

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

## Ngā Tāpiritanga – Mēneti | Attachments – Minutes

Attachments – Minutes of a meeting of an ordinary meeting of Komiti o te Mōrearea me te Tūmaru | Risk & Assurance Committee held in the Council Chambers, 35 Kenrick Street, TE AROHA on 24 Feb 2026 at 9:00.

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### 8.8 Audit New Zealand - Report to Council - Annual Report 2024/25

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**Note:** *The attachments contained within this document are for consideration and should not be construed as Council policy unless and until adopted. Should Councillors require further information relating to any reports, please contact the relevant manager, Chairperson or Deputy Chairperson.*

Focus area/issue	Year First raised	Document related to	Recommendations	Priority	Status from interim audit report	Staff comments
<b>Outstanding Annual Report Recommendations</b>						
Timely capitalisations – PPE	2023/24	Annual Report	Management should tighten the procedures and controls around asset capitalisations to ensure that assets are correctly classified for inclusion in the financial statements.	High	In progress	As part of our project management reporting framework, we ensure that projects are only marked as completed and officially closed once the capitalisation process has also been finalised. To support this, we have incorporated a specific responsibility into the role of our Project Systems Officers. Each month, they review all capital Work Orders (WOs) and follow up with Project Managers on any projects where the final expenditure is close to the WO estimate. This ensures timely capitalisation of completed works and maintains the integrity of our financial reporting. - Assets and Projects Manager.
Quality and timeliness of information – PPE	2023/24	Annual Report	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.	High	In progress	This recommendation will likely remain until our Auditors see some improvement in the next Annual Report project. - Finance Manager
Assets under construction	2021/22	Annual Report	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. 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.	High	In progress	A significant effort was applied to capitalising all completed assets for year-end 2025. We believe this issue is well addressed - Risk and Business Excellence Advisor
Variances in PPE WIP and additions listings	2021/22	Annual Report	That management perform reconciliations of the PPE WIP and additions listings to the general ledgers on a regular basis. Variances should be investigated and resolved timeously.	High	In progress	The capital spreadsheets are generally working well however we were unable to completely reconcile these to the General Ledger at 30 June 2025, due to issues created by the paper capitalisations from last year. Going forward, and without paper capitalisations to deal with, we expect this will be a much smoother process. - Finance Manager
Fixed assets register update	2024/25	Annual Report	We recommend that the Council reviews the fixed assets register and update the assets' useful lives to ensure that these are consistent with the Council's accounting policy. We found a significant amount of assets with zero book values that are still recognised as plant and machinery. It is important that the fixed assets register fairly reflects the useful lives of Council assets therefore we recommend to either extend the assets' useful lives or remove assets in the register that are not anymore in use.	Medium	In progress	Staff have planned to tidy up this aspect of the plant asset register over the coming months. - Finance Manager

Focus area/issue	Year First raised	Document related to	Recommendations	Priority	Status from interim audit report	Staff comments
Depreciation not correctly backdated	2023/24	Annual Report	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.	Medium	In progress	Sept 2025: Asset Finda does not automatically calculate and backdate depreciation. This will be done manually at the end of the financial year. - Asset Manager
Ability to self-change delegation limits	2022/23	Annual Report	Ensure that any changes in delegation limits in the system (Authority) are appropriate/approved by an independent individual who does not have financial delegation to make purchases. The District Council should investigate removing the ability, for certain individuals, from changing their own delegation limit.	Medium	Not yet progressed	Transferring the responsibility for financial delegations to the PSW team will not in itself resolve the issue raised. While access to purchasing permissions (i_pu046) in Authority is limited to certain staff (three in Finance currently), the system does not have any controls to prevent those with access from adding or changing their own delegation. We will look to develop an audit report showing all changes to purchasing permissions that will then need to be independently reviewed on a regular basis. – Finance Manager
Broken Authority Reports (performance reporting)	2022/23	Annual Report	The District Council should resolve the issues within the system causing performance reports to be broken. 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.	Medium	Not yet progressed	Management is aware of the issue and has implemented a short term work around in consultation with audit while a long-term solution that utilises Power BI is developed. - IT Manager
CRM Reliability for substantiating the response time (performance reporting)	2022/23	Annual Report	We recommend that Council introduce a job card where Trello is used. Based on the sample tested we noted, the majority of jobs had job cards with only a small portion not having job cards.	Medium	In progress	Work is ongoing. We have tested integration in one direction and are building the reverse direction integration which is where the dates/times etc for performance measures gets written back to the CRM. Digital Manager
Fraud risk assessment	2021/22	Annual Report	That Council updates its fraud risk assessment, which was last reviewed in 2018, to gain a better understanding of the fraud risks that may impact the District Council.	Medium	Not yet progressed	Scheduled for Jul-Aug (prior to August final audit) - Corporate, Policy, and Relationships Group Manager
Lapses in New User onboarding process	2022/23	Annual Report	Follow due process for all new staff appointed through the completion/approval of the "Computer User Form".	Medium	In progress	Short-term solution of addressing immediate compliance gaps while transitioning to the new ITSM-based process is in place. Long-term solution to streamline the process soon to kick off. The robustness of the short-term solution will be tested in the next audit. - IT Manager

Focus area/issue	Year First raised	Document related to	Recommendations	Priority	Status from interim audit report	Staff comments
Valuation of property, plant, and equipment – valuers’ recommendations for improvement	2018/19 & 2019/20	Annual Report	<p>The District Council should:</p> <ul style="list-style-type: none"> <li>• Implement the external roading valuer’s recommendations to improve the overall completeness and accuracy of data used for valuations.</li> <li>• Consider the recommendations included in the peer review of Three Waters infrastructure and implement an action plan to address these.</li> </ul> <p>Consider applying these recommendations to other asset classes held on a revaluation basis.</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>	Medium	In progress	The recommendations were incorporated as far as possible into the 2025 re-valuations. Recommended improvements from the 2025 revaluations will be considered on a continuous improvement basis – Risk and Business Excellence Advisor
Suspense account reconciliations not prepared and reviewed monthly	2018/19	Annual Report	<p>Monthly reconciliations of suspense accounts should be prepared and independently reviewed.</p> <p>Reconciliations were prepared and reviewed on an ad hoc basis.</p>	Medium	In progress	Unlikely Audit will close this recommendation in 24/25 as the reconciliations, while much improved, are still largely prepared/reviewed on an ad-hoc basis. This comes down to available resources to complete the work which is largely a manual process that gets most focus towards the end of year. - Finance Manager
Test organisational business continuity and disaster recovery plans	2017/18	Annual Report	<p>The District Council should document and test its organisational business continuity and IT disaster recovery plans.</p> <p>IT has developed an IT Disaster Recovery Plan (DRP) and we understand that 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>	Medium	In progress	Infrastructure changes to facilitate realistic fail over testing of the DR site are being scoped and expect to be implemented by Quarter 1 2026/27. - IT Manager

Focus area/issue	Year First raised	Document related to	Recommendations	Priority	Status from interim audit report	Staff comments
<b>Outstanding Long Term Plan Recommendations</b>						
Financial model and forecasts	2021/31 & 2024/34	LTP CD and final audit	<p>2024-34 LTP CD: Management should review their processes to identify areas where controls can be implemented. It would also be beneficial to spread the knowledge of the model across a wider group of individuals, to ensure future proofing of the process going forward.</p> <p>2024-34 LTP: Overall, we did not note additional controls implemented. We encourage the Council to consider this in preparation for the next LTP.</p> <p>In addition, the following matters noted during the audit can be considered: <u>Financial model – Trade and other receivables</u> There is a direct relation between trade and other receivables and revenue, and we noted that as cash from revenue increases every year, there is a correlating increase in trade and other receivables. We concluded that the relationship is reasonable. We understand that management had not considered this correlation initially and consider this figure to be a “balancing figure” in the statement of financial position. It is important that management completes an analysis of the trade and other receivables balance to consider whether it is reasonable and supported. This analysis should also be reviewed to improve controls around this balance.</p> <p><u>Financial model – Integrity checks</u> We noted inconsistencies between the balance sheet and the cashflow. We note the preparation of the financial model has manual processes i.e., using excel spreadsheets. This inherently creates a risk that formulas or figures are not updated or pulled through correctly to the final document which is used for the financial forecasts. Matamata-Piako DC Report to Council (LTP) - Final.docx 11 Recommendation First raised StatusManagement should perform a review which includes integrity/sense checks on the excel documents. This will ensure internal consistency between excel documents and consequently the financial forecasts.</p>	High	In progress	<p>Key staff involved in the LTP have been regularly meeting over the last year to consider future improvements to the LTP process, and the SEBS group is looking at potential system tools/improvements, which may enable us to get away from relying on spreadsheets in the future. This recommendation will likely remain until our Auditors see some improvement in the next LTP project.</p> <p><u>Financial model – Trade and other receivables</u> Noted – this will be considered in future modelling.</p> <p><u>Financial model – Integrity checks</u> Noted – this will be considered in future modelling and hopefully addressed as we are able to incorporate more sophisticated modelling tools. - Finance Manager</p>
Quality of asset data used for Three-Water renewals forecasting - stormwater	2024/34	LTP	<p>The Council should carry out a review of pipes assigned the default install date and ascertain a more accurate timeframes as to when the pipes were installed. This will enable Council, in the absence of a recent condition assessment, to prepare more accurate age-based renewals forecasts in the future.</p>	Medium	Not yet progressed	<p>Sept 2025: This is ongoing and will be addressed in the next LTP process - Assets Manager</p>

Focus area/issue	Year First raised	Document related to	Recommendations	Priority	Status from interim audit report	Staff comments
<b>Resolved Annual Report Audit Recommendations</b>						
Lack of one-up review of journals	2024/25	Annual Report	We recommend that the Council implements one-up review of journals that is evidenced through the financial system. Journal review should be on a one-up basis. A higher-level reviewer is more likely to spot unusual, unsupported, or inappropriate entries and it creates a clear audit trail showing that someone with appropriate delegation has validated the transaction.	High	Considered closed	We agree that a system-based approval of journals would strengthen the integrity of the control, however the Authority system currently does not support system-based one-up journal approval. Our software company has indicated that their focus is on developing the cloud-based version of their software, which our Council has yet to move to, making the likelihood of a system developed solution low in the short to medium-term. We also agree that a one-up review of journals would be ideal, but the small size of our Finance Team would make this requirement largely impractical. As mitigating controls, we will continue with an independent retrospective review of the journals, and the monthly budget monitoring and reporting that should help to identify any significant issues. Finance Manager
Sensitive expenditure - alcohol consumption	2024/25	Annual Report	We recommend that the Council implements a clear guidance in relation to alcoholic beverages that are allowed to be paid for or reimbursed by Council. We found an instance of amount spent on alcoholic beverages during our testing of a sample of sensitive expenditure incurred by the Mayor and senior management. The Council policy allows for alcohol provided that this meets the principles of being moderate and conservative. For the sample tested, we noted that the percentage of the amount spent on alcohol compared to food was at the high end. We understand that the Council have just recently updated their sensitive expenditure policy, therefore we recommend that Council have a separate guidance to help determine moderate and conservative spending on alcohol within the public sector environment.	Medium	Considered closed	Council and management are very conscious of the need to remain conservative in this area. We believe our recently updated Sensitive Expenditure Policy provides clear and robust guidance, and we consider it more than adequate to manage the associated risks. We believe Council is particularly conservative in its approach to sensitive expenditure, and we are confident the current policy appropriately reflects this.
Approval for contract variations	2024/25	Annual Report	We recommend that variations to contracts are appropriately approved by Council. We noted an instance of a contract variation that was used in the calculation of capital commitment disclosed in the financial statements that was not signed as agreed by the Council. Having appropriately approved contract variations in place will	Medium	Considered closed	Staff have strengthened the process, now requiring contract managers to provide the approval for variations alongside the monthly progress payment certificate. - Finance Manager
Vehicle use	2024/25	Annual Report	We recommend that the Council clarifies the expectation for the use of the Council vehicle by the Chief Executive (CE) on his employment agreement. In our testing of the CE's remuneration, we found that the Council vehicle is used for commuting to and from work. The vehicle taxable value was included in the CE's salary disclosed in the annual report. The CE's employment agreement specifies that the motor vehicle is provided strictly for business purposes, however, the commute to and from work could be perceived as a personal use.	Medium	Considered closed	This matter is resolved – the CEO's employment agreement has been varied so that part private use (to and from work) is documented

Focus area/issue	Year First raised	Document related to	Recommendations	Priority	Status from interim audit report	Staff comments
Bank Reconciliation - unreconciled items	2022/23	Annual Report	Bank reconciliations should be performed in a timely manner and consider upgrading the reconciliation software to ensure that it is more feasible to reconcile all unmatched items within a month.	Necessary	Considered closed	Upgrading the system is not a practicable option at this point. Susan, our Assistant Accountant has put significant time and effort into developing a excel based solution that runs outside of Authority that significantly assists with the matching process, and had resulted in much more timely resolution of unmatched balances. At 30 June, the number of reconciling or unmatched items is minimal. I am confident that after Audit review as part of the final 24/25 audit, that they will be able to confirm that any perceived risk has been addressed in this area. – Finance Manager Suggest this be sent to Audit for closing
<b>Resolved Long Term Plan Audit Recommendations</b>						
Compliance with the Local Government (Rating) Act 2002	2020/21	LTP	The Council engaged external legal experts to conduct a review of relevant aspects of the Council's rating practice, including the Funding Impact Statement and draft rates resolution. Management made several improvements to these documents following this legal review. However, one matter remains outstanding. This relates to the 50% discount on metered water rates given to Matamata farm properties if payment is made by the due date.	High	Disagree	Council has previously accepted the risk of legal challenge around the discount applied to the Matamata farm properties as low, and given Council will not be involved in the delivery of water services going forward, no changes will be made for the final year of Council rating of these properties.
Improvements to the infrastructure strategy	2024/34	LTP CD	The Council should consider adding disclosures regarding funding arrangements, potential costs savings or efficiencies and possible legislative changes to the infrastructure strategy that is adopted as part of the LTP.	Medium	Considered closed	Noted. Sent to Audit for closing. This will be addressed in the next LTP process - Assets Manager
Controls around feedback/comments by Committees	2024/34	LTP	Where feedback and comments are provided by Council Committee members, Council should implement a process to ensure that feedback is recorded and addressed. The feedback could either be formally documented in the minutes or shared through a separate process and management should keep a record of how the feedback was dealt with.	Medium	Considered closed	All feedback is now formally captured in the minutes. This has been sent to Audit for closing. - PPG Manager As this was part of the LTP 2024 process it will be closed off for the next LTP process in 2027 – Audit
Performance Framework – Roading	2024/34	LTP	Under PBE FRS 48, para 11 (which will apply to the statement of service provision in council's annual report), except as otherwise required by legislation, an entity shall present service performance information for the same reporting period as the financial statements. In relation to the condition of footpaths, the measure is a DIA mandatory measure, and it would be reasonable to generally expect annual measurement and reporting. In addition, we would generally expect core infrastructure, such as footpaths, to be monitored regularly. We understand there are financial implications and other limitations to the Council. We encourage management to consider assessment of condition of footpaths to be done annually instead of every three years.	Low	Disagree	This work will not be completed annually. - Assets Manager

# Report to management

## on the audit of Matamata-Piako District Council

For the year ended 30 June 2025



AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

## Introduction

We completed our audit of Matamata-Piako District Council on 17 December 2025. The significant matters arising from the audit were covered in our Report to Council dated 16 December 2025.

The purpose of this report is to report to management on relevant matters identified during the audit. It supplements the Report to Council, covering other matters identified and our recommendations for improvements. For each recommendation we provide an indicative priority rating.

We would like to thank management, and staff for the assistance they provided during the audit.

René van Zyl  
Appointed Auditor  
5 February 2026



## Recommendations

Ref	Priority	Recommendation	Why we are making this recommendation	Management comments
1	 High	<p><b>Lack of one-up review of journals</b></p> <p>We recommend that the Council implements one-up review of journals that is evidenced through the financial system.</p>	<p>Journal review should be on a one-up basis. A higher-level reviewer is more likely to spot unusual, unsupported, or inappropriate entries and it creates a clear audit trail showing that someone with appropriate delegation has validated the transaction.</p>	<p><i>We agree that a system-based approval of journals would strengthen the integrity of the control, however the Authority system currently does not support system-based one-up journal approval. Our software company has indicated that their focus is on developing the cloud-based version of their software, which our Council has yet to move to, making the likelihood of a system developed solution low in the short to medium-term. We also agree that a one-up review of journals would be ideal, but the small size of our Finance Team would make this requirement largely impractical. As mitigating controls, we will continue with an independent retrospective review of the journals, and the monthly budget monitoring and reporting that should help to identify any significant issues. Finance Manager</i></p>



Ref	Priority	Recommendation	Why we are making this recommendation	Management comments
2	🟡 Medium	<p><b>Sensitive expenditure – alcohol consumption</b></p> <p>We recommend that the Council implements a clear guidance in relation to alcoholic beverages that are allowed to be paid for or reimbursed by Council.</p>	<p>We found an instance of amount spent on alcoholic beverages during our testing of a sample of sensitive expenditure incurred by the Mayor and senior management. The Council policy allows for alcohol provided that this meets the principles of being moderate and conservative. For the sample tested, we noted that the percentage of the amount spent on alcohol compared to food was at the high end. We understand that the Council have just recently updated their sensitive expenditure policy, therefore we recommend that Council have a separate guidance to help determine moderate and conservative spending on alcohol within the public sector environment.</p>	<p><i>Council and management are very conscious of the need to remain conservative in this area. We believe our recently updated Sensitive Expenditure Policy provides clear and robust guidance, and we consider it more than adequate to manage the associated risks. We believe Council is particularly conservative in its approach to sensitive expenditure, and we are confident the current policy appropriately reflects this.</i></p>
3	🟡 Medium	<p><b>Fixed assets register update</b></p> <p>We recommend that the Council reviews the fixed assets register and update the assets' useful lives to ensure that these are consistent with the Council's accounting policy.</p>	<p>We found a significant amount of assets with zero book values that are still recognised as plant and machinery. It is important that the fixed assets register fairly reflects the useful lives of Council assets therefore we recommend to either extend the assets' useful lives or remove assets in the register that are not anymore in use.</p>	<p><i>Staff have planned to tidy up this aspect of the plant asset register over the coming months. - Finance Manager</i></p>



Ref	Priority	Recommendation	Why we are making this recommendation	Management comments
4	🟡 Medium	<p><b>Approval for contract variations</b></p> <p>We recommend that variations to contracts are appropriately approved by Council.</p>	<p>We noted an instance of a contract variation that was used in the calculation of capital commitment disclosed in the financial statements that was not signed as agreed by the Council. Having appropriately approved contract variations in place will help ensure the accuracy of the commitments recognised. This will also ensure that the transactions entered by the Council with third parties are appropriate.</p>	<p><i>Staff have strengthened the process, now requiring contract managers to provide the approval for variations alongside the monthly progress payment certificate. - Finance Manager</i></p>
5	🟡 Medium	<p><b>Vehicle use</b></p> <p>We recommend that the Council clarifies the expectation for the use of the Council vehicle by the Chief Executive (CE) on his employment agreement.</p>	<p>In our testing of the CE's remuneration, we found that the Council vehicle is used for commuting to and from work. The vehicle taxable value was included in the CE's salary disclosed in the annual report. The CE's employment agreement specifies that the motor vehicle is provided strictly for business purposes, however, the commute to and from work could be perceived as a personal use.</p>	<p><i>This matter is resolved – the CEO's employment agreement has been varied so that part private use (to and from work) is documented.</i></p>



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Mana Arotake Aotearoa

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