

Kaunihera | Council

Ngā Tāpiritanga – Pūrongo | Attachments – Reports ATTACHMENTS UNDER SEPARATE COVER

Notice is hereby given that an ordinary meeting of Matamata-Piako District Council will be held on:

Ko te rā | Date: Wednesday 5 March 2025
Wā | Time: 09:00
Meeting Room: Council Chambers
Wāhi | Venue: 35 Kenrick Street
TE AROHA

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10/02/2025

Committee Secretariat
Environment Committee
Parliament Buildings
Wellington

By email
en.legislation@parliament.govt.nz

Dear Environment Committee Members

Matamata-Piako District Council submission to the Resource Management (Consenting and Other Systems Changes) Amendment Bill

Thank you for the opportunity to provide feedback on the Resource Management (Consenting and Other Systems Changes) Amendment Bill. Please find attached, at Appendix 1, the Matamata-Piako District Council's (MPDC) feedback.

MPDC supports the practical improvements contained in the bill and welcomes the opportunities presented to create much needed efficiencies and cost reductions across the RMA system, in particular:

- The ability to refuse land use consents or impose conditions when significant natural hazard risk areas are present and the immediate legal effect of rules in proposed plans that relate to natural hazards,
- Improved provisions in relation to applicants that don't or refuse to supply additional information as requested,
- The new section that relates to emergency response regulations, and
- The greater ability to consider ongoing non-compliances at the time of decision making, or setting of conditions.

MPDC acknowledges that this bill intends to address immediate issues and concerns, while further legislative review takes place. There is concern that some of the provisions proposed in the bill have no policy context or guidance for those implementing the provisions and as such national direction documents should be developed. MPDC is concerned that lack of national direction will reduce the effectiveness and efficiency that could be gained from the provisions in the bill, through inconsistent administration.

We look forward to any future consultation process on the bill and welcome the opportunity to comment on any issues explored during their development.

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While we do not wish to be heard, should you have any queries regarding this feedback, please contact Carolyn McAlley, Senior RMA Policy Planner in the first instance, on cmcalley@mpdc.govt.nz.

Regards



Manāia Te Waita
Chief Executive Officer
Matamata-Piako District Council

Appendix 1 Submission of the Matamata-Piako District Council to the Environment Select Committee on the Resource Management (Consenting and Other System Changes) Bill		
Existing or Proposed new provision or amended provision or other suggestion	Bill Clause #	Description, Comment and Recommendation
Infrastructure and Energy		
New s88BA Certain consents must be processed and decided no later than 1 year after lodgement.	cl 29	<p><u>Description</u> The Bill proposes that certain consents, for a specified energy or wood processing activity must be processed and decided no later than a year after lodgement. The statutory summary advises that “the Bill aims to reduce delays in consenting for renewable energy generation by requiring 1-year decision making for renewable energy generation consents. For new geothermal and hydroelectricity generation activities, consent authorities must extend the 1-year timeframe at the request of the applicant or at the request of specified groups (to uphold treaty settlements and other arrangements). For other renewable and existing hydroelectricity and geothermal generation activities, the consent authority must extend the 1-year timeframe at the request of the applicant, and may extend the 1-year timeframe, to no more than a 2 year timeframe in total, at the request of specified groups (to uphold treaty settlements and other arrangements).</p> <p><u>Comment</u> This proposal uses two new defined terms “<i>wood processing activity</i>” and “<i>specified energy activity</i>” and the MPDC response to the “<i>specified energy activity</i>” definition is discussed separately immediately below this submission point.</p> <p>MPDC supports the focus on the consenting of new infrastructure, in particular renewable energy. MPDC does have some concerns at the truncated 1 year timeframe, given that applications for these activities typically technical and complex, and are likely to generate significant adverse effects and would look to utilise the pre application meeting process to ensure that applicants are well prepared and lodge the correct material as this will contribute to making the 1 year timeframe achievable.</p> <p>While MPDC is supportive that the consent timeframes can be extended at the request of Iwi, as described in section 3 of this amendment to enable consideration of their concerns, MPDC does have concerns that this reference to Iwi/ Māori is different from the reference to Iwi/ Māori made in clauses 34, 42, 47 and 64 and seeks consistency throughout the document to ensure that the obligations are met under Te Tiriti o Waitangi when and where appropriate.</p> <p><u>Recommendation</u> MPDC supports the proposal in part, subject to the consistent referencing, as appropriate to Iwi/Māori throughout the suite of proposed amendments, in particular proposed amendment clauses 29/34/42/47 and 64.</p>

<p>New definition</p> <p><i>Specified Energy Activity.</i></p>	<p>cl 4</p>	<p><u>Description</u> The Bill proposes a new definition: <i>Specified Energy Activity</i>:</p> <p>Means</p> <p>(a) "The establishment, operation, or maintenance of an activity that produces energy from solar, wind, geothermal, hydro, or biomass sources.</p> <p>(b) The establishment, operation, or maintenance of the transmission and distribution of electricity through the electricity network."</p> <p><u>Comment</u> Currently the proposed interpretation for specified energy activity talks to producing energy. We have made an assumption that it is intended to also include energy sources of heat for direct use, not just electricity, therefore MPDC considers that the definition should be amended to make this clear.</p> <p><u>Recommendation</u> Amend the definition of <i>Specified energy activity</i> (a) from "...that produces energy..." to "(a) the establishment, operation, or maintenance of an activity that converts energy from solar, wind, geothermal, hydro, or biomass sources...", as follows;</p> <p>Means</p> <p>(a) "The establishment, operation, or maintenance of an activity that produces energy from solar, wind, geothermal, hydro, or biomass sources." <u>The establishment, operation, or maintenance of an activity that converts energy from solar, wind, geothermal, hydro, or biomass sources.</u></p> <p>(b) The establishment, operation, or maintenance of the transmission and distribution of electricity through the electricity network."</p>
<p>New s123B</p> <p>Duration of consent for renewable energy and long lived infrastructure.</p>	<p>cl 42</p>	<p><u>Description</u> The Bill proposes a new clause relating to the duration of a consent for "<i>renewable energy</i>" and "<i>long lived infrastructure</i>"- both new terms. A resource consent authorising a renewable energy and long lived infrastructure activity must specify the period for which the consent is granted, with a default period of 35 years unless an exemption is sought. The exemptions include if the applicant requests it, if an NPS/NES expressly allows shorter timeframe; or it is requested by particular Māori groups.</p> <p><u>Comment</u> The proposed amendment contains a term that is undefined "<i>renewable energy</i>" and there would be benefit in providing a definition of this term to aid the understanding and application of this new section.</p> <p>The proposal contains a new defined term "<i>long lived infrastructure</i>" and this is discussed immediately below as the next submission point in the submission table.</p> <p>The default 35 year consent period is a welcome amendment and recognises the need for security of investment, however there could be unintended consequences that may arise for activities with uncertain adverse effects. Longer consents require robust environmental assessments, environmental safeguards, iwi engagement, and review options, especially for those activities with evolving environmental effects. A strategy that many of the councils use is adaptive management</p>

		<p>conditions, requiring regular reviews and compliance with updated standards. Another way to mitigate the potential effects of the long term activities is through the conditions review under s128, although this may be more onerous. It may be that the addition of the requirement to consider adaptive management conditions when granting those kind of consents would be appropriate as they have currently been used as a good management practice but are not compulsory.</p> <p>Another concern relates to an unintended consequence arising from the wording in new s123B. Regional and land use consents will usually be required for renewable energy and infrastructure activities when they are undertaken outside of designations. The RMA provides that land use consents are granted with no duration attached to them (they are granted indefinitely). The amendment effectively shortens the term by requiring a 35 year term. MPDC recommend amending clause 42 so it does not apply to s9 land use consents.</p> <p><u>Recommendation</u> That the proposal is retained with amendments related to;</p> <ul style="list-style-type: none"> • The inclusion of adaptive management conditions to ensure that any likely adverse effects are minimised, and • Ensuring that the 35 year term does not apply to s9 land use consents.
<p>New definition <i>Long lived infrastructure.</i></p>	<p>cl 4</p>	<p><u>Description</u> The Bill introduces a new definition “<i>long lived infrastructure</i>” that contains a large list including gas distribution pipelines, telecommunications networks, facilities for the generation of electricity and lines and structures to convey this excluding personal generation set ups, structures for transport on land including cycleways, rail, roads, walkways and any other means, facilities for unloading of passengers or cargo transported on land by any means, and any activity or thing that regulations prescribed under s360 describe as <i>long lived infrastructure</i>.</p> <p><u>Comment</u> MPDC appreciates the wide range of infrastructure covered by this term but considers there would benefit in expanding the range of infrastructure items to include items such as local government infrastructure which would include flood and control managed infrastructure (e.g. embankments and reservoirs) and water services (where this has not been included elsewhere). It is also not clear if bridges are to be included. It would be preferable to include these items in the definition in order to benefit from the default maximum 35 year consent period.</p> <p>MPDC has a further concern regarding the proposed definition of <i>long-lived infrastructure</i> which is a list of activities (e.g. pipelines, networks, facilities and structures). It does not provide a quantifiable timeframe for how long something should last (its anticipated life span). In order to be able to implement this new definition, the definition must also define “long-lived”, i.e. the anticipated life span of the infrastructure in question.</p> <p><u>Recommendation</u> MPDC supports the proposed definition of long lived infrastructure and seeks that it retained subject to the following amendments;</p> <ul style="list-style-type: none"> • include local government infrastructure such as flood control measures, municipal infrastructure such as water services and bridges, and

		<ul style="list-style-type: none"> Defines within the long-lived infrastructure definition, what is meant by long-lived in relation to infrastructure items.
Amend s168 Notice of requirement to territorial authority.	cl 49	<p><u>Description</u> The Bill proposes that s168 is amended to require a notice of requirement given by a Minister or local authority to include an assessment of any effects that the project or work will have on the environment. The amendment provides for the matters that the assessment must consider. Information provided in the assessment need only be at a level of detail that is proportionate to the nature and significance of any effects of the project or work.</p> <p><u>Comment</u> MPDC believes that this proposal is consistent with other matters raised in this Bill, in that information supplied with an application is proportionate to the nature and significance of any effects of the project or work.</p> <p><u>Recommendation</u> That the proposed amendment to s168A is retained.</p>
Amend s168A Notice of requirement by territorial authority.	cl 50	<p><u>Description</u> The proposal is to delete existing clauses that relate to whether adequate consideration has been given to alternative sites, routes, or methods of undertaking the work if the requiring authority does not have an interest in the land sufficient for undertaking the work; or it is likely that the work will have a significant adverse effect on the environment; and whether the work and designation are reasonably necessary for achieving the objectives of the requiring authority for which the designation is sought.</p> <p>The amendment will change (reduce) the instances where some assessments occur. Now only if a requiring authority does not have an interest in the land sufficient for undertaking the work, will regard be given to whether adequate consideration has been given to any alternative sites, routes, or methods of undertaking the work and whether the work and designation are reasonably necessary for achieving the objectives of the requiring authority for which the designation is sought.</p> <p><u>Comment</u> MPDC does have some concerns regarding this proposed amendment and the reduced instances where the alternatives assessment will take place as this may not result in the best environmental outcomes for the community or the environment.</p> <p><u>Recommendation</u> That the proposal is deleted.</p>
Amend s184 Lapsing of designations which have not been given effect to.	cl 52	<p><u>Description</u> The Bill proposes that the lapse period for designations is increased from 5 to 10 years.</p> <p><u>Comment</u> The statutory summary states the reason for this amendment is that it "will provide greater certainty for operators and allows for more time to plan and design infrastructure, and to acquire land under the Public Works Act 1981." MPDC supports this proposed amendment for those operators who do take longer to plan and design their infrastructure.</p> <p><u>Recommendation</u> MPDC supports the proposed amendment in part and seeks a further amendment that the increase in the lapse period.</p>
Amend s184A	cl 53	<u>Description</u>

Lapsing of designations of territorial authority in its own district.		<p>The Bill proposes that the lapse period for designations of a territorial authority in its own district are increased from 5 to 10 years.</p> <p><u>Comment</u> The statutory summary advises the reason for this amendment is that it “will provide greater certainty for operators and allow for more time to plan and design infrastructure, and to acquire land under the Public Works Act 1981.” MPDC supports this proposed amendment for the reasons stated in the statutory summary report.</p> <p><u>Recommendation</u> MPDC supports the proposed amendment and seeks that it is retained.</p>
Housing Growth		
<p>Amend s80C</p> <p>Application to responsible Minister for direction.</p>	cl 20	<p><u>Description</u> The proposed amendment enables a local authority to apply to the Minister for a direction to remove heritage buildings and structures using the streamlined planning process (also to be amended).</p> <p><u>Comment</u> MPDC is concerned that as part of the proposed amendments to enable more housing that the proposed amendments seek to allow the descheduling of historic heritage building and structures. “This could occur as the proposed change will allow councils to apply to the Minister for the Environment to use Streamlined Planning Process (SPP) to remove buildings and structures from their heritage schedules. To achieve this, a change would be made to the SPP entry criteria to provide that the SPP can be used where the proposed planning instrument would deschedule a heritage building, thereby removing restrictions that apply to the building for the purpose of protecting historic heritage. In practice, councils would still need to follow a plan change process”¹ but there would be no right of appeal.</p> <p>While this approach does limit the instances when descheduling could occur, it does not provide any particular context or criteria as to what sort of item can be descheduled, other than it can only be a buildings or structures as opposed to other types of historic heritage. MPDC consider that this approach is contrary to Part 2 of the RMA and the consideration of Matters of National Importance and could have adverse effects on the historic heritage resource. We also consider that it is important iwi and hapū are provided opportunity to participate in the process for proposals to delist heritage buildings and structures and identify cultural impacts.</p> <p>Information available on the MfE website indicates the preferred approach of officials to the consideration of managing the tensions between historic heritage building and structures and the desire for growth was to develop national guidance for historic heritage. MPDC considers that the proposed clauses should be deleted and national direction on historic heritage should be developed, prior to any further consideration regarding the descheduling of historic heritage items.</p>

¹ 11-Sep-24 Regulatory Impact Statement: Resource Management Amendment Bill No.2 – Better managing outcomes for historic heritage Ministry for the Environment Ministry for Culture and Heritage Ministry of Housing and Urban Development

		<p><u>Recommendation</u> That the proposed amendment is deleted and consideration is given to the development of a national policy statement for heritage. If considered appropriate for inclusion, a national policy statement could give a national context to the consideration of instances (when, how and what type) where the removal of heritage buildings may be appropriate. This matter could then be considered as part of the next phase of RMA reform.</p>
<p>1st amendment to s25A New s25A(3) Minister may direct change of Plan, change, or variation.</p>	cl 6	<p><u>Description</u> The Bill proposes new s25A(3), which provides that if a national policy statement requires a local authority to prepare a document, other than a plan or policy statement, the Minister may direct a local authority to prepare or amend the document to meet the requirements of the national policy statement. The direction must include a reasonable timeframe in which the document must be prepared or amended.</p> <p><u>Comment</u> The proposal expands the existing powers of the minister being able to direct not only the preparation of a plan or policy, but now the preparation of a document as required by a national policy statement. As the provisions are similar to the existing provisions relating to the preparation of a plan or policy MPDC sees no issue with this.</p> <p><u>Description</u> That the proposal is retained as notified.</p>
<p>2nd amendment to s25A New s25A(4) Minister may direct change of Plan, change, or variation.</p>	cl 7	<p><u>Description</u> The Bill proposes new s25A (4), which enables the Minister to direct a local authority to prepare and make a plan change or variation to address any non-compliance with a national policy statement; and use a planning process under the principal Act specified by the Minister for that purpose, with notification of the variation or plan change to be achieved in a reasonable timeframe.</p> <p><u>Comment</u> The proposal expands the existing powers of the minister to direct the development of a plan change or variation and notify it to address any non-compliance with a national policy statement.</p> <p>MPDC is concerned with the proposal of Ministerial direction to a local authority to amend a document, as the Minister appears to be afforded an unfettered discretion in deciding whether the requirements of a national policy statement have been met. The Minister will not have accurate local data, local insights or detailed understanding of resource management issues and application locally. Such a power has the potential to undermine a council's strategic planning and may have perverse and unintended consequences, for example negatively impacting on a council's financial planning through application of a particular directive. MPDC would seek that a consultation process is undertaken to mutually understand the nature of any non-compliance before the Minister issues such a directive.</p> <p><u>Recommendation</u> That s25A(4) is amended as follows;</p> <p>4) <i>The Minister –</i> <i>(a) may, after consultation with a local authority, direct a that local authority to</i> <i>(i) prepare a plan change or variation to address any non-compliance with national direction; and</i> <i>(ii) use a planning process under this act to prepare the change or variation; and</i> <i>(b) must specific in the direction a reasonable period within in which the plan change or variation must be notified</i></p>

Emergency and Natural Hazards		
<p>Amend s86B</p> <p>When rules in proposed plans have immediate legal effect.</p>	<p>cl 25(1)</p>	<p><u>Description</u> An amendment is proposed to s86B that contains the matters that have immediate legal effect upon notification. It is proposed that natural hazards provisions would now be included in the matters that immediate legal effect.</p> <p><u>Comment</u> The MPDC DP already gives regard to Natural Hazards. MPDC welcomes this proposal as it will enable an improved responsiveness when addressing natural hazard issues via any new District Plan changes that are developed as an outcome of natural hazard research that the Council may undertake. Once new rules are notified this proposal will allow the immediate consideration and application of those rules when processing resource consent applications for land use and development.</p> <p><u>Recommendation</u> MPDC supports the proposed amendment to s86B and seeks that it is retained.</p>
<p>New s106A</p> <p>Consent authority may refuse land use consent in certain circumstances.</p>	<p>cl 37</p>	<p><u>Description</u> The proposed new s106A, would allow a consent authority to refuse consent or grant it, subject to conditions, based on assessment of risk from natural hazards. An application will require assessment if the consent authority considers that an activity will create a significant risk from natural hazards when there was none previously, or increase an existing risk from natural hazard to a significant risk, or increase an existing significant risk from natural hazard.</p> <p>An assessment will require a consideration of the likelihood of natural hazards occurring, either in combination or individually, the material damage that would occur from land or structures as a result of the natural hazards occurring, whether the proposed use would accelerate, worsen or result in material damage to the land, and whether the proposed use would result in adverse effects on the safety and health safety of people. Conditions imposed under the section must be for the avoidance or mitigation of the significant risks from any hazards, and be of a type that can be imposed under s108 (Conditions of Resource consents).</p> <p><u>Comment</u> The proposed new section contains an undefined term “<i>material damage</i>” and there would be benefit in providing a definition of this term to aid the understanding and application of this new section.</p> <p>The proposed new section contains an undefined term “<i>significant risk</i>” and there would be benefit in providing a definition of this term to aid the understanding and application of this new section.</p> <p>MPDC supports the inclusion of land use consents in s106 providing for councils to refuse consent in significant hazard scenarios. The MPDC DP already assesses hazards through a series of site suitability provisions and this will make it easier to decline a consent, when an activity is likely to generate or be subject to significant adverse effects from natural hazards.</p> <p>MPDC would like to comment on some components of the amendment including the undefined term “<i>material damage</i>.” In the proposed new section there is a focus to the ‘<i>material damage</i>’ of land in respect of which the consent is sought, when MPDC would prefer it to have a much broader consideration including the consequences on people, property and the environment (of which land is a part of). There could also be benefit in changing the proposed use of the term ‘<i>material</i></p>

		<p><i>damage</i> to “consequences” (this is more consistent with best practice risk methodologies); and include within the consequences ‘on people, property, critical infrastructure and the environment’.</p> <p>Making an assessment of the significance of an issue requires judgements to be made, and such judgements inevitably involve an element of subjectivity. With a large number of local authorities in the Waikato region, there could be varying interpretations and applications of what constitutes “significant” This variability can lead to inconsistencies in decision-making and policy implementation across the region. Consistent and effective decision-making and policy implementation across all local authorities is needed to ensure a coordinated and resilient response to natural hazards. A definition of significant risk would ensure consistent administration of these new provisions.</p> <p>MPDC presumes that it will continue its practice of asking applicants to develop “their case” in terms of assessing their proposed activity against any new hazard requirements as this new section does not provide particular guidance on this matter and believe that there would be considerable benefit in the development of a single piece of national direction for natural hazards /adaption planning for both Councils and applicants developing their applications. This must be developed to guide implementation and ensure consistency of application across region and across the country.</p> <p><u>Recommendations</u></p> <ul style="list-style-type: none"> • Change the term “material damage” to “consequences” and include within the consequences “on people, property, critical infrastructure and the environment”, and provide a definition of the term, and • Provide a definition of “significant risk” • Subject to any other amendments and prior to these clauses becoming operative, that a single piece of national direction for natural hazards/adaption planning is developed to guide implementation and ensure consistency of application.
<p>New proposal from MPDC</p> <p>Request for National Direction on Hazards.</p>		<p><u>Description</u> The way natural hazards are addressed sees multiple methods being used across local authority boundaries, which creates cumulative increases in risk over time. The new proposed provisions require additional complex assessments to occur without the benefit of national guidance on this important matter.</p> <p><u>Comments</u> MPDC recommends a single piece of national direction for natural hazards should be developed. This would comprehensively addresses the whole spectrum of natural hazard risks, provide definitions for different risk levels e.g. tolerable risks (...an actual or a potential cause of a substantial and demonstrable serious adverse impact such as risk to life, or notifiable injury or illness due to prolonged exposure...), include a national standardised methodology that sets the basis for assessing risk and provides high levels of certainty for local authorities, businesses, property owners and communities. This would assist in the implementation of the proposed new provisions that are part of this Bill, in particular new s106A.</p> <p><u>Recommendation</u> That a national policy statement (national direction) is developed for natural hazards to assist and guide the implementation of the new provisions of this Bill related to hazards, prior to the royal assent of this Bill.</p>

<p>New s331AA</p> <p>Emergency response regulations.</p>	<p>cl 64</p>	<p><u>Description</u> The Bill inserts new s331AA to empower the making of emergency response regulations to respond to natural hazard events and enable recovery efforts in the affected area. The section sets out the criteria, process, and parameters for those regulations and the matters, including providing the material to other parties for their consideration and comment that the minister, must consider before making a recommendation, prior to the provisions being enacted.</p> <p><u>Comment</u> MPDC is supportive of the recognition of the need to expedite decision making, while at the same time trying to involve as many parties as possible. MPDC supports the Waikato CDEM groups submission that seeks to amend 2(f) with the addition of the wording “and relevant Civil Defence Emergency Management Groups” as parties to be consulted.</p> <p>While it is noted that relevant Māori entities are also invited at section 2(f) to submit written comment, the emergency regulation-making powers have the potential to bypass tikanga and undermine long-term cultural and environmental sustainability, particularly if written comment cannot be provided in the specified timeframe. We recommend consideration of how tikanga-based principles can be incorporated into emergency planning, to ensure alignment with sustainable and collective values. We envisage that this would be a more substantive process, than the five day review process outlined in the provisions could provide and would commence in a general sense now.</p> <p>MPDC considers that there would be benefit in amending the time frames in which the comments referred to in subsection (2) (h) or written comments provided in response to an invitation from the Minister under subsection (2) (f) or (3) must be provided within 5 working days of the draft being provided to the committee or to the invitation being received, respectively, unless the Minister extends that period. The proposed time frame may hinder the ability of those who will be implementing regulations to contribute effectively to their development. Those involved in response and recovery activities, who are already working at full capacity, may struggle to participate meaningfully in the regulatory process. This can impact their ability to ensure the wellbeing of their communities, hapū, and marae.</p> <p><u>Recommendation</u></p> <ul style="list-style-type: none"> • MPDC supports that Waikato CDEM group submission on the matters in clause 64, including recommending the inclusion of relevant Civil Defence Emergency Management Groups” as parties to be consulted, and that the timeframes referred to in Subsections (2) (h) and (2) (f) or 3 are amended from 5 working days to 10 working days. • MPDC also recommends that proposed new s331AA is amended to consider how tikanga-based principles can be incorporated into emergency planning.
<p>Resource management system improvements</p>		
<p>Amend s87A</p> <p>Classes of activities.</p>	<p>cl 27</p>	<p><u>Description</u> The Bill proposes amended s87A will provide for the declining of a controlled activity if s106A applies. (New s106A - Consent authority may refuse land use consent in certain circumstances.)</p> <p><u>Comment</u> This amendment will result in the consent authority not being required to grant consent for a controlled activity if s106A applies. S106A would enable a consent to be refused for natural hazard related matters. MPDC supports this proposal as it provides consistency through the Act and makes it explicit that a controlled activity, which is usually granted consent, can be refused. This aligns with the ‘Reduction’ aspect of the 4Rs of the CDEM Act, which emphasizes minimising the likelihood and consequences of disasters and taking steps to eliminate risks to human life and property.</p> <p><u>Recommendation</u></p>

		That the amendment is retained as notified.
Amend s88 Making an application.	cl 28	<p><u>Description</u> The Bill proposes that an additional clause inserted into s88, seeking that information to be provided for an application is proportionate to the scale of the proposed activity.</p> <p><u>Comment</u> Proposed new s88 (2AA) requires information to be provided at a level of detail that is "<i>proportionate to the...significance of the activity.</i>" We consider it is unclear what "<i>significance of the activity</i>" means in this context. This could be interpreted as synonymous with the "importance" of the activity, which we assume is not intended. We assume that the "proportionality" test intended here is in relation to nature and scale of the activity, along with its actual and potential adverse effects.</p> <p>We also note that the intent and wording of proposed new sub-sections (2AA) and (2AB) is very similar to (but not the same as) Schedule 4.2(3) (c). This requires that an assessment of environmental effects "<i>includes such detail as corresponds with the scale and significance of the effects that the activity may have on the environment.</i>"</p> <p>We consider that it would be appropriate to align the wording of sub-sections (2AA) and (2AB) with Schedule 4.2(3) (c).</p> <p><u>Recommendation</u> Amend proposed s88(2AA) and (2AB) as follows: "(2AA) An applicant must ensure that the information required by subsection (2) (b) is provided at a level of detail that is proportionate to <u>corresponds with</u> the nature, scale and significance of the activity, including the effects that the activity may have on the environment.</p> <p>(2AB) A consent authority may accept an application that does not fully comply with subsection (2) (b) if the authority is satisfied that the information provided by the applicant is proportionate to <u>corresponds with</u> the nature, scale and significance of the activity, including the effects that the activity may have on the environment."</p>
Amend s92 Further information, or agreement, may be request.	cl 30	<p><u>Description</u> The Bill proposes that s92 is amended to provide criteria that a consent authority must consider before requesting further information, which includes if the information is needed for decision making, or if it can assess the proposal from information currently available, and any information that it seeks is proportionate to the nature and scale of the proposal.</p> <p><u>Comment</u> The reference in proposed sub-section (2B)(c) to the "<i>nature and significance of the proposal</i>" omits to include any direct reference to effects, which are arguably the most important factor in determining the need for further information, and for determining what is appropriate information to request. We seek that the clause be amended to reflect this and that "<i>proportionate to...the proposal</i>" is replaced with "<i>corresponds with... the activity</i>" for consistency with Schedule 4.2(3)(c) and the relief sought for amendment of section 88.</p> <p><u>Recommendation</u> Amend proposed s92(2B)(c) as follows: "Any information that it seeks is proportionate to <u>corresponds with</u> the nature and significance of the proposal activity, including the effects the activity may have on the environment."</p>
Amend s92A	cl 31	<u>Description</u>

Responses to request.		<p>The Bill proposes to amend s92A(3) that relates to the consideration of a consent application when an applicant has not responded to a request for further information, agrees to provide the information but does not, or refuses to provide the information under subsection (1)(c). The proposal is to amend the statement the consent authority “<i>must</i>” consider the application, to the consent authority “<i>may</i>” consider the application.</p> <p><u>Comment</u> MPDC is supportive of this proposed amendment and believes it will assist to improve the efficiency and effectiveness of consent authorities. Currently a significant amount of time is consumed with consent applicants who choose not to provide information requested, or do not provide the information requested in a timely manner.</p> <p>MPDC would also like to suggest in the interests of increased efficiency that this clause can be applied retrospectively from the time of royal assent. This would enable further gains in efficiency to be achieved by being able to apply this provision to the existing backlog of applications where applicants have not responded to a request for further information, agreed to provide the information but have not, or refused to provide the information. It is anticipated that further consequential changes may be required to the Bill, to guide applicants in responding to such a request.</p> <p>MPDC also considers that the proposed provision would also require amendments to other parts of the RMA, notably s95C- Public notification of consent application after request for further information or report. Clauses (2) and (3) which currently require, when an applicant does not respond before the deadline or refuses to provide/agree to the commissioning of the report, that the consent authority must publicly notify the application. MPDC suggests for consistency of approach that 95C (2) (a) and (3) (a) are revised reflecting that such applications will potentially cease to be processed.</p> <p><u>Recommendation</u></p> <ul style="list-style-type: none"> • That the proposed changes to s92A are retained as notified, and • for consistency that changes are made to s95C (2) (a) and (3) (a) to reflect that some applications will potentially not be processed in some instances, and • S92A is further amended to allow these changes to be applied retrospectively upon royal assent, with any consequential changes as required.
New s92AA Consequences of applicant’s failure to respond to requests, etc.	cl 32	<p><u>Description</u> This new section outlines the process a consent authority may follow when considering that an application is determined to be incomplete.</p> <p><u>Comment</u> MPDC supports the inclusion of this new section as it clearly outlines the steps and timeframes that must be followed when determining that a resource consent application is incomplete. It is also helpful that the new section covers the fact that if the application is lodged again it is considered to be a new application, rather than the lodgement of the further information. MPDC considers that this new process will encourage parties to be prompt when responding to further information requests.</p> <p><u>Recommendation</u> MPDC support the proposed new section and seeks that it is retained as notified.</p>
Amend s92B		<u>Description</u>

Responses to notification		<p>The Bill proposed to amend s92B that relates to the consideration of a consent application under s104 when an applicant has not provided further information or commissioned a report when requested. (notified) The proposal is to amend the statement that the consent authority “<i>must</i>” consider the application, to the consent authority “<i>may</i>” consider the application.</p> <p><u>Comment</u> MPDC is supportive of this proposed amendment and believes it will assist to improve the efficiency and effectiveness of consent authorities. Currently a significant amount of staff and managerial time is consumed with consent applicants who choose not to provide information requested, or do not provide the information requested in a timely manner. MPDC would also like to suggest in the interests of increased efficiency that this clause is included into the provisions (s86B) that become immediately effective upon notification. This would enable the gains in efficiency to be achieved as soon as possible.</p> <p><u>Recommendation</u> That amended s92B is retained as notified, and</p> <p>That s86B (When rules in proposed plans have immediate legal effect) is further amended to include that consent authorities “<i>may</i>”, rather than “<i>must</i>” consider an application where under s104 when an applicant has not provided further information or commissioned a report when requested.</p>
Existing s100 Obligation to hold a hearing. replaced with New s100 Consent authority must not hold hearing unless it determines further information needed.	cl 34	<p><u>Description</u> Existing s100 (Obligation to hold a hearing) is proposed to be replaced with a new s100 where a consent authority must not hold a hearing unless it determines further information is needed to make a decision.</p> <p><u>Comment</u> While MPDC considers that this change could increase the efficiency of hearing processes, particularly when submissions are not on a substantive issue or not backed up with any technical/expert reports, there is also a concern that this proposal could significantly reduce the opportunities for submitters and applicants to participate in decision-making and may have the unintended consequence of increasing appeals and objections.</p> <p><u>Recommendation</u> MPDC seek that the provision is removed.</p>
New s103BA Requirement to provide report or other evidence if hearing not held.	cl 35	<p><u>Description</u> It is proposed that in the event that a hearing is not held that the following information is provided to the applicant and any submitters; a copy of any report written under s92 (further information or agreement may be requested), and briefs of any other evidence, and any report commissioned under s92 (2).</p> <p><u>Comment</u> As MPDC does not support the proposal to further limit the occasions in which a hearing can be held, there is no reason for this new section.</p> <p><u>Recommendation</u></p>

		That this proposed provision is removed.
Amend s104 Consideration of applications.	cl 36	<p><u>Description</u> It is proposed that a consent authority, when considering an application under s104, may consider an applicant's previous non-compliance under RMA if there has been previous or current abatement notices, enforcement notices, infringement notices, or convictions under the RMA, and can decline an application if the applicant has a record of ongoing, significant or repeated non-compliance, or has been the subject of an enforcement order or a conviction under the Act.</p> <p><u>Comment</u> MPDC sees benefit in this approach, given that an applicant's previous non-compliance could signal a possibility of new non-compliances resulting in adverse environmental effects. MPDC considers there would be benefit in the clause being amended to be consistent with the existing language of Act, to use the term, "give regard" to any previous abatement notices etc., rather than "take account of" etc.</p> <p><u>Recommendation</u> That the proposal is retained subject to the following amendment; Replacing the words "take account of" with "<u>have regard to</u>" in proposed s104(2EA)</p>
New s107G Review of draft conditions of consent.	cl 38	<p><u>Description</u> This proposed amendment provides for an applicant to request a copy of the draft conditions prior to decision making. These can be made available to either an applicant or submitters and revised conditions can only reflect technical or minor matters.</p> <p><u>Comment</u> The practice of making draft consent conditions available for review is well established at MPDC. MPDC welcomes the inclusion of this process as part of the proposed amendments, to ensure the continuation of this helpful practice.</p> <p><u>Recommendation</u> That the proposal is retained as notified.</p>
Amend s108 Conditions of resource consents.	cl 39	<p><u>Description</u> This proposed amendment provides for instances where conditions may mitigate risk of non-compliance by an applicant who may have a history of previous non-compliances etc.</p> <p><u>Comment</u> MPDC considers that as robust conditions can be developed to mitigate possible non-compliances that there would be benefit in this approach becoming part of the RMA. These sorts of conditions could include submitting a compliance monitoring plan, training with regard to compliance for staff on site and with training records maintained and made available to the consent authority on request and so on.</p> <p><u>Recommendation</u> That the proposal is retained as notified.</p>
Amend s128 Circumstances when consent	cl 45	<p><u>Description</u> It is proposed to amend s128 with the inclusion of a new reason why a consent authority may choose to review the conditions of consent, with the existing reasons being related to the creation of adverse effects. The proposed addition would allow the conditions to be reviewed if the consent authority deems that the consent holder has contravened a condition of consent.</p>

conditions can be reviewed.		<p><u>Comment</u> MPDC considers that this is a useful addition to the RMA toolbox as this would allow the consent conditions to be reviewed in many instances, such as provision of reports, the undertaking of works and so on.</p> <p><u>Recommendation</u> That the proposal is retained as notified.</p>
Monitoring and Compliance		
Amend s36 Local authorities may fix administrative charges for monitoring and enforcement.	cl 10	<p><u>Description</u> An amendment is proposed to s36, which extends administrative charges for monitoring and enforcement by the local authority.</p> <p><u>Comment</u> The proposed amendment will further recognise the ability for local authorities to consider enforcing charges regarding monitoring works for permitted activities and fees for instances where a person has contravened the Act. This could be advantageous for local authorities as it formally acknowledges additional administrative services that is a part of the wider monitoring and enforcement process.</p> <p><u>Recommendation</u> MPDC supports the proposed amendment to s36 and seeks that it is retained.</p>
Amend s38 Updated reference to MPI and Minister of Conservation's power to authorise officers removed.	cl 12	<p><u>Description</u> An amendment is proposed to s38 to update the authorisation and responsibilities by enforcement officers through adding references to the Ministry of Primary Industries.</p> <p><u>Comment</u> This amendment makes it clear that officers from Ministry of Primary Industries can also be appointed to carry out functions of power as an enforcement officer under the Act.</p> <p><u>Recommendation</u> MPDC supports the proposed amendment to s38 and seeks that it is retained.</p>
Amend s314A Local authority or EPA may apply to Court to revoke or suspend consent due to ongoing, significant, or repeated non-compliance.	cl 59	<p><u>Description</u> An amendment is proposed to s314A to allow the Environment Court to revoke or suspend a resource consent for ongoing non-compliance with the Act.</p> <p><u>Comment</u> MPDC are supportive of this amendment, as it will result in increased consequences for consent holders that are repeatedly not complying with their consent. It will also send a strong signal that non-compliance under the Act is unacceptable.</p> <p>MPDC is mindful in order to demonstrate the consent holder has a history of repeated non-compliance with their consent, Council would need to store and provide detailed documentation of instances where the applicant has breached past/present consents.</p> <p><u>Recommendation</u></p>

<p>Amend s322</p> <p>Scope of abatement notice made more consistent with enforcement order.</p>	<p>cl 60</p>	<p>MPDC supports the proposed amendment to s314A and seeks that it is retained.</p> <p><u>Description</u> An amendment is proposed to s322 to increase consistency with the scope of enforcement orders under s314.</p> <p><u>Comment</u> Provides greater clarity on the scope of the abatement notice by clearly outlining the notice may require a person to do something that ensures compliance with the Act, a national environmental standard, a regulation, a rule in a plan or a proposed plan, or a resource consent.</p> <p><u>Recommendation</u> MPDC supports the proposed amendment to s322 and seeks that it is retained.</p>
<p>Amend s327</p> <p>Period of excessive noise directions extended from 72 hours to 8 days.</p>	<p>cl 61</p>	<p><u>Description</u> An amendment is proposed to s327 to extend the period of time that excessive noise directions are in place for.</p> <p><u>Comment</u> MPDC considers the current duration for excessive noise directions is short and does not serve to effectively deter the offender from repeating the same offence after the 72 hours are over. By extending the period to 8 days, this will help local authorities to better manage repeated noise events and increase opportunities to serve an infringement notice where Council considers applicable.</p> <p><u>Recommendation</u> MPDC supports the proposed amendment to s327 and seeks that it is retained.</p>
<p>Amend s330</p> <p>Notifying absent occupier of place where preventative or remedial action required.</p>	<p>cl 62</p>	<p><u>Description</u> An amendment is proposed to s330 which relates to emergency works and the power to take preventative or remedial action. The amendment provides that a local authority or consent authority that enters a place to take immediate preventative or remedial measures, but cannot find the occupier there, may leave a notice displayed on the land with details of the entry, then serve a similar written notice on the ratepayer to provide further options in circumstances where local authority have entered a place to take immediate/preventative or remedial action but the occupier is not present.</p> <p><u>Comment</u> This provides further guidance on the procedure to follow when the occupier of place is not found and remedial/preventative action is required. The amendment also clarifies that service of the written notice should address responsibility on the ratepayer rather than the occupier.</p> <p><u>Recommendation</u> MPDC supports the proposed amendment to s330 and seeks that it is retained.</p>
<p>Amendment to s330A</p> <p>30 days to seek consent for activity undertaken in emergency.</p>	<p>cl 63</p>	<p><u>Description</u> An amendment is proposed to s330A to extend the period an applicant is required to seek resource consent for emergency works from 20 to 30 days if there are persistent adverse effects from the activity being undertaken.</p> <p><u>Comment</u></p>

		<p>MPDC has not encountered many situations that have required consent for an activity undertaken in emergency where persistent adverse effects are evident. However, the proposed extension of 10 days may be useful to local authority as the applicant will be given a longer period of time to prepare a robust resource consent application.</p> <p>There is some concern that there is no guidance regarding when the applicant should advise the relevant local authority of the activity that is being undertaken within the 7-day timeframe. The proposed wording suggests that the applicant can choose to notify the local authority at the start of the activity or at a later stage while the activity is still underway. Ideally, Council would benefit from being aware of the activity at the start of works to manage any internal concerns or public enquires.</p> <p><u>Recommendation</u> MPDC supports the Waikato CDEM group submission on this matter, while also making the following recommendation to amend part of s330A(1) to the following: “(1) Where an activity is undertaken under s330, the person (other than the occupier), authority, network utility operator, or lifeline utility who or which undertook the activity shall advise the appropriate consent authority, within 7 days <u>of the start of the activity</u>, that the activity has been undertaken.”</p>
Amendment to s339 Penalty for specified offences increased.	cl 65	<p><u>Description</u> An amendment is proposed to s339, which seeks to significantly increase the penalty for specific offences and reducing the maximum term of imprisonment from 2 years to 18 months.</p> <p><u>Comment</u> Increasing penalty of offences will signal that there are meaningful punishments in place where instances of non-compliance are found. Current fees may be considered low for corporate entities and do not serve to deter corporations from undertaking unlawful activities relating to resource consents, especially when these types of activities generate a substantial commercial gain.</p> <p><u>Recommendation</u> MPDC supports the proposed amendment to s339 and seeks that it is retained</p>
Amendment to s342A Contracts of insurance against fines or infringement fees under RMA prohibited	cl 66	<p><u>Description</u> An amendment is proposed to s342A to introduce a new section that prohibits unlawful contracts of insurance against fines or infringement fees under the Act.</p> <p><u>Comment</u> Currently, there is no legislation that explicitly prohibits certain contracts of insurance against fines under the RMA. This amendment would be advantageous to ensure that offenders cannot avoid prosecution costs for RMA offences by purchasing insurance. It will ensure that offenders are held accountable to their obligations under the RMA.</p> <p><u>Recommendation</u> MPDC supports the proposed amendment to s342A and seeks that it is retained.</p>
Amendment to s352	cl 67	<p><u>Description</u> An amendment is proposed to section s352, which will update methods of service of documents under the Act.</p> <p><u>Comment</u></p>

<p>Methods of service of documents updated</p>		<p>MPDC oppose this clause as it is unclear what problem it is seeking to fix. The proposed replacement section removes the ability of persons to specify an address for service to which documents must be sent and have confidence that they will be sent there. For the sender, sending documents to the place specified by the intended recipient, would become optional. Instead, the proposed amendment substitutes a menu of options for service, all/any of which comply. While this would certainly make it easier for bodies who are required to serve notice, it is likely to be less effective in ensuring that the person actually receives the document (and is certainly less customer friendly). This also runs counter to trends in proceedings where increasingly, the Court has found that it is not sufficient that compliance with s352 be demonstrated, rather the Court has required that receipt/knowledge of the document is the relevant test. The proposed amendment runs counter to the advancement of this practical problem.</p> <p><u>Recommendation</u> That clause 67 is deleted.</p>
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AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Report to the District Council on the audit of

Matamata-Piako District
Council

For the year ended 30 June 2024

Item 8.3

Attachment A

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Key messages

We have completed the audit for the year ended 30 June 2024. This report sets out our findings from the final audit and draws attention to areas where the District Council is doing well and where we have made recommendations for improvement. This report should be read together with the Interim Report to the Council, dated 3 September 2024.

Audit opinion

We have issued an unmodified audit opinion dated 27 November 2024. This means that we were satisfied that the financial statements and statement of service performance present fairly the District Council's activity for the year and its financial position at the end of the year.

Matters identified during the audit

Our audit plan outlined the key matters identified for the audit. We have detailed the work performed for these matters in section 3 of the report.

Overall, the quality of the annual report improved compared to prior year. Some corrections were made to both the financial statements and performance reporting as noted in Appendix 2.

The quality of supporting listings and evidence in relation to property, plant and equipment needs significant improvement. We recommend that management implements quality control processes to ensure that listing provided to audit reconcile to the financial statements and relevant supporting information is available in a timely manner. Management should also tighten the procedures and controls around asset capitalisations to ensure that assets are correctly classified for inclusion in the financial statements.

The District Council has made progress in implementing or closing previous recommendations raised. However, a number of previous recommendations remain open. We encourage the District Council to continue addressing the remaining open recommendations. Appendix 1 provides a summary of these.

Thank you

We would like to thank the Council, management, and staff for the assistance received during the audit.



Rene van Zyl
Appointed Auditor
18 February 2025

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 District 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 District 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 their priority.

Recommendation	Reference	Priority
Timely capitalisations - PPE Management should tighten the procedures and controls around asset capitalisations to ensure that assets are correctly classified for inclusion in the financial statements.	4.1.1	Urgent
Quality and timeliness of information – PPE The quality of supporting listings and evidence in relation to property, plant and equipment needs significant improvement. We recommend that management implements quality control processes to ensure that listings provided to audit reconcile to the financial statements and relevant supporting information is available in a timely manner.	2.4	Urgent

Recommendation	Reference	Priority
<p>Depreciation not correctly backdated</p> <p>Management should investigate the reasons why the system is not calculating depreciation correctly using the install date (date when asset was actually completed) rather than the found date (when asset was capitalised) and take appropriate action.</p>	4.1.2	Necessary
<p>Internal charges for NZTA claim</p> <p>We recommend the District Council reviews its processes for recording labour time for internal charges for workorders (which form part of the NZTA claim) to ensure that the labour time is captured in a timely manner for labour charges to be included as part of the NZTA claims.</p>	4.1.3	Necessary
<p>Useful lives disclosed for accounting policy</p> <p>The Council should review the accounting policy for useful lives included in the financial statements and ensures that it is consistent with the useful lives adopted.</p>	4.1.4	Necessary
<p>Register of pecuniary interest</p> <p>All interests should be declared by elected members to ensure that the District Council complies with the Local Government Act pecuniary interests' requirements.</p>	5.1	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 matters from 2023 report	1	10	1	12
Open matters from 2024 interim report	-	4	2	6
Implemented or closed during 2024 final audit	1	3	1	5
Total matters considered	2	17	4	23

2 Our audit report

2.1 We issued an unmodified audit report



We issued an unmodified audit opinion on 27 November 2024. This means we were satisfied that the financial statements and statement of service performance present fairly the District Council's activity for the year and its financial position at the end of the year.

In forming our audit opinion, we considered the following matters. Refer to sections 3 and 4 for further detail on these matters.

2.2 Uncorrected misstatements

During the audit, we have discussed with management any misstatements and disclosure deficiencies that we found, other than those which were clearly trivial. The misstatements that have not been corrected are listed in Appendix 2 along with management's reasons for not adjusting these misstatements. We are satisfied that these misstatements are individually and collectively immaterial.

2.3 Corrected misstatements

We also identified misstatements that were corrected by management. The corrected misstatements are listed in Appendix 3.

2.4 Quality and timeliness of information provided for audit



Management needs to provide information for audit relating to the annual report of the District Council. This includes the draft annual report with supporting working papers. We provided a listing of information we required on AuditDashboard to management in August 2024. This included the dates we required the information to be provided to us.

Overall the quality of the annual report improved compared to prior year. Some corrections were made to both the financial statements and performance reporting as noted in Appendix 3 resulting in the review of several versions of the annual report.

In general information was provided as agreed with delays experienced in receiving information requested in relation to property, plant and equipment as well as bank reconciliations.

In relation to bank reconciliations management provided a listing of all unreconciled items and additional audit work was performed to verify these unreconciled items and assess the impact on the financial statements. Unmatched items should be processed in a timely manner to ensure that at year end they are classified appropriately in the financial statements and relate to the correct financial year. Currently this is a manual process completed by staff. We have made recommendations in our interim Report to the Council for improvements needed.

The quality of supporting listings and evidence in relation to property, plant and equipment needs significant improvement. We recommend that management implements quality control processes to ensure that listings provided to audit reconcile to the financial statements and relevant supporting information is available in a timely manner. This impacted the extent of audit work required as well as requiring adjustments to the financial statements and other disclosures as these numbers impact various sections of the annual report.

Management comments

Bank reconciliations

The bank reconciliation module in our Authority software is excellent in terms of generating an automated daily bank reconciliation that give us assurance that all transactions in the bank account and cashbook are captured. Beyond that, the module provides insufficient transaction information to enable a smooth matching of items between the bank account and the cashbook. The system is also incapable of producing an automated reconciliation at a specified date, which therefore requires staff to manually produce the year end bank reconciliation.

These issues have been raised with our software provider Civica on an individual basis, and in conjunction with other local authority users. Since Audit NZ's Interim Report, staff have met with other users and the module expert from Civica and have gained assurance that we are utilising the module to its current potential. As a result of the combined user issues raised, Civica have provided some enhancements in recent patches, however we have not found them to provide any benefit for the process of matching transactions. The module expert from Civica also noted that they have spent considerable time trying to develop an automated retrospective trial balance, but have found the process to be overly complex, and we were not given a strong indication that this enhancement would be forthcoming.

As such, staff have recently spent significant time developing and testing their own tool outside of the Authority system that we have found to be significantly beneficial in the process of matching transactions. We expect that this will greatly improve the timeliness of the matching, although noting that there are always transactions that take longer to resolve as they may require further investigation. Staff are also trialling processes to help make the manual bank reconciliation process at year end more efficient.

Property, plant and equipment

There are many staff involved in the administration and development of the supporting information for property, plant and equipment. Going forward, we will assign responsibility to an individual to coordinate and ensure that the information provided to the Audit team reconciles to the financial statements and is provided in a timely manner.

3 Matters raised in the Audit Plan



In our Audit Plan of the District Council, we identified the following matters as the main audit risks and issues:

Audit risk/issue	Outcome
The risk of management override of internal controls (significant risk)	
<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>In response to this risk, we performed testing over journals, accounting estimates and looked for significant transactions that were outside the normal course of business. Based on the results of our testing, we found no indications of management override of controls that would result in a material misstatement, in the financial statements, due to fraud.</p>
Fair value assessment of property, plant and equipment (non -revaluation year) (area of audit focus)	
<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>Alternatively, Council could engage valuers to assist in preparing a fair value assessment.</p>	<p>We reviewed the fair value assessment performed by the District Council for Three Waters assets, roading assets, land and building assets. The audit team's review confirmed the assumptions used and the resulting calculation did not indicate a material difference between the District Council's current carrying value and their approximate fair value.</p>

Audit risk/issue	Outcome
Completeness of data for performance measures (CRM related performance measures) (area of audit focus)	
<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>CRM is the data system that the District Council uses to process their customer complaints and requests. This system also is used for year-end reporting purposes to determine the reported results in relation to the <i>"number of dry weather sewerage overflows from Council's sewerage system"</i>.</p> <p>We performed alternative audit work to determine the completeness of data for measures we performed work over. We concluded that no data was omitted, and that the data used for reporting purposes was complete.</p> <p>We are satisfied that the performance result is fairly stated and complete.</p>
"Local Water Done Well" programme (area of audit focus)	
<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>We reviewed the District Council's disclosure included in the annual report regarding the Local Water Done Well programme and are satisfied that the disclosure is reasonable.</p>

4 Other matters identified during the audit



In this section, we comment on any other matters that were identified during the audit that need to be brought to your attention.

4.1 Property Plant and equipment

4.1.1 Timely capitalisations

With management's assistance, we identified a significant amount of WIP not capitalised into property, plant and equipment (PPE) at the appropriate time. A portion of which should have been capitalised in 2022 and earlier. The flow-on effect impacts depreciation as depreciation does not commence until the assets are capitalised into PPE.

We recommend that management tightens the procedures and controls around asset capitalisations to ensure that assets are correctly classified for inclusion in the financial statements.

Management comment

Council has enhanced its processes and capitalisations over the past couple of years, particularly in Parks and Facilities and Roading. However, we acknowledge that some older projects, especially in the Three Waters sector, still need to be capitalised which we are currently working on this year to prevent any impact on our depreciation calculations.

4.1.2 Depreciation not correctly backdated

We noted several instances of AssetFinda (asset system) not correctly backdating the depreciation for older assets capitalised. The flow on effect impacts depreciation disclosed in the financial statements.

We recommend that management investigates the reasons for why the system is not calculating depreciation correctly using the install date (date when asset was actually completed) rather than the found date (when asset was capitalised) and take appropriate action.

Management comment

Unfortunately, AssetFinda cannot backdate depreciation for found assets. As a result, the end-of-year depreciation does not include any backdated amounts. However, staff can manually review this annually to ensure there are no significant impacts.

As we work on reducing our backlog and WIP, fewer assets will be added with a found date.

We conduct annual or bi-annual valuations, which trigger the asset to be correctly valued, providing a written-down value reflective of the asset's age. The asset will then continue to depreciate based on this updated value.

4.1.3 Internal charges for NZTA claim

We noted that internal costs labour charges are recorded via an excel spreadsheet that is captured by relevant field employees. When reviewing the underlying roading expenditure transactions that the District Council had submitted for their June 2024 NZTA subsidy claim, we noted labour charges that related to March 2024 and May 2024 which should have been claimed within their respective months. We understand that this is due a time-lag of the input of labour chargers by relevant staff.

We recommend the District Council reviews its processes for recording labour time for internal charges for workorders (which form part of the NZTA claim) to ensure that the labour time is captured in a timely manner for labour charges to be included as part of the NZTA claims.

Management comment

Internal Roading labour charges are generally claimed in a timely manner, and NZTA audits have not identified any issues with our process.

While some charges are backdated, they are very minor.

Due to overlapping work and budget changes with Transport Choices and General Roading subsidised work, some adjustments were necessary at the end of the year as NZTA changed the funding sources.

We will follow up with departments charging to the roading work orders to ensure they stay on top of their timesheet charges and review these regularly.

4.1.4 Useful lives disclosed for accounting policy

We noted that useful life adopted has not been accurately disclosed in accounting policy disclosed in the financial statements, particularly for Stormwater and Water.

We recommend Council reviews the accounting policy for useful lives included in the financial statements and ensures that it is consistent with the useful lives adopted.

Management comment

The useful lives of PPE are reviewed as part of a revaluation process and following that the accounting policy is updated to reflect any changes made. Staff will review any updates required following the 30 June 2025 revaluation.

5 Public sector audit



The District Council is accountable to local community and to the public for its use of public resources. Everyone who pays taxes or rates has a right to know that the money is being spent wisely and in the way the District Council said it would be spent.

As such, public sector audits have a broader scope than private sector audits. As part of our audit, we have considered if the District Council has fairly reflected the results of its activities in its financial statements and non-financial information.

We also consider if there is any indication of issues relevant to the audit with:

- compliance with its statutory obligations that are relevant to the annual report;
- the carrying out its activities effectively and efficiently;
- waste being incurred as a result of any act or failure to act by ;
- any sign or appearance of a lack of probity as a result of any act or omission, either by the District Council or by one or more of its members, office holders, or employees; and
- any sign or appearance of a lack of financial prudence as a result of any act or omission by the District Council or by one or more of its members, office holders, or employees.

The following was noted during the audit:

5.1 Register of pecuniary interest

The Local Government Act 2002 (subpart 3) requires the District Council to keep a register of the pecuniary interests of elected members and make a summary of the information contained in the register publicly available. Elected members are required to make an annual return of their pecuniary interests to the registrar (a person employed at the District Council responsible for compiling and maintaining the register of members' pecuniary interests). The purpose of the register of members' pecuniary interests is to record members' interests to provide transparency and to strengthen public trust and confidence in local government processes and decision-making. Section 54E sets out the contents of the pecuniary return which includes for example:

- The name of every other company or business entity in which the member has a pecuniary interest, other than as an investor in a managed investment scheme, and a description of the main business activities of each of those companies or business entities.

- The name of any organisation or trust and a description of the main activities of that organisation or trust if— the member is a member of the organisation, a member of the governing body of the organisation, or a trustee of the trust (as applicable).

We reviewed the interest declarations held for elected members and undertook a search of the Companies Office and Charities Register and identified additional interests that were not recorded on the interest declarations. In particular, we noted one elected member had not disclosed a 33.1% shareholding as well as holding a position as a Trustee. The remaining interests not disclosed relating to shareholding held of less than 10%.

There is a risk that the District Council is not complying with the Local Government Act.

We recommend that all interests are declared by elected members to ensure that the District Council complies with the Local Government Act pecuniary interests' requirements.

Management comment

All elected member declarations that had declarations not recorded have now been updated accordingly, it should be noted that the declarations not recorded had no direct financial benefit. The Governance team are going to hold a refresher workshop with our current Council in March 2025 to ensure all requirements are understood by our Elected Members. The Governance team have also ensured that this is captured within our planning for the induction process for all Elected Members following the October 2025 election and will conduct an annual refresher ahead of each annual review.

6 Useful publications



Based on our knowledge of the District Council, we have included some publications that the and management may find useful.

Description	Where to find it
Managing conflicts of interest involving Council employees	
This article discusses findings across four Councils on how conflicts of interest of Council employees, including the chief executive and staff, are managed.	On the Office of the Auditor-General’s website under publications. Link: Getting it right: Managing conflicts of interest involving Council employees
Conflicts of interest	
The Auditor-General has published guidance on conflicts of interest. A conflict of interest is when your duties or responsibilities to a public organisation could be affected by some other interest or duty that you have. The material includes a printable A3 poster, an animated video on predetermination and bias, gifts and hospitality, and personal dealings with a tenderer. There is also an interactive quiz. These can all be used as training resources for your own employees.	On the Office of the Auditor-General’s website under 2019 publications. Link: Conflicts of interest
Good practice	
The OAG’s website contains a range of good practice guidance. This includes resources on: <ul style="list-style-type: none"> • audit committees; • conflicts of interest; • discouraging fraud; • good governance; • service performance reporting; • procurement; • sensitive expenditure; and • severance payments. 	On the OAG’s website under good practice. Link: Good practice

Description	Where to find it
Procurement	
<p>Value for money is an important measure of public sector performance that helps public organisations to strike the right balance between what is spent and what is achieved. In this article, the Auditor-General describes the public sector’s challenge with defining, assessing, the reporting on value for money.</p>	<p>On the Office of the Auditor-General’s website under publications.</p> <p>Link: Value for money – a simply complex problem</p>
<p>The OAG are continuing their multi-year work programme on procurement.</p> <p>They have published an article encouraging reflection on a series of questions about procurement practices and how processes and procedures can be strengthened.</p> <p>Whilst this is focused on local government, many of the questions are relevant to all types of public sector entities.</p>	<p>On the OAG’s website under publications.</p> <p>Links: Strategic suppliers: Understanding and managing the risks of service disruption</p> <p>Strategic suppliers: Understanding and managing the risks of service disruption - follow-up</p> <p>Getting the best from panels of suppliers</p> <p>Local government procurement</p>

Appendix 1: Status of previous recommendations

The following provides a status update of the previous recommendations raised. This should be read together with the status update included in Appendix 1 to the interim Report to the Council, dated 3 September 2024, as this report does not contain an update on the status of the matters noted in the interim report.

Open recommendations

Recommendation	First raised	Status
Urgent		
Assets under construction		
<p>We recommend that assets under construction should be reviewed at year end and be reflected within the appropriate Property, Plant and Equipment line item to the financial statements when it is available for use.</p>	<p>2021/22</p>	<p>Some progress</p> <p>There were a number of assets that should have been capitalised in the prior years held in work in progress at 30 June 2024. During the audit management evaluated work in progress and adjusted the financial statements.</p> <p>Management comments</p> <p><i>Confirm that we will review assets that are under construction and ensure financial statements reflect when the assets are available for use.</i></p> <p><i>(Assets and Projects Manager)</i></p>

Recommendation	First raised	Status
Necessary		
Segregation of duties – Journals		
<p>Consider implementing an electronic system to allow for delegations to be incorporated into the journals system (Authority) and to implement a control to ensure journals are approved before they are posted.</p>	<p>2022/23</p>	<p>No progress</p> <p>Due to the IT complexity of the matter, the District Council has not had an opportunity to progress this.</p> <p>Management comments</p> <p><i>The Authority system as it stands does not have functionality to utilise delegations or a preapproval process for journals. We will remain open to potentially effective options to improve electronic controls in this area. In the meantime, the risk that journals could be posted before approval remains, mitigated slightly by staff being aware of the expectation to seek approval before posting, and being motivated to ensure their journals are correct before posting to avoid additional re-work. In the absence of an electronic control, we note that our current process includes an independent review of journals subsequent to posting in which the approval of the journal is checked and confirmed along with the details and supporting documentation for the journal.</i></p> <p><i>(Finance and Business Services Manager)</i></p>
Lapses in New User onboarding process		
<p>Follow due process for all new staff appointed through the completion/approval of the "Computer User Form".</p>	<p>2022/23</p>	<p>No progress</p> <p>This is linked to IT policies. There was no change to District Council's IT procedures during the year. It is expected this will be addressed through new IT policies implemented during 2025.</p> <p>Management comments</p> <p><i>We've adjusted the user onboarding process, but recent review/feedback shows that gaps still exist. Due to limited staff resources, long-term plans to streamline the process have been delayed.</i></p>

Recommendation	First raised	Status
		<p><i>In the short-term we are planning to address immediate compliance gaps while transitioning to the new ITSM-based process.</i></p> <p><i>(Information Technology Manager)</i></p>
<p>Broken Authority Reports (performance reporting)</p>		
<p>The District Council should resolve the issues within the system causing performance reports to be broken.</p>	<p>2022/23</p>	<p>Some progress</p> <p>The District Council’s ability to generate the raw data deteriorated and processes were put in place to ensure that the data was available for audit in the form of pdf documents extracted throughout the year. We performed additional alternative audit work to confirm the completeness of data. However, the issues within the system remain unresolved.</p> <p>Management comments</p> <p><i>There has been some progress to address this. There has been delays due to the prioritisation of resolving critical system performance issues. In the meantime, we have implemented an ad-hoc process to address the most important Crystal Reports. The Digital Enablement team has been working diligently to fix these critical reports, but the process remains slow.</i></p> <p><i>In the short-term we will continue with the current ad-hoc process to ensure critical reports are addressed.</i></p> <p><i>For the long-term, we will focus on:</i></p> <p><i>Completing the upgrade to the latest release version of the system.</i></p> <p><i>Streamlining report generation processes, moving towards more automated, self-service reporting options, which will reduce reliance on ad-hoc fixes.</i></p> <p><i>(Information Technology Manager)</i></p>

Recommendation	First raised	Status
CRM Reliability for substantiating the response time (performance reporting)		
<p>We recommend that Council introduce a job card where Trello is used.</p>	<p>2022/23</p>	<p>Some progress</p> <p>Based on the sample tested we noted, the majority of jobs had job cards with only a small portion not having job cards.</p> <p>Management comments</p> <p><i>Work has been done to establish integration between Council's corporate customer request system and the assets system which is to be accessible by staff in the field. This integration is critical to ensuring that the data being entered into the request system, from which reports are drawn, is accurate and complete and correctly formatted. This will lead to more reliable reports in the future.</i></p> <p><i>We are currently entering the testing phase of this integration so that we can iron out any wrinkles.</i></p> <p><i>(Digital Manager)</i></p>
Expected credit loss assessment		
<p>Ensure that the report for the aged trial balance is generated on balance date each year and consider whether updates to the system can be made to enable aged debtors reports to be generated at specific dates.</p>	<p>2022/23</p>	<p>Some progress</p> <p>Due to the IT complexity of the matter, the District Council has not had an opportunity to progress this. The District Council performed alternative procedures to generate the aged trial balance as at 30 June 2024. This involved obtaining the saved evidence from the last working day before and after year-end and reconciling if there were any differences. We concluded that no data was omitted, and that the data used for reporting purposes was complete.</p> <p>Management comments</p> <p><i>We do not expect this to be an issue in the coming 2025 year as the 30 June will fall on a working day, so the aged trial balance can be run at the close of business.</i></p> <p><i>(Finance and Business Services Manager)</i></p>

Recommendation	First raised	Status
Valuation of property, plant, and equipment – valuers’ recommendations for improvement		
<p>The District Council should:</p> <ul style="list-style-type: none"> Implement the external roading valuer’s recommendations to improve the overall completeness and accuracy of data used for valuations. Consider the recommendations included in the peer review of Three Waters infrastructure and implement an action plan to address these. <p>Consider applying these recommendations to other asset classes held on a revaluation basis.</p>	<p>2018/19 and 2019/20</p>	<p>Some progress</p> <p>There were no revaluations undertaken for 2024 therefore progress will be assessed in future audits. We understand the recommendations are being considered as part of the District Council’s improvement plan. The status remains unchanged.</p> <p>Management comments <i>No comments required.</i></p>
Property, plant, and equipment – Depreciation		
<p>We recommend management consult with other local authority users of AssetFinda, or the software company itself, to better understand the rationale for the AssetFinda approach to depreciation and confirm this remains appropriate.</p>	<p>2020/21</p>	<p>No progress</p> <p>It is important that the Council’s underlying accounting records are the basis of the depreciation used in the financial statements to align with the applicable accounting standards rather than the valuers’ reports.</p> <p>In section 4.1.2 to this report, we noted several instances of the AssetFinda system not correctly backdating depreciation.</p> <p>Management comments <i>We do not agree that the current calculation would result in a material error in the financial statements.</i> <i>(Assets and Projects Manager)</i></p> <p>Audit comments Recommendation to be closed noting management accepts the risks.</p>

Recommendation	First raised	Status
Suspense account reconciliations not prepared and reviewed monthly		
<p>Monthly reconciliations of suspense accounts should be prepared and independently reviewed.</p>	<p>2018/19</p>	<p>In progress</p> <p>Reconciliations were prepared and reviewed on an ad hoc basis.</p> <p>Management comments</p> <p><i>Council has a number of suspense accounts that are used for a range of purposes, and across a range of activities of Council (e.g. unidentified receipts, allocation of costs, planning deposits, external rebates, inventory control, payroll etc). Some suspense accounts are used daily and are dependent on manual intervention in order to clear the suspense balance. Other suspense accounts are used only occasionally and/or are largely self-clearing (e.g. rates rebates, payroll). Currently regular effort is focused mostly on reconciling the suspense accounts that require manual intervention. Extending the effort to cover regular review of all suspense accounts and the formalised independent review process has been a sticking point to date due to workloads.</i></p> <p><i>(Finance and Business Services Manager)</i></p>

Recommendation	First raised	Status
Test organisational business continuity and disaster recovery plans		
<p>The District Council should document and test its organisational business continuity and IT disaster recovery plans.</p>	<p>2017/18</p>	<p>Some progress</p> <p>IT has developed an IT Disaster Recovery Plan (DRP), and we understand that District Council has started work to develop a (BCP). Neither the BCP nor DRP have been tested fully. Management have indicated that this is a project that is to be finalised during the 2025 financial year.</p> <p>Management comments</p> <p><i>We're undergoing a comprehensive review of our BCP/DRP for IT infrastructure. This includes considerations for cyberattacks, natural disasters, and hardware failures.</i></p> <p><i>As part of this process, we've identified both short-term and long-term action plans. One key initiative is aimed at enhancing the resilience of our network and IT systems. The BCP/DRP will be revised immediately after completing the short-term plan, and then further updated once the long-term plan has been fully implemented.</i></p> <p><i>(Information Technology Manager)</i></p>
Accounting for financial instruments – LGFA borrower notes		
<p>Ensure the LGFA borrower notes are measured at fair value and accounted for in line with the standard.</p>	<p>2022/23</p>	<p>No progress</p> <p>This balance was not material for the financial year. As the District Council enters more loans going forward, this balance may become material. The District Council should still ensure that the accounting complies with the standards.</p> <p>Management comments</p> <p><i>Noted</i></p> <p><i>(Finance and Business Services Manager)</i></p>

Recommendation	First raised	Status
Beneficial		
PPE capitalisation - Internal costs		
<p>A control should be put in place to independently review the spreadsheet that captures the time charged by staff to be capitalised to projects. The review should also consider whether the costs meet the requirements of PBE IPSAS 17: <i>Property, plant and equipment</i> to ensure that the costs are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.</p>	<p>2022/23</p>	<p>Some Progress</p> <p>Our work indicated that Three Waters assets is the only asset class that does not have its internal time charged hours independently reviewed.</p> <p>Management comments</p> <p><i>Over the next year, an internal process will be set up to review internal charges for the Three Waters project team. This will not be independent but managed within the Three Waters team.</i></p> <p><i>(Assets and Projects Manager)</i></p>

Implemented or closed recommendations

Recommendation	First raised	Status
Urgent		
Access in the expenditure system		
The Finance and Business Services Managers ability to make and approve Masterfile changes should be removed. Furthermore, the District Council should consider if there are other aspects of access that could be reduced for this role to improve segregation of duties.	2022/23	Implemented Finance and Business Services access to make creditor masterfile changes in the Authority system has been removed. Further improvement to the segregation of duties is being implemented as part of the organisation restructure.
Necessary		
Roading valuation process		
The District Council should continue to update and maintain asset information in the RAMM database. The District Council should review the data within the RAMM database before each valuation to provide greater assurance over assumptions used for the asset revaluation	2017/18	Closed Management accepts the risk associated with this as they are confident that the extensive condition rating process for roading assets negates any risk to the valuation from missing construction data. No significant matters related to roading asset data was noted during the LTP audit. While no revaluations were undertaken for 2024, we have closed the matter as management accepts the risk.
Accounting for financial instruments – WRAL		
Consider the valuation approach for determining the fair value of the WRAL investment on an annual basis to ensure that it remains appropriate. We recommend the Council obtains independent advice about the appropriate valuation approach.	2022/23	Implemented The District Council has performed an internal assessment over the valuation approach for determining the fair value of WRAL. We reviewed and were satisfied that Council had applied an appropriate valuation method. Management should continue to perform an assessment on an annual basis.

Recommendation	First raised	Status
Capital works programme		
Continuous monitoring should be carried out to ensure levels of service are maintained.	2018/19	<p>Closed</p> <p>During the 24/34 LTP audit we noted the District Council’s intentions to maintain/improve the levels of service. This is an area that management should continue to focus on, but management’s intentions have been demonstrated through the LTP. We therefore consider the matter closed.</p>
Beneficial		
Asset, project and contract management		
The District Council should review processes and controls to align with good practice.	2018/19	<p>Implemented</p> <p>The Project Management Framework: processes, tools and templates has been adopted.</p> <p>The Project Management Framework will undergo formal review of its processes, tools and templates at minimum every three (3) years.</p>

Appendix 2: Uncorrected misstatements

Current year misstatements	Ref	Statement of financial position		Statement of comprehensive income	
		Dr \$'000	Cr \$'000	Dr \$'000	Cr \$'000
Net gain on disposal of PPE	1			156	
Other expenses					156
Accumulated funds	2	157			
Accumulated depreciation			157		
Depreciation	3			209	
Accumulated depreciation				209	
Depreciation	4			124	
Accumulated depreciation				124	
GST payable/receivable	5	155			
Cash and cash equivalents				155	
Other expenses	6				615
Trade payable			615		
Total group		927	645	489	771

Explanation of uncorrected misstatements

- To account for the net gain of disposing of property, plant and equipment which was calculated without accounting for incidental cost of disposing of the fixed assets.
- \$3.9million of capital projects initially carried as work in progress have been found to be sufficiently complete as at 30 June 2023 but had not been capitalised or added to Council's asset systems. These assets have been capitalised at 30 June 2024 in Note 12 to the financial statements to ensure that property, plant, and equipment is fairly stated. However, this is to correct the accumulated depreciation, estimated at \$156,703 for these assets, which has been understated as a result of this.

- 3 \$3.2million of capital projects initially carried as work in progress have been found to be sufficiently complete as at 30 June 2024, but they had not been capitalised or added to Council's asset systems. These assets have been capitalised at 30 June 2024 in Note 12 to the financial statements to ensure that property, plant, and equipment is fairly stated. However, this is to correct the depreciation, estimated at \$209,428 of these assets, which has been understated as a result of this.
- 4 Assets were not accurately depreciating from the backdated installation date in the AssetFinda system, instead depreciation was calculated based on the date the job was capitalised. It is estimated that the depreciation expense and accumulated depreciation for these assets are understated by \$124,035.
- 5 To adjust cash and cash equivalents to resolve an Authority system error related to GST on rates income for instalments 2,3 and 4 in 2023/24. This did not result in any discrepancy in GST returned to the IRD, as the system generated returns were modified to correct the GST on rates owing at each instalment. This has been corrected in the system in the new financial year.
- 6 This relates to a difference between the general ledger and the invoice for one transaction tested. An increase to one invoice amount was not reflected in the general ledger. The difference has been extrapolated to the population and this is a projected misstatement.

Appendix 3: Corrected misstatements

The following tables reflect a summary of some of the more significant corrections noted on the financial statements and performance reporting.

Corrected financial deficiencies

Detail of disclosure deficiency
<p>Property, plant and equipment (PPE) note – Additions and disposal</p> <p>The initial version of the PPE notes overstated additions and disposals. Amendments were made to correct this, including adding a new ‘transfers out’ column to the note and reducing the additions amount.</p> <p>Management’s re-examination the WIP population as at 30 June 2024 found that \$7.1m of assets included in WIP were completed at balance date and should have been capitalised. The PPE note was corrected to reflect that these assets have been capitalised.</p>
<p>Accrued Income</p> <p>The subsidies and grants balances were reduced by \$800k as District Council did not meet the criteria to recognise the revenue for the Better of Funding in the 2024 financial year.</p>
<p>Payroll costs</p> <p>Payroll allowance costs being incorrectly coded to other expenditure. The District Council subsequently reclassified \$244k to payroll costs to correct this.</p>
<p>Salary banding disclosure</p> <p>Updates were required to the salary banding disclosure to reflect the underlying payroll costs.</p>
<p>Cashflow statement</p> <p>Correction for the gain on disposal off PPE which was disclosed under operating activities and adjusted to be disclosed under investing activities.</p>

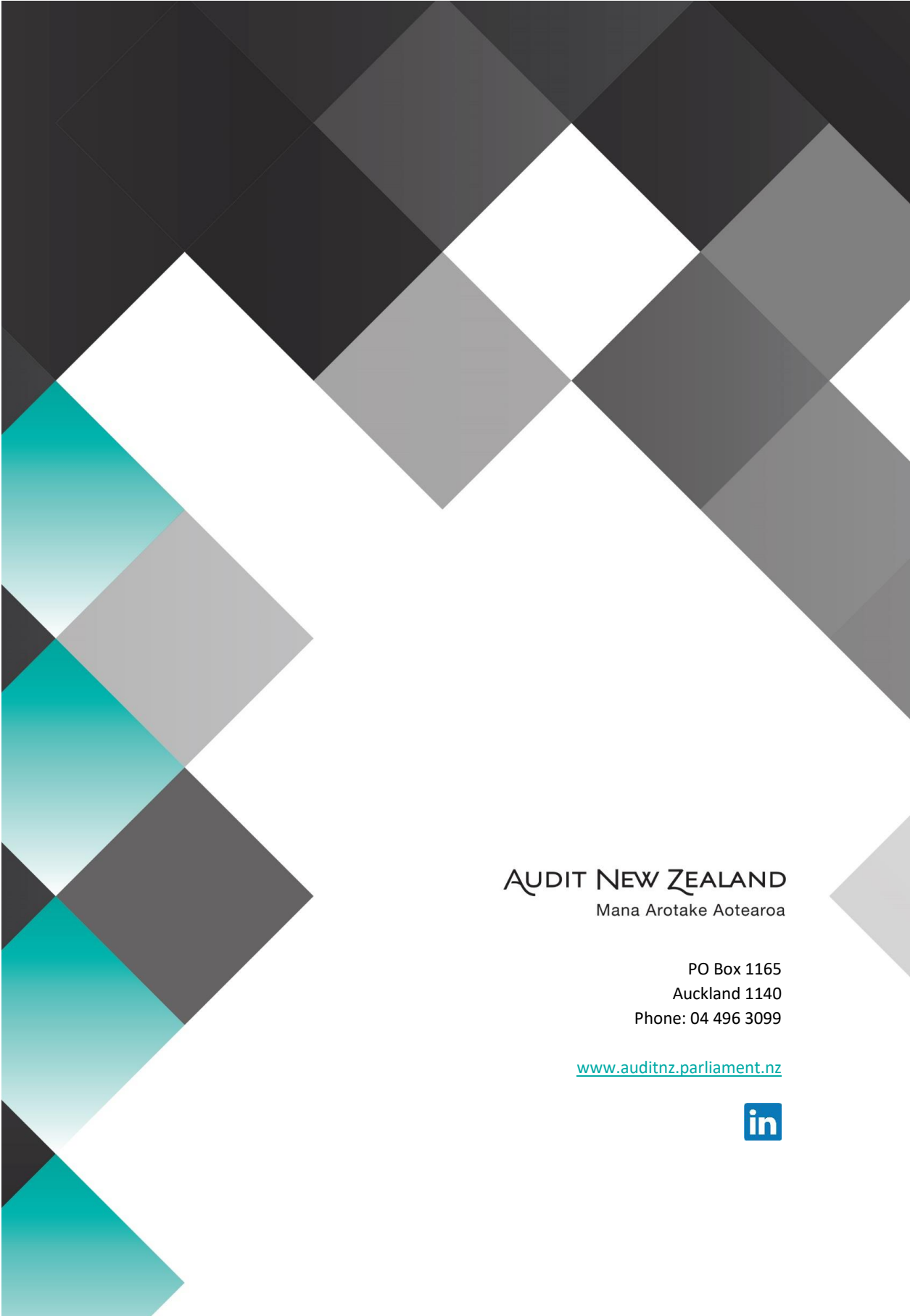
Corrected performance reporting misstatements

Detail of misstatement
<p>Consistency with LTP 2021/31</p> <p>As LTP 2021/31 is the planning document that outlines the District Council’s performance measures, levels of service and targets the performance reporting was amended to ensure that the annual report was consistent with the LTP with several changes.</p>
<p>Roading smoothness - performance measure</p> <p>Updates were made to the footnote to disclose estimates and judgements used in relation to this performance measure to comply with the standard.</p>
<p>Water loss - performance measure</p> <p>Updates were made to the footnote to disclose estimates and judgements used in relation to this performance measure to comply with the standard.</p>
<p>Wastewater - Dry Overflow performance measure</p> <p>The District Council amended the reported result in the annual report from '5 Overflows' to '6 Overflows'.</p>
<p>Drinking Water Safety - performance measure</p> <p>There are new drinking standards that were implemented in the start of 2023. The target was updated to reflect this while still showing the target of a 'compliant' drinking water supply.</p>
<p>Explanations for significant variances</p> <p>Additional disclosures were included to explain the reasons for significant variance compared to the set target or prior year.</p>

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 financial statements and performance information and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001.</p> <p>The audit of the financial statements 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>We carried out our audit in accordance with the Auditor-General's Auditing Standards. The audit cannot and should not be relied upon to detect all instances of misstatement, fraud, irregularity or inefficiency that are immaterial to your financial statements. The Council and management are responsible for implementing and maintaining your systems of controls for detecting these matters.</p>
Auditor independence	<p>We are independent of the 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 our audit and our report on the disclosure requirements, we have carried out engagements in the areas of a limited assurance engagement related to the District Council's debenture trust deed, assurance engagement on the Council's consultation document and long-term plan and procurement assurance review over Matamata Wastewater Treatment Plant Upgrade. Other than these engagements we have no relationship with or interests in the District Council.</p>
Fees	<p>The audit fee for the year is \$206,738 (excluding GST) as detailed in our Audit Proposal Letter.</p> <p>Where we incur audit hours which are not included in the audit proposal letter budget due to additional audit work required, we go through a process to approve a fee recovery. We are currently going through this process.</p>

Area	Key messages
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 District Council 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 District Council during or since the end of the financial year.</p>



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