in the interests of the Stockholders.

In meeting this responsibility, our procedures have been limited to talking to management and considering any issues which might have come to our attention as a byproduct of our engagement to perform the audit of the annual financial statements and performance information of the Council.

- Report, as at the end of the financial year, from the audit procedures performed as part of our engagement to perform the audit of the annual financial statements and performance information of the Council, whether anything came to our attention to indicate that, in all material respects, principal money due and payable on the Stock and interest due and payable on the Stock, had not been paid.

We have not tested that each individual Stockholder has received all monies due and payable to them.

- Report whether the Council's agents have maintained the Register in accordance with the requirements of the Trust Deed.

The Council is responsible for maintaining the Register and ensuring it is separately audited in accordance with clause 4.2.8.

The audit of the Register is a separate engagement in the same way the engagement to perform the audit of the annual financial statements and performance information is a separate engagement. Our procedures were limited to asking the Council for a copy of the audit report about the Register.

- Report as at 30 June 2024:
 - the amount of Stock and how much is Security Stock and Bearer Stock; and
 - the Principal Money owing or secured under the Stock distinguishing between Security Stock and other categories of Stock.

In meeting this responsibility, we have agreed the total of all categories of Stock with Computershare Investor Services and the Local Government Funding Agency. We have not tested that each individual Stockholder has received all monies due and payable to them.

Inherent limitations

We report to you as accountants, not lawyers. Accordingly, we are not aware of all the powers and duties of trustees which may exist in statute, regulation, case law, legal precedent or otherwise.

Because of the inherent limitations in evidence gathering procedures, it is possible that fraud, error or non-compliance may occur and not be detected. As the procedures performed for this engagement are not performed continuously throughout the period and the procedures performed in respect of the Council's compliance with the Trust Deed are undertaken on a test basis (that is, we do not check every transaction), our Report cannot be relied on to detect all instances where the Council may not have complied with the requirements of the Trust Deed. Our Conclusion has been formed on the above basis.

Restricted use

This Report has been prepared solely for the Council and the Trustee in accordance with the requirements of clause 10.2.6 of the Trust Deed. We disclaim any assumption of responsibility for any reliance on this report to any persons other than the Council and the Trustee or for any purpose other than that for which it was prepared.

Limited Assurance Conclusion

Based on our work described in this report, nothing has come to our attention that causes us to believe that:

- The statements made by the Council in the Reporting Certificate dated [TBC] pursuant to clause 2.1.f are materially incorrect (Reporting Certificate dated [TBC] is given in appendix one).
- There are any matters which, in our opinion, are relevant to the exercise or performance of the powers or duties conferred or imposed on the Trustee.
- There are any matters that, in our opinion, calls for further investigation by the Trustee in the interests of the Stockholders.
- In all material respects, that the Council has not paid all principal money due and payable on the Stock and all interest due and payable on the Stock.

Our limited assurance engagement was completed on [date] and our conclusion is expressed as at that date.

The Register and Stock

The Council has provided us with a copy of the audit report about the Register. Please refer to appendix two for a copy of the audit report about the Register.

Based on the work described in this Report, as at 30 June 2024 the following balances are given:

Total stock of	xxxx
This is comprised of:	
○ Security stock of	xxxx
○ Bearer stock of	xxxx
○ Other stock of	xxxx
○ Security stock (Local Government Funding Agency stock) of	xxxx

Based on the work described in this Report, as at 30 June 2024 the following balances are given:

Total Principal Money owing and secured under the stock of	xxxx
--	------

This is comprised of:

○ Security stock of	xxxx
○ Bearer Stock of	xxxx
○ Other stock of	xxxx
○ Security stock (Local Government Funding Agency stock) of	xxxx

The Total Principal Money owing does not include derivative contracts held by the Council that are secured by Security Stock.

The Council is one of a group of guarantors of the Local Government Funding Agency. As at 30 June 2024 the Council had xxxx units of Security Stock on issue associated with the guarantee.

The difference between Security Stock on issue associated with the guarantee and total borrowings of the Local Government Funding Agency at 30 June 2024 is as follows:

000s	
xxxx	units of Security Stock on issue associated with the guarantee
xxxx	accrued interest
xxxx	Treasury Stock ³ held by the Local Government Funding Agency
xxxx	Treasury Stock lent to the market via repurchase agreements by the Local Government Funding Agency
xxxx	Total borrowings of the Local Government Funding Agency at 30 June 2024

Independence and quality control

We complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 issued by the New Zealand Auditing and Assurance Standards Board; and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended) issued by the New Zealand Auditing and Assurance Standards Board.

³ Treasury Stock is stock which is bought back by the issuing entity reducing the amount of outstanding stock on the open market. When an entity repurchases its stock, it reduces its liabilities.

In addition to this engagement, we performed the annual audit of the Council's annual financial statements and performance information and an audit of the long-term plan 2024-2034. Other than these engagements, we have no relationship with or interests in the Council or the Trustee.

René van Zyl
Audit New Zealand
On behalf of the Auditor-General
Auckland, Audit New Zealand

Appendix one

Copy of the reporting certificate dated [insert date]

[Insert copy of reporting certificate]

Appendix two

Copy of the audit report about the Register

[Insert copy of audit report about the Register]

Appendix C: Supporting documentation required

We will need access to the following information and documentation from council's records supporting the reporting certificate:

- A copy of the debenture trust deed.
- The signed reporting certificate for the debenture trust deed for 30 June 2024.
- The LGFA floating nominal amount confirmation as at 30 June 2024.
- Copies of all security stock certificates, including all security stock recorded on the register as 1 cent/1 unit security stocks.
- A security stock listing, indicating who the holders of each security stock are.
- Debt terms sheets for all debenture stock outstanding.
- Written confirmation that all stock that was due to be repaid during the financial was in fact repaid.
- Written confirmation that any interest due for payment on the stock was in fact paid.

Please note that items requested above may not represent all of the information that we need, and additional requests for information and documentation may follow during the course of the engagement depending on the circumstance.



AUDIT NEW ZEALAND
Mana Arotake Aotearoa

21 September 2023

Adrienne Wilcock
Mayor
Matamata-Piako District Council
PO Box 266
Te Aroha 3342

Ref: EN/LCA/3-0025 H616
Copy: Director Auditor Appointments
Office of the Auditor-General
PO Box 3928
Wellington 6140

Dear Adrienne

Proposal to conduct the audit of Matamata-Piako District Council on behalf of the Auditor-General for the 2023, 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 Matamata-Piako District Council for the three financial years ending 30 June 2023, 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 and assurance engagements 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 audit for the financial years ending 30 June 2023, 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 Matamata-Piako 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. We acknowledge that in many instances significant increases will be required, and in those instances we are open to discuss how to phase in the increases in a manner that is fair for both parties.

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 Office of the Auditor-General 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 Matamata-Piako District Council for the next three years.

A separate Engagement Letter and fee proposal will be provided for the Debenture Trust Deed audit.

Any additional reviews or agreed upon procedures that we are requested to complete will also be covered by a separate fee proposal or engagement letter.

4 Key members of the audit team

Appointed Auditor	René van Zyl
Engagement Quality Reviewer	Athol Graham
Audit Manager	Claudia Brink
Tax Director	Jason Biggins
Information Systems Specialist	Parakum Pathirana

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 years):

Audit team member	2021 actual*	2022 budget	2022 actual*	2023	2024	2025
Appointed Auditor	81	50	113	80	80	80
Engagement Quality Reviewer (EQR)**	13	10	27	0	0	0
Audit Manager	200	95	273	115	115	115
Other CA qualified staff	294	120	530	241	241	241

Audit team member	2021 actual*	2022 budget	2022 actual *	2023	2024	2025
Non-CA qualified staff	513	444	522	524	524	524
Sector specialist support	0	7	7	7	7	7
Information systems specialists	24	20	37	29	29	29
Tax	1	2	0	2	2	2
Total audit hours	1,126	748	1,509	998	998	998

***Note** – actual hours have been adjusted to eliminate any hours that were due to auditor inefficiencies. The actual hours that remain are the reasonable hours that were attributable to the audit in that year.

The main reason for the difference for actual audit hours for 2022 being different to budget for that year was due to the additional work required which was outside the scope of the Audit Plan. Recoveries were sought for these in 2022:

- **Fair Value Assessment**

Robust fair value assessments for land and buildings were not prepared which resulted in additional audit work. The fair value assessment performed on three water assets indicated significant movements in aggregate with movements for land and buildings which required adjustments to be made to the financial statements for three water assets.

- **Prior period error**

MPDC performed their 2022 roading valuation as at 1 July 2021 and 30 June 2022. There was a material movement between the 1 July 2021 valuation and the 30 June 2021 authorised financial statements. This was confirmed to be a prior period error for roading assets. Additional audit work was undertaken in considering the accounting treatment and disclosures in the financial statements.

As Council performed two revaluations within 2022 for roading, the audit team had to perform work over both valuations.

- **Quality financial statements, performance reporting and supporting information**

There were numerous misstatements and other disclosure deficiencies noted throughout the financial statements and performance reporting. The quality of the information as support for the financial statement information was not always at the appropriate standard.

** **Note** – For 2023, an EQR Director is assigned to this audit due to prior risks noted. We have not included proposed hours for the EQR Director. This will be reassessed each year.

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 audit hours compared to previous period <i>budgeted</i> hours:	2023	2024	2025
<p>Changes within your Council, or in its environment:</p> <ul style="list-style-type: none"> • Additional areas of or additional work on high-risk accounting estimates: <ul style="list-style-type: none"> ○ The auditing standards (<i>ISA 540: Auditing Accounting Estimates and Related Disclosures</i>) requires additional work around estimates including revaluation and fair value assessments which has increased our work to get the required assurance mainly for property, plant and equipment that is revalued. ○ Additional material performance measures. • The impact of growth: <ul style="list-style-type: none"> ○ Rates have increased in recent years which results in additional audit work over performance reporting, revenue and expenditure. 	120	0	0
<p>Changes to applicable accounting or financial reporting standards which result in additional audit work:</p> <ul style="list-style-type: none"> • PBE IFRS 48: <i>Service Performance Reporting</i> replaced that part of PBE IPSAS 1 Presentation of Financial Statements that deals with service performance reporting requirements and is effective for annual reporting periods beginning on or after 1 January 2022, that is, for the Council, it is for the year ending 30 June 2023. This will result in additional audit work to ensure compliance with this standard. • PBE IPSAS 41: <i>Financial Instruments</i> is effective for periods beginning on, or after 1 January 2022. There are differences that we will need to be consider this year resulting in additional audit work. • ISA (NZ) 315 (Revised 2019): <i>Identifying and Assessing the Risks of Material Misstatement</i>, is effective for the audit of your financial statements for the first time this year. There will be additional work required on your audit compared to previous years. 	74	0	0
Additional hours required for us to complete a high-quality public sector audit efficiently.	56	0	0
Total increase in audit hours	250	0	0

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 including the January/February 2023 flood 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;
- 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 next three audits (compared to budgeted and actual data from the previous financial years) are:

Structure of audit fees	2021 actual	2022 budget	2022 actual	2023	2024	2025
	\$	\$	\$	\$	\$	\$
Net audit fee (excluding OAG Audit Standards and Quality Support charge and disbursements)	189,562	128,957	376,219	188,568	203,666	219,839
OAG Audit Standards and Quality Support charge	11,440	12,041	12,041	18,981	19,835	20,728

Structure of audit fees	2021 actual	2022 budget	2022 actual	2023	2024	2025
	\$	\$	\$	\$	\$	\$
Fee discount / phasing	0	0	0	(31,132)	(16,763)	0
Audit recoveries charged	0	0	(78,133)	0	0	0
Fee written off	(67,045)	0	(90,996)	0	0	0
Total audit fee (excluding disbursements)	133,957	140,998	219,131	176,417	206,738	240,567
Actual/Estimated disbursements*	1,304	2,000	2,992	10,000	10,000	10,000
Total billable audit fees and charges (excluding GST)	135,261	142,998	222,123	186,417	216,738	250,567

These audit fees allow 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. Our estimated audit fee on a full recovery basis for 2023 is \$207,549 before disbursements. We have applied a phasing discount of 15% in year one, and 7.5% in year two.

* **Note** - We have estimated the reasonable cost of disbursements (including travel and accommodation where necessary). Only actual and reasonable costs will be billed.

We may also need to engage external experts to assist with certain specialist areas of valuation or estimation (such as complex accounting treatments). These costs will be included as a disbursement. While these are the usual audit areas where we would use experts there may be other complex estimates where additional expertise maybe necessary. In such situations, we will discuss this with management.

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 audit fees compared to previous period <i>budgeted</i> fees.	2023	2024	2025
<p>Changes within your Council, or in its environment:</p> <ul style="list-style-type: none"> • Additional areas of or additional work on high-risk accounting estimates: <ul style="list-style-type: none"> ○ The auditing standards (<i>ISA 540: Auditing Accounting Estimates and Related Disclosures</i>) requires additional work around estimates including revaluation and fair value assessments which has increased our work to get the required assurance mainly for property, plant and equipment that is revalued. ○ Additional material performance measures. • The impact of growth <ul style="list-style-type: none"> ○ Rates have increased in recent years which results in additional audit work over performance reporting, revenue and expenditure. 	\$18,121	\$0	\$0
<p>Changes to applicable accounting or financial reporting standards which result in additional audit work:</p> <ul style="list-style-type: none"> • PBE IFRS 48: <i>Service Performance Reporting</i> replaced that part of PBE IPSAS 1 Presentation of Financial Statements that deals with service performance reporting requirements and is effective for annual reporting periods beginning on or after 1 January 2022, that is, for the Council, it is for the year ending 30 June 2023. This will result in additional audit work to ensure compliance with this standard. • PBE IPSAS 41: <i>Financial Instruments</i> is effective for periods beginning on, or after 1 January 2022. There are differences that we will need to be consider this year resulting in additional audit work. 	\$17,070	\$0	\$0

Reasons for increased audit fees compared to previous period <i>budgeted</i> fees.	2023	2024	2025
<ul style="list-style-type: none"> ISA (NZ) 315 (Revised 2019): <i>Identifying and Assessing the Risks of Material Misstatement</i>, is effective for the audit of your financial statements for the first time this year. There will be additional work required on your audit compared to previous years. 			
Additional hours required for us to complete a high-quality public sector audit efficiently.	\$11,814	\$0	\$0
Predicted charge out rate movements.	\$12,606	\$15,098	\$16,173
Total increase in audit fees	\$59,611	\$15,098	\$16,173

7 Assumptions relating to our audit fee

You are responsible for the production of Matamata-Piako District Council 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 Office of the Auditor-General 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

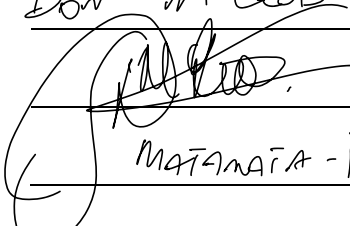
the Auditor-General to carry out the audit of your organisation as the agent of the Auditor-General.

Yours sincerely



René van Zyl
Appointed Auditor

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

Full name: Don McLeod Position: CHIEF EXECUTIVE
Authorised signature:  Date: 28/09
Entity name: MATAMATA-PIAKO 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: René van Zyl
Appointed Auditor
Auckland 1140

8 Ngā Pūrongo Whakamārama | Information Reports

8.5 Building Control Authority - IANZ Assessment 2024

CM No.: 2870276

Te Kaupapa | Purpose

To advise the Risk and Assurance Committee of the outcome of a remote assessment of Council's Building Control Authority undertaken on 11 - 13 March 2024.

Rāpopotonga Matua | Executive Summary

The Building Consent Authority (BCA) Accreditation Scheme sets out the minimum policies, procedures and systems that a building consent authority must have, and consistently and effectively implement, to perform its building control functions.

International Accreditation New Zealand (IANZ) has been appointed by the Ministry of Business, Innovation and Employment (MBIE) to assess all BCA's, to ensure compliance with the Building (Accreditation of Building Consent Authorities) Regulations 2006.

IANZ undertook a remote Special Monitoring Assessment of council's BCA on 11 March – 13 March 2024, a copy of their report is attached.

Tūtohunga | Recommendation

That:

1. **The information be received.**

Horopaki | Background

The Building Act 2004 (the Act) requires that a territorial authority must act as a BCA for its district and gain both accreditation and registration to carry out building control functions (i.e. processing applications, inspections, and certifying). The Act requires the Chief Executive of MBIE to specify the minimum frequency of accreditation assessments in the New Zealand Gazette. The Act requires that some form of accreditation assessment must be undertaken at least once every three years. However, a Gazette notice narrows this timeframe to two years.

International Accreditation New Zealand (IANZ) was appointed by the Ministry of Business, Innovation and Employment (MBIE) to assess all BCA's.

Failure to meet the requirements of an assessment may lead to a BCA having their accreditation revoked and be unable to carry out building control functions in their district.

The objectives of the BCA accreditation scheme are that:

1. all building consents authorities have:
 - appropriate, documented and implemented policies, procedures and systems
 - appropriate, documented and implemented effective quality assurance systems

- sufficient skills and resources to undertake their statutory functions
- employees and contractors with appropriate building control competencies and qualifications.

2. it supports:

- territorial and regional authorities to transfer their consenting functions where they wish
- building consent authorities to enter into outsourcing arrangements with other building consent authorities
- building consent authorities to align nationally, across a region or a policy, procedure or system.

Ngā Take/Kōrerorero | Issues/Discussion

Assessment

A full on-site assessment by IANZ was conducted in March 2023 which included a team of technical experts auditing the BCA's quality assurance system, policies and procedures, a number of completed building consents/code compliance certificates/compliance schedules/'in the field' building inspections, and various other functions. The routine reassessment identified five non-compliances. These included two repeated findings, which resulted in these being raised as serious non-compliances. While the findings were able to be addressed within the assessment clearance timeframe, a Special Monitoring Assessment was planned and conducted in March 2024 to ensure that the resolutions relating to the findings from the March 2023 routine reassessment had continued to be implemented appropriately. The Special Monitoring Assessment was conducted remotely between 11-13 March 2024 and involved an IANZ assessor and one technical expert.

A formal report was then produced determining compliance or otherwise with the Building (Accreditation of Building Consent Authorities) Regulations 2006 and advising the BCA of any non-compliances and/or recommendations that are required to be met. The Special Monitoring assessment report is attached.

The Lead assessor noted in the report that the BCA:

“had set up all required documentation appropriately and were well prepared for IANZ to navigate the BCA's systems. The BCA team was seen to have been consistently friendly, helpful and took time during the assessment to ask clarifying questions regarding findings. During the assessment, the BCA was seen to have maintained a number of improvements including those relating to internal audits, training, lapsing of building consents and 24-month CCC decisions. In addition, the BCA had largely maintained compliance with statutory timeframe requirements. The BCA was particularly proactive at identifying issues and were seen to have taken actions, recorded reasons for decisions, recorded relevant outcomes and kept track of each step in their root cause analysis process. This was seen to be particularly effective for investigations relating to statutory timeframe compliance. There were however, some outstanding issues including a repeated point relating to compliance schedules.”

Findings

The BCA received one (1) serious non-compliance, four (4) general non-compliances and six (6) recommendations. Following receiving the findings, the BCA provided an action plan, which was accepted by IANZ. The action plan detailed how it would address the identified non-compliances. The action plan has been implemented and all non-compliances have been cleared by IANZ.

Non-Compliance definitions

- Serious non-compliance – is where one or more of the minimum policies, procedures and systems required by the Regulations is absent or not appropriate for purpose. Serious non-compliance may also include where a BCA has failed completely to implement one or more of the required policies, procedures or systems. Or it may be a failure to consistently and effectively implement a policy, procedure or system (or part thereof) required by the regulations over two or more assessment cycles (as was the case for the two serious non-compliances received)
- General non-compliance - is where a BCA has failed to consistently and effectively implement a policy, procedure or system (or part thereof) required by the regulations.
- Recommendation - is where the future potential for non-compliance with the policies, procedures and systems required by the Regulations is identified. No current action is required for the BCA's accreditation to continue.
- Advisory note - is where there is the potential to improve the required policies, procedures and systems or their implementation. No current action is required for the BCA's accreditation to continue.

Action Required

Provide the following to IANZ for review:

- Action Plan. This was submitted to IANZ and approved on 09/04/2024
- Non-compliances were required to be completed and closed by 24/06/2024 – this requires evidence of corrective actions completed and implemented, as per action plan submitted.
- The BCA has provided all the required evidence for non-compliances and these have now been cleared.

Next Accreditation Assessment

The BCA's next routine assessment is planned for March 2025. No further monitoring assessments have been planned in the interim.

Mōrearea | Risk

The BCA was considered to pose a Medium Risk as detailed in the attached report. The risk decision was made due to the failure to implement policy, procedure and/or systems over two or more assessment cycles.


Ngā Whiringa | Options

That the information be received.

Pānga ki te pūtea, me te puna pūtea | Financial Cost and Funding Source

The financial costs are provided for within the current budget.

Ngā Tāpiritanga | Attachments

A.  IANZ 2024 Special Assessment Report (*Under Separate Cover*)

Ngā waitohu | Signatories

Author(s)	Ally van Kuijk District Planner	
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Approved by	Ally van Kuijk District Planner	
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8 Ngā Pūrongo Whakamārama | Information Reports

8.6 MPDC Project Progress Report April 2024

CM No.: 2871827

Te Kaupapa | Purpose

The purpose of this report is to provide the Committee with project reporting.

Rāpopotonga Matua | Executive Summary

Matamata Piako District Council (MPDC) is striving for continuous improvement in project management, clarity of projects, reporting and how they are being managed now and into the future. There are many opportunities for improvement and the introduction of the Project Management Framework, Process, Templates and Tools have initiated the journey.

The current project reporting will be transitioning to the new Project Management Framework reporting structure commencing in July 2024 to align with asset schedules and the Long Term Plan (LTP). The attached report is an interim structured report and compiled from an assortment of different styles and formats of progress reports currently provided to the Executive team consisting of either projects, tasks and activities or combination of both with the known available data.

Interim structure has been made to group like activities together as projects to provide a high level Program overview and a mid-level Project/Activity overview project progress and provide a baseline for future reporting improvements.

Definitions of project status have been designed to highlight to project governance roles that a projects objectives are achievable, need support or decisions made to enable progress to achieve project objectives based on risks in the following areas: Budget, Time, Scope, Resources.

ACHIEVABLE	Overall Project progressing as expected or with minimal to low areas of risk that are not expected to impact one or more of the following: objectives, timeframe/schedule, scope, budget, resources.
AT RISK	Project has moderate areas of risk that if not addressed will impact on one or more of the following: objectives, timeframe/schedule, scope, budget, resources. Project requires direction, decisions, assistance or support for project to progress as expected.
ACTION REQUIRED	Project has multiple areas of risk or significant high risk that will impact any one or more of the following: objectives, timeframe/schedule, scope, budget, resources. Project may have stalled requiring direction, decisions for project to progress. If significant risk consideration may be required for project to be deferred or terminated to reduce risk to Council or failure of project.
COMPLETED	Project completed
DEFERRED	Project deferred due to conflicting priorities, capacity, or budget reassigned.
NOT STARTED	Project schedule not commenced or in initial stage of Identify. The need for the project, objectives, scope, budget may not be available or determined
TERMINATED	Project objectives will not or cannot be met, or the need for the project no longer exists

The April 2024 Overall Program Monthly Progress Report, further detail by Project and Activity commentary provided. Rachel Norman, Project Delivery Lead, in attendance to discuss the report with the committee

Tūtohunga | Recommendation

That:

1. The information be received.

Ngā Tāpiritanga | Attachments

[A↓](#). 2023.2024 PROJECT REPORTING April 24

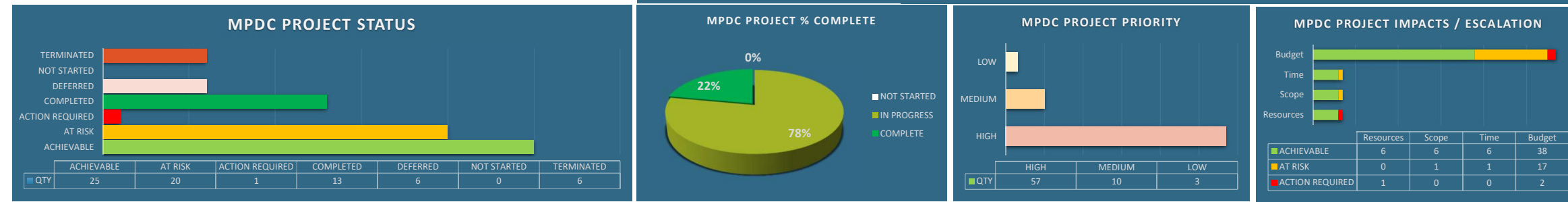


Ngā waitohu | Signatories

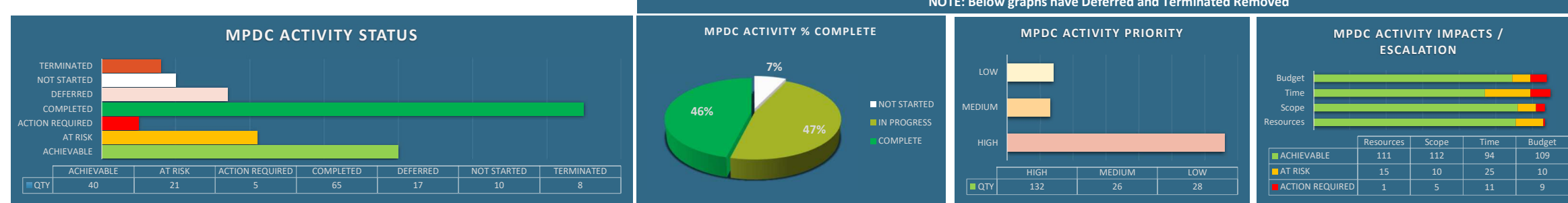
Author(s)	Rachel Norman Project Delivery Lead	
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Approved by	Karl Pavlovich Water & Wastewater Manager	
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MPDC REPORTING BY PROJECT - FINANCIAL YEAR 23/24



MPDC REPORTING BY ACTIVITY - FINANCIAL YEAR 23/24



MPDC REPORTING - FINANCIAL YEAR 23/24

Project ID	Priority	Level	Project Details	* Revised Estimated Progress Complete	** Estimated Progress Including Deferred Terminated	*** Overall Status	Project Risks				Project Summary
							Budget	Time	Scope	Resources	
	High	Program	BUILDING PROGRAM	75%	40%	AT RISK	●	●	●	●	
	High	Project 1	Building Project 23/24	96%	82%	ACHIEVABLE	●	●	●	●	Project progressing as expected, one activity deferred due to budet constraints,
	High	Activity	Building Renewals 22/23		0%	DEFERRED					No budget allocated
	Medium	Activity	Morrinsville office leaking		100%	COMPLETED	●	●	●	●	Complete
	Medium	Activity	Morrinsville Water Treatment Plant to repair roof water leak - guttering		100%	COMPLETED	●	●	●	●	Complete
	Medium	Activity	Subdivision - 25 Waihou Road		100%	COMPLETED	●	●	●	●	Complete
	Medium	Activity	Industrial Land Development- 26 Rockford Street		100%	COMPLETED	●	●	●	●	Complete
	Medium	Activity	Waihou Water Supply Residents 23/24		100%	COMPLETED	●	●	●	●	Complete
	Medium	Activity	Waihou Water Supply KVS Depot 23/24		75%	ACHIEVABLE	●	●	●	●	New tanks delivered for Fulton Hogan and KVS, requires budget allocation
	Medium	Project 2	MPDC Office - Morrinsville Project 23/24		0%	DEFERRED					Project Deferred - Risks to timeframe, scope, budget and resources until results of Detailed Seismic Assessment results known
	Low	Activity	Morrinsville - Library Renewal 2022/23 - Carpet on 2nd			TERMINATED					Low Priority, new project brief to be written after Detailed Seismic Assessment results known
	Medium	Activity	Morrinsville Offices & Library Front Desk 23/24			DEFERRED					On hold until Detailed Seismic Assessment results are known. Council/E-Team to decide building requirements.
	Medium	Project 3	MPDC Office - Te Aroha Project 23/24		0%	DEFERRED					Project Deferred - Risks to timeframe, scope, budget and resources until results of Detailed Seismic Assessment results known
	High	Activity	TA Aroha Offices -MPDC Offices - Ventilation			DEFERRED					On hold until Detailed Seismic Assessment results are known. Ongoing investigations, report on front section of 1959 building expected March 2024
	Medium	Activity	Te Aroha Offices -Renewal 2022/23. Te Aroha office to replace carpet in Cafeteria, Planning and Records offices			DEFERRED					On hold until Detailed Seismic Assessment results are known. Report to Council February 2024. Ongoing investigations. Report expected 17 May 2024
	High	Project 4	MPDC Corporate Renewal Work 23/24	80%	80%	ACHIEVABLE	●	●	●	●	Project progressing as expected
	High	Activity	MPDC Corporate Renewal Work 2021/21 - KVS depot upgrade for Offices		80%	ACHIEVABLE	●	●	●	●	KVS depot upgrade for offices progressing well
	High	Project 5	District EPH Housing 23/24	76%	76%	ACHIEVABLE	●	●	●	●	Project progressing as expected.
	High	Activity	EPH housing works - 6/87 Centennial 23/24		20%	ACHIEVABLE	●	●	●	●	Refurbishment underway
	High	Activity	EPH housing works - 9/86 Moorhouse 23/24		10%	ACHIEVABLE	●	●	●	●	vacated and awaiting refurbishment to start

Project ID	Priority	Level	Project Details	* Revised Estimated Progress Complete	Estimated Progress Including Deferred Terminated	*** Overall Status	Budget	Time	Scope	Resources	Project Summary
	Medium	Activity	Swim Zone Morrinsville boiler repair and replace pipe		100%	COMPLETED					Complete
	High	Activity	Swim Zone Morrinsville to replace auto-wind machine		100%	COMPLETED					Complete
	High	Activity	Morrinsville Swim Zone- Steel Reception Door replacement 23/24		100%	COMPLETED					Complete
	High	Activity	Renewal of Geothermal Bore Consent Matamata		25%	ACHIEVABLE					Assets & Strategy progressing
	High	Activity	Renewal of Geothermal Bore Consent Te Aroha Spa Pools		25%	ACHIEVABLE					Assets & Strategy progressing
	Low	Activity	Te Aroha Swim Zone - replace waterproofing membrane under tiles on porch outside reception 23/24		0%	DEFERRED					Deferred due to insufficient budget for additional scope to complete previously unknown asbestos works. New updated quotes required for asbestos removal. deck and hand rails also rotting. This project to be incorporated with 23/24 f/year confirmed budget to improve accessibility.
	High	Activity	Te Aroha Swim Zone - Toddler pools shades		100%	COMPLETED					Complete
229	High	Program	TRANSPORT CHOICES PROGRAM	88%	47%	TERMINATED					
226	High	Project 1	Transport Choices - Project 1-7 Matamata Connectivity (previously called Matamata Connectivity Project 22/23)	100%	100%	COMPLETED					Project Complete
226	High	Activity	Matamata Bike Racks		100%	COMPLETED					Complete, bike racks installed at 6 locations in the CBD
226	High	Activity	Matamata Streetscape Temporary Traffic management		100%	COMPLETED					Complete, pre-implementation activity
237	Medium	Project 2	Transport Choices - Project 2-7 Matamata Linkages 23/24		0%	TERMINATED					Funding Terminated by NZTA
237	Medium	Activity	Matamata Linkages		0%	TERMINATED					Construction funding no longer available
238	High	Project 3	Transport Choices - Project 3-7 Bus Stop Improvements 23/24		0%	TERMINATED					Funding Terminated by NZTA
238	High	Activity	Bus Stop Improvements		0%	TERMINATED					Construction funding no longer available
242	Medium	Project 4	Transport Choices - Project 4 -7 Accessibility Improvements 23/24		0%	TERMINATED					Funding Terminated by NZTA
242	Medium	Activity	Accessibility Improvements		0%	TERMINATED					Construction funding no longer available
241	Medium	Project 5	Transport Choices - Project 5-7 Matamata Place Plan 23/24	50%	50%	ACHIEVABLE					Staff exploring options for social seating and laneway activation in Matamata.
241	Medium	Activity	Matamata Place Plan		50%	ACHIEVABLE					Staff exploring options for social seating and laneway activation in Matamata.
243	Medium	Project 6	Transport Choices - Project 6-7 School Travel Plans 23/24	100%	100%	COMPLETED					School travel plans have been shared with the schools – David Street Primary, Te Aroha Primary, Stanley Ave School, Matamata Intermediate and Firth Primary School.
243	Medium	Activity	School Travel Plans		100%	COMPLETED					School travel plans have been shared with the schools – David Street Primary, Te Aroha Primary, Stanley Ave School, Matamata Intermediate and Firth Primary School.
227	High	Project 7	Transport Choices - Project 7-7 Morrinsville Recreation Ground Perimeter Walkways	100%	80%	COMPLETED					Project complete
	High	Activity	Morrinsville Piako Bridge Railway Line		0%	TERMINATED					Terminated based on completed Risk Assessment
227	High	Activity	Transport Choices - Project 7-7 Morrinsville Recreation Ground Perimeter Walkways		100%	COMPLETED					Complete
227	High	Activity	Transport Choices - Project 7-7 Portable Pump Track		100%	COMPLETED					Complete
227	High	Activity	Transport Choices - Project 7-7 Bike Racks for the Morrinsville Recreation Ground		100%	COMPLETED					Complete
227	High	Activity	Transport Choices - Project 7-7 Morrinsville Recreation Ground Perimeter Walkways		100%	COMPLETED					Complete
249	High	Program	WASTE & MINIMISATION PROGRAM	80%	43%	AT RISK					
249	High	Project 1	RTS Management & Operations - External to MPDC In-house 23/24		5%	ACHIEVABLE					Project progressing as expected
249	High	Activity	RTS scoping for In-house Operations		5%	ACHIEVABLE					Decision made to extend external service for 12 months to allow planning and preparation for service to be carried out inhouse July 2025. New Waste Manager position to be advertised early 25.
232	High	Project 2	Kerbside Collection Contract Mobilisation 23/24	80%	80%	AT RISK					Project progressing behind expectations. Staff following up with Contractor to progress plans and remaining documentation to complete project
232	High	Activity	Mobilisation		80%	AT RISK					Mobilisation of contract complete, progressing plans and documentation to be completed before June 24. Staff following up with Contractor to progress
290	High	Program	WASTEWATER NETWORK PROGRAM	50%	50%	ACHIEVABLE					
290	High	Project 1	Wastewater Retic Renewals & Pipe Bridges 23/24	50%	50%	ACHIEVABLE					Progressing, budget for Te Aroha has been exhausted, team now focusing on Morrinsville. Risks to timeframe with unanticipated access issue to site in Morrinsville progressing slower than anticipated
290	High	Activity	Wastewater Retic Renewals Upgrades Assoc with Renewals FY 23/24		90%	ACHIEVABLE					Undertake capitalisation of approx 3.9M of works completed over recent years.
289	High	Activity	Morrinsville -Gulati Lane Pipe Bridge renewal 23/24		10%	AT RISK					Project Brief complete. RFQ to be drafted. Access to site an issue and being discussed with affected property owners
282	High	Program	WASTEWATER PLANT PROGRAM	35%	34%	AT RISK					
251/2	High	Project 1	Morrinsville - Lockerbie Stage 2 &3 Gravity Main Sewer & Pump Station	95%	95%	ACHIEVABLE					Stage 2 Gravity Main: Awaiting Stage 3 Howie Park Sewer Pump Station completion to hook over top end section to new retic. Anticipated May 24. Stage 3 Pump Station: building of pumpstation is due for completion April 24, followed by electrical works.
251/2	High	Activity	Morrinsville - Lockerbie Stage 2 Gravity Sewer 23/24		95%	ACHIEVABLE					Chainage 0-@150m is still on old retic and when Howie Park SPS is complete, contractor will return to connect to new retic along with 6 service laterals. To be completed May 24
251/3	High	Activity	Morrinsville - Lockerbie Stage 3-Howie Park Sewer Pump Station 23/24		95%	ACHIEVABLE					Commissioned and live. Final training sessions with Wastewater team organised. Capitalisation underway
279	High	Project 2	Te Aroha Wastewater Treatment Plant Fencing 23/24	10%	10%	AT RISK					Project progressing behind expectations, additional timeframe required due to consultation and resource requirements
279	High	Activity	Te Aroha Wastewater Treatment Plant Fencing works		10%	AT RISK					Project brief is being drafted, and scope of works defined. Boundary alignments need to be confirmed, and then fence alignment from there. This work needs to reviewed and endorsed by iwi before fencing can be installed.
286	High	Project 3	Te Aroha Wastewater Treatment Plant Inlet Screening and Grit System 23/24	30%	30%	AT RISK					Project progressing behind expectations, additional timeframe required due to tender process and resource requirements

Project ID	Priority	Level	Project Details	* Revised Estimated Progress Complete	Estimated Progress Including Deferred Terminated	*** Overall Status	Budget	Time	Scope	Resources	Project Summary
260	High	Activity	Tahuna New Bore 23/24		15%	AT RISK	●	●	●	●	Timeframe at risk: Resurce Consent granted from Waikato Regional Council for exploration bore only. Ownership of site being investigated as many stakeholders involved and consultation required during consenting stages
261	High	Activity	Te Poi New Bore 23/24		0%	NOT STARTED					
	High	Project 2	Treatment Plant Treatment Systems 23/24	33%	26%	AT RISK			●		Project progressing behind expectations due to delayed budget confirmation and resource requirements.
262	High	Activity	Matamata - Tawari Water Treatment Plant - Replacement Caustic Soda System 23/24		10%	ACTION REQUIRED	●	●	●	●	Budget confirmation required. Project Brief drafted awaiting approval. Further direction on scope required from Assets team
265	High	Activity	Morrinsville - Scotts Road PLC Replacement 23/24		10%	AT RISK	●	●	●	●	Project Brief signed off, RFQ to be completed. Needs to be done for Lockerbie
255	High	Activity	Te Aroha Water Treatment Plant Analysers for Reservoir Outlets 23/24		10%	AT RISK	●	●	●	●	WO issued. Planning phase to start
	High	Activity	Te Aroha Water Treatment Plant – Sludge & PACL 23/24		100%	COMPLETED	●	●	●	●	Complete
	High	Activity	Water Treatment Plants: Lime dosing tanks 23/24		0%	DEFERRED					Te Aroha – Timeframe/schedule at risk - project to be deferred until budget available
	High	Project 3	Morrinsville - Lockerbie Water Treatment Permanent Plant	75%	75%	ACHIEVABLE			●		Permanent Plant construction is underway and progressing well on site. The main building construction commenced February 24. Temporary Plant is having teething issues that is being worked through by MPDC & contractor
251	High	Activity	Morrinsville Lockerbie Bore Pump and Water Treatment Plant 23/24		50%	ACHIEVABLE	●	●	●	●	Permanent Plant construction is underway and progressing well on site. The main building is under construction with electrical and mechanical works starting May 24. Commissioning due Jun 2024. 2 variations pending approval
251	High	Activity	Morrinsville Lockerbie Temporary Treatment Plant		100%	COMPLETED	●	●	●	●	Temporary Plant backwash pump installed, operations have confirmed this has improved the running of the temporary plant.
263	High	Project 4	Te Aroha - Rolleston Street River Intake (Permanent) 23/24	10%	3%	AT RISK			●		Project progressing behind expectations and partly deferred due to delayed budget confirmation and resource requirements.
263	High	Activity	Rolleston Street River Intake		10%	ACHIEVABLE	●	●	●	●	Consultant engaged, preliminary design phase underway
254	High	Project 5	Te Aroha Water Treatment Plant Fencing & Retaining Wall 23/24		0%	DEFERRED					Project Deferred - awaiting budget release Yr 1 of LTP
254	High	Activity	Fencing & Retaining Wall		0%	DEFERRED					Deferred - awaiting budget release Yr 1 of LTP and Engineered retaining wall design required before installation.
253	High	Project 6	Morrinsville Chlorine Room 23/24	100%	100%	COMPLETED			●		Project complete
253	High	Activity	Morrinsville Chlorine Room		100%	COMPLETED	●	●	●	●	Final walkover has now been completed and PC to be issued – pending Asset Info and As-builts drawings. Site Plan last ition to be sign off.
259	High	Project 7	District Water Treatment Plant Renewals FY 23/24	0%	0%	AT RISK			●		Project progressing behind expectations and partly deferred due to delayed budget confirmation and resource requirements.
259	High	Activity	Water Treatment Plant Renewals FY 23/24		0%	AT RISK	●	●	●	●	Timeframe/schedule at risk, budget confirmation required, internal teams working through to resolve for project to progress. Projects brief underway and to be confirmed once available budget known
250	High	Project 8	Morrinsville Alum Tank 23/24	30%	30%	AT RISK			●		Project progressing behind expectations and partly deferred due to delayed budget confirmation and resource requirements.
250	High	Activity	Morrinsville Alum Tank Replacement		30%	AT RISK	●	●	●	●	Tank quotes have been received and measurements are being confirmed with supplier
	High	Project 9	Te Aroha Water Treatment Plant - Washout	50%	50%	ACHIEVABLE			●		Project progressing as expected, unanticipated works required
	High	Activity	Te Aroha Water Treatment Plant - Sludge residuals, Smaller Retaining Wall and Drainage		50%	ACHIEVABLE	●	●	●	●	Contract awarded. Construction to start first week in May 24

8 Ngā Pūrongo Whakamārama | Information Reports

8.7 LGOIMA Request Summary 2022/2023 and 2023/2024

CM No.: 2874110

Te Kaupapa | Purpose

The purpose of this report is to outline Council's obligation in regards to the LGOIMA Act and how Council is meeting these obligations.

Rāpopotonga Matua | Executive Summary

The Local Government Official Information and Meetings Act 1987 (LGOIMA) is the relevant legislation for requests for information. Council are required to respond to LGOIMA requests as soon as reasonably practicable and (except in some specific instances) within 20 working days.

This report sets out Council's compliance with these requirements.

Tūtohunga | Recommendation

That:

1. The information be received.

Horopaki | Background

In 2016 the Audit and Risk Committee requested staff review the way in which LGOIMA requests are handled by Council including the potential for recovering costs associated with the time spent in responding.

Ngā Take/Kōrerorero | Issues/Discussion

Providing information to requestors that meet their expectations, within a reasonable timeframe can be challenging. There is also the matter of when and how much Council should charge to recover its costs in responding to these requests.

These matters need to be considered in light of the purpose of the legislation in relation to releasing information which is:

- “(a) to increase progressively the availability to the public of official information held by local authorities, and to promote the open and public transaction of business at meetings of local authorities, in order—*
- (i) to enable more effective participation by the public in the actions and decisions of local authorities; and*
 - (ii) to promote the accountability of local authority members and officials,—*
and thereby to enhance respect for the law and to promote good local government in New Zealand:
- (b) to provide for proper access by each person to official information relating to that person.”*

Requests

Financial Year	# of Requests	Average Response Time	% Within 20 Day Timeframe	Reason for Non-Compliance
2021/22	73	8.06 days	98.63% (72/73)	Human error
2022/23	95	10.04 days	92% (87/95)	Six - human error Two - an extension of time was notified
2023/24 (to May 2024)	99	6.5 days	93.94% (93/99)	Five - human error One - an extension of time was notified

The department that usually receives the most requests is Planning and the miscellaneous category covering requests that require input from multiple departments.

Council's internal process was amended in 2021 to make sure that teams are working together to have the details for all LGOIMAs captured in one place so that there is no longer a separation between requests from media and public. There is now one register where LGOIMAs are placed and containers are created to keep all the information together and making it easier to collate information.

Staff are currently working on a new system that will allow information requests and responses to be available directly on the MPDC website.

Charging

Council has set the following charges and guidance since 2016/17 for charging for requests.

Official information charges		
Time - first hour or part thereof		Free
Time - after first hour	Per half hour or part there of	\$38.00
Pages copied - first 20 A4 (or smaller) pages free	Over 20 pages/per page	\$0.20
Cost of CDs, video, tapes, printing larger than A4 and other materials or viewing arrangements requested		Actual cost

The Local Government Official Information and Meetings Act 1987 (Act) makes provision for Council to make a charge for the information supplied but this charge must be reasonable and is for the cost of labour and materials involved in making the information available.

The charge represents a reasonable fee for the cost of providing information. It may include (but is not limited to) time spent:

- *in searching an index to establish the location of the information*
- *in locating and extracting the information from the place where it is held*
- *in reading or reviewing the information*
- *in supervising the access to the information.*

Under the Act Council is not permitted to charge for:

- *locating and retrieving information which is not where it ought to be*
- *time spent deciding whether or not access should be allowed, and in what form.*

Council did notify some requestors that their requests would incur a charge, to avoid this, they all either refined the request to make it more manageable or withdrew the request entirely.

For charging Council follows the Ombudsman's guide, which can found online at the [Ombudsman's Website](#).

Mōrearea | Risk

There is always a risk that a requestor will complain to the Ombudsman about a response provided. We have received two complaints within 2022/23 and 2023/24, once Council explain what information was provided and the timeframe for responding, the complaints went no further and were closed.

Ngā take ā-ture, ā-Kaupapahere hoki | Legal and policy considerations

All request for information received by Council need to be managed in accordance with the Local Government Official Information and Meetings Act 1987.

Pānga ki te pūtea, me te puna pūtea | Financial Cost and Funding Source

The actual cost to council in responding to requests is variable, depending on the seniority of the responder, and could range from \$45 per hour to \$180 or more. Fees are set as per Ombudsman guidelines.

Staff utilise some discretion around charging. Reasons not to charge have included:

- The team responsible decided not to charge.
- The information was requested by media. Staff endeavour to not charge as they hold a high public interest threshold.
- The information should have already been available/stored in Council's digitised information system and was not. In this situation staff do not charge for the process of getting it digitised.
- The information was already collated before the collator of the request was made aware of the time it had taken.
- The information was collected through multiple teams.
- If there was a strong belief other people would be wanting the same information, for fairness did not want to charge the first requestor the administrative costs and then allow any subsequent people to have the same information for free.
- Council receives a benefit in providing the information without charging.

The cost of responding is currently absorbed into salary budgets within each team tasked with responding.

Ngā Tāpiritanga | Attachments

There are no attachments for this report.

Ngā waitohu | Signatories

Author(s)	Ellie Mackintosh Legal Counsel	
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Approved by	Dennis Bellamy Group Manager Growth & Regulation	
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8 Ngā Pūrongo Whakamārama | Information Reports

8.8 Staff Climate Survey Results

CM No.: 2872172

Te Kaupapa | Purpose

The purpose of this report is to provide the Committee with a summary of the results from the 2024 Staff Climate Survey.

Rāpopotonga Matua | Executive Summary

The Staff Climate Survey was completed in February 2024. This is the 6th year we have used this survey: it enables us to benchmark with other councils, provides a snapshot of where we are and allows us to compare responses from year to year. The results for 2024 placed us 25th out of the 57 councils that participated in this survey. Our overall score was 64% and the participation rate was 48.3%. The results summary identifies the key issues from the survey and outlines the planned actions to be taken as follow up.

Kelly Reith, Group Manager People, Governance and Relationships and Kate Stevens, People, Safety & Wellness Manager, in attendance to discuss the results with the committee.

Tūtohunga | Recommendation

That:

1. The information be received.

Ngā Tāpiritanga | Attachments

- A.  Staff Climate Survey 2024 Summary of Results (*Under Separate Cover*)

Ngā waitohu | Signatories

Author(s)	Kate Stevens Safety and Wellness Team Leader	
Approved by	Kelly Reith Group Manager People, Governance & Relationships	

8 Ngā Pūrongo Whakamārama | Information Reports

8.9 Safety and Wellness Reports

CM No.: 2822495

Te Kaupapa | Purpose

The purpose of this report is to provide the Committee with safety and wellness reporting.

Rāpopotonga Matua | Executive Summary





The February, April and May 2024 Monthly updates and the January-March 2024 Quarterly Safety & Wellness Report. Kate Stevens, People, Safety & Wellness Manager, in attendance to discuss the reports with the committee.

Tūtohunga | Recommendation

That:

1. The information be received.

Ngā Tāpiritanga | Attachments

- A.  Quarterly Safety and Wellness Report January-March 2024 (*Under Separate Cover*)
- B.  May 2024 Monthly Safety Wellness Report (*Under Separate Cover*)
- C.  February 2024 Monthly Safety Wellness Report (*Under Separate Cover*)
- D.  April 2024 Monthly Safety Wellness Report (*Under Separate Cover*)

Ngā waitohu | Signatories

Author(s)	Kate Stevens Safety and Wellness Team Leader	
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Approved by	Kelly Reith Group Manager People, Governance & Relationships	
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8 Ngā Pūrongo Whakamārama | Information Reports

8.10 Risk Management Update

CM No.: 2861734

Te Kaupapa | Purpose

The purpose of this report is to provide the Risk and Assurance Committee with an update on progress in relation to defining and agreeing Matamata-Piako District Council's Strategic/Top Risks.

Rāpopotonga Matua | Executive Summary

Progress is underway on defining and agreeing Matamata-Piako District Council's top risks.

During a recent workshop, the Risk and Assurance Committee, Councillors and Executive Team members identified the top risks and the inherent risk rating for these risks.

Controls will be identified shortly and the residual risk rating process will be undertaken. This will be workshopped with Council and reported to the Risk and Assurance Committee at the next meeting.

Tūtohunga | Recommendation

That:

1. The information be received.

Horopaki | Background

Research on strategic risks was initially undertaken, with risks identified from a range of sources (including NZ Councils and risk experts), in order to compile a draft list of risks for consideration by the Executive Team. This included aligning the risks with the Long Term Plan, MPDC's Strategic Direction and Community outcomes.

The draft list was then reviewed and refined to 19 top risks by the Executive Team, along with inherent risk ratings assigned to each risk (likelihood of the risk occurring and the consequences of the risk before controls are put in place).

A workshop was held with the Risk and Assurance Committee, Councillors and members of the Executive Team, on the 21st of May 2024 to review the risks that had been identified.

As part of setting the scene for the workshop, David Sutton from KPMG outlined the role of Governors and Management in risk identification and management as well as key areas of risk in 2024 and beyond affecting Local Government.





The workshop participants prioritised the 19 risks and identified the top 10 strategic risks and agreed on the inherent risk rating for these risks. Feedback was also received on the wording of the risks and risk descriptions and has since been reviewed and some changes have been made.

The next steps will involve a further workshop, with the Executive Team and Risk Manager Lesley Steeples on 26th June to identify and assess the Controls used to mitigate these risks and to undertake the residual risk rating (likelihood of the risk occurring and the consequences of the risk after controls are put in place).

The top risks will then be workshopped with the Council and the finalised risks will be reported to the next Risk and Assurance meeting on the 10th of September.

Te Tākoha ki ngā Hua mō te Hapori me te here ki te whakakitenga o te Kaunihera | Contribution to Community Outcomes

Matamata-Piako District Council's Community Outcomes are set out below:

MATAMATA-PIAKO TŌ MĀTOU WĀHI NOHO OUR PLACE		MATAMATA-PIAKO DISTRICT COUNCIL TE ARA RAUTAKI STRATEGIC DIRECTION	
TŌ MĀTOU WHAKAKITENGA OUR VISION			
Matamata-Piako District is vibrant, passionate, progressive, where opportunity abounds. 'The heart of our community is our people, and the people are the heart of our community.'			
TŌ MĀTOU WHĀINGA MATUA OUR PRIORITIES (COMMUNITY OUTCOMES)			
			
He wāhi kaingākau ki te manawa A place with people at its heart	He wāhi puawaitanga A place to thrive	He wāhi e poipoi ai tō tātou taiao A place that embraces our environment	He wāhi whakapapa, he wāhi hangahanga A place to belong and create

Identifying and managing Council's top strategic risks is relevant to all community outcomes.

Ngā Tāpiritanga | Attachments

There are no attachments for this report.

Ngā waitohu | Signatories

Author(s)	Lesley Steeples Risk Manager	
Approved by	Kelly Reith Group Manager People, Governance & Relationships	

8 Ngā Pūrongo Whakamārama | Information Reports

8.11 Risk and Assurance Work Programme 2024 - Update July

CM No.: 2872958

Te Kaupapa | Purpose

The purpose of this report is to provide an update to the committee on the work programme as confirmed.

Rāpopotonga Matua | Executive Summary

Staff have developed an update on the Work Programme for the Committee using reports previously scheduled and standing items. It is intended this is a standing item for each Committee meeting.

Tūtohunga | Recommendation

That:

1. The information be received.

Horopaki | Background

Prior to the commencement of each calendar year the Committee sets a work programme.

While priorities can shift during the year as unexpected issues arise, the work programme is a useful tool to enable Committee members to set their direction and to allow staff to understand the work priorities that need to be achieved.

Ngā Tāpiritanga | Attachments

[A↓](#). Risk and Assurance Work Programme 2024 - Update July



Ngā waitohu | Signatories

Author(s)	Stephanie Hutchins Governance Support Officer	
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Approved by	Sandra Harris Strategic Partnerships and Governance Manager	
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Item (SI = Standing Item)	Frequency	Responsibility	23-Jan-24 (special meeting for LTP approval for audit)		19-Mar-24 (Extraordinary meeting due to Audit timeframes - originally 12 March)		02-Jul-24		10-Sep-24		29-Oct-24		10-Dec-24	
			Status	Comment	Status	Comment	Status	Comment	Status	Comment	Status	Comment	Status	Comment
SI - Update on Risk and Assurance Work Programme	Every meeting	Risk	Not required	Not required as this was an additional meeting for LTP approval	Complete		Complete		Scheduled		Scheduled		Scheduled	
SI - Chairs update	Every meeting	SPAG	Not required	Not required as this was an additional meeting for LTP approval	Complete		Complete		Scheduled		Scheduled		Scheduled	
SI - CEO update	Every meeting	SPAG	Not required	Not required as this was an additional meeting for LTP approval	Complete		Complete		Scheduled		Scheduled		Scheduled	
SI - Strategic Risk Review	Every meeting	Risk	Not required	Not required as this was an additional meeting for LTP approval	Incomplete	Deferred to next meeting as information wasn't available	Complete	Update on Strategic Risks included in Risk Management Update report	Scheduled		Scheduled		Scheduled	
SI - Safety and Wellness update	Every meeting	PSW	Not required	Not required as this was an additional meeting for LTP approval	Complete		Complete		Scheduled		Scheduled		Scheduled	
SI - Policy Review	Every meeting	Various	Complete	Liability Management and Investments Policies	Complete	Revenue and Financing, Development Contributions, Rates Remissions, Policy Register	Incomplete	No upcoming policies to be reviewed at this meeting	Scheduled		Scheduled		Scheduled	
Scheduled Reports														
External/Internal Audit Reports (incl progress made)	When required (every second meeting)	Risk/Finance	Not required		Not required		Incomplete	No reports available	Scheduled		Scheduled		Scheduled	
Specific Project Risk Management Review - high/very/extreme project risks	When required	Risk	Not required		Not required		Not required		TBC		TBC		TBC	
Long Term Plan project	When required	SPAG	Complete	Long Term Plan update, consultation document and Long Term Plan for approval for audit, audit letter, audit self assessment and peer review	Complete	Covered in other reports – refer audit engagement letter and Consultation Document report.	Complete	Covered in Long Term Plan 2024-2023 Debrief Report Stage One; Long Term Plan 2024-2034 Audit Management Report on Consultation Document and Final Long Term Plan 2024-2034	Not required		Not required		Not required	
Annual Plan project	When required	SPAG	Not required		Not required		Not required		Scheduled		Scheduled		Scheduled	
Annual Report project	When required	SPAG	Not required		Complete	Report to June or September 2024 meeting - when available from Audit NZ. Audit Management Report for Annual Report 2022/23 is included. Audit Management Report for Annual Report 2023/2024 will be addressed in December 2024.	Complete	Audit Plan for Annual Report 2023/2024 is included. Review of the report on the interim audit will be available on 27 June 2024 and circulated separately to the agenda.	Scheduled	Review of the draft Annual Report and Summary	Scheduled	Review of final Annual Report, Audit Opinion and letter of representation	Scheduled	Audit Management Report for Annual Report 2023/2024 will be addressed in December 2024.
Insurance Programme	Annually	Property	Not required		Complete		Not required	Addressed at previous meeting so not required for this meeting	Not required		Not required		Not required	
IT Security Audit	Annually	IT	Not required		Incomplete	Information not received – to be addressed next meeting.	Complete		Not required		Not required		Not required	

LGOIMA Requests Summary	Annually	Legal	Not required	Incomplete	2022/2023 LGOIMA Summary Information not received – to be addressed next meeting.	Complete	2022/2023 and 2023/2024 Summary is included.	Not required	Not required	Not required	2024/2025 LGOIMA Summary - scheduled for March 2025
Procurement Report	6 monthly	Procurement	Not required	Incomplete	Information not received – to be addressed next meeting.	Incomplete	Full Year Report to be presented at the next committee meeting in September 2024.	Scheduled	Full Year Report to be presented.	Not required	Scheduled
Policy Register Review (Jaydene wants a timetable of all policies for review here)	6 monthly	SPAG	Not required	Complete		Not required		Scheduled		Not required	
Review of the Risk and Assurance Committee Charter	Annually	SPAG	Not required	Not required		Not required		Not required		Scheduled	Not required
Annual update on organisational culture - vision and values	Annually	PSW	Not required	Not required		Complete	Addressed as Staff Climate Report in agenda	Not required		Not required	Not required
Accounting Policies	Annually	Finance	Not required	Not required		Not required		Scheduled		Not required	Not required
Annual review of delegations	Annually	Legal	Not required	Not required		Not required		Scheduled		Not required	Not required
Annual review of legislative compliance assessment	Annually	Legal	Not required	Not required		Not required		Scheduled		Not required	Not required
Annual risk management framework/analysis review and Risk Management Policy	Annually	Risk	Not required	Not required		Incomplete	Framework and Policy to be updated once the current work on the Strategic Risk Assessment process is finalised.	Not required		Not required	Not required
Self-assessment of committee circulated (survey monkey)	Annually	SPAG	Not required	Not required		Not required		Scheduled	Self-assessment circulated to committee	Scheduled	self-assessment completed and chair comments circulated
Policies raised in the interim management report	Annually	SPAG	Not required	Not required		Not required		Scheduled		Not required	Not required
Web Security Audit	Annually	Digital Team	Not required	Not required		Not required		Scheduled		Not required	Not required
Financial Warrant of Fitness Assessment	Annually	Legal	Not required	Not required		Not required		Not required		Scheduled	Not required
Schedule of Meetings 2025	Annually	SPAG	Not required	Not required		Not required		Not required		Not required	Scheduled
Draft Work Programme 2025	Annually	Risk	Not required	Not required		Not required		Not required		Not required	Scheduled
Risk Policy Review	Annually	Risk	Not required	Not required		Not required		Not required		Not required	Scheduled

Exclusion of the Public: Local Government Official Information and Meetings Act 1987

The following motion is submitted for consideration:

That the public be excluded from the following part(s) of the proceedings of this meeting.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows.

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

C2 Information Technology Security Update 2024

Reason for passing this resolution in relation to each matter	Particular interest(s) protected (where applicable)	Ground(s) under section 48(1) for the passing of this resolution
The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	s7(2)(j) - The withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage. .	s48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.

C1 Swim Zone Matamata Non-compliance with Procedures

Reason for passing this resolution in relation to each matter	Particular interest(s) protected (where applicable)	Ground(s) under section 48(1) for the passing of this resolution
The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person. . s7(2)(j) - The withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage. .	s48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.