



# Te Kaunihera o Tai Tokerau ki te Raki

# AGENDA

# Ordinary Te Miromiro - Assurance, Risk and Finance Committee Meeting

# Tuesday, 2 May 2023

Time:

Location:

9:30am Council Chambers Memorial Avenue Kaikohe

## Membership:

Graeme McGlinn – Chairperson Cr John Vujcich – Deputy Chairperson Kahika - Mayor Moko Tepania Kōwhai – Deputy Mayor Kelly Stratford Cr Ann Court Cr Hilda Halkyard-Harawira Cr Steve McNally Cr Penetaui Kleskovic Cr Tāmati Rākena Cr Felicity Foy Cr Babe Kapa Cr Mate Radich

## Far North District Council

## Ordinary Te Miromiro - Assurance, Risk and Finance Committee Meeting

will be held in the Council Chambers, Memorial Avenue, Kaikohe on: Tuesday 2 May 2023 at 9:30am

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## 1 KARAKIA TIMATANGA / OPENING PRAYER

# 2 NGĀ WHAKAPĀHA ME NGĀ PĀNGA MEMA / APOLOGIES AND DECLARATIONS OF INTEREST

Members need to stand aside from decision-making when a conflict arises between their role as a Member of the Council and any private or other external interest they might have. This note is provided as a reminder to Members to review the matters on the agenda and assess and identify where they may have a pecuniary or other conflict of interest, or where there may be a perception of a conflict of interest.

If a Member feels they do have a conflict of interest, they should publicly declare that at the start of the meeting or of the relevant item of business and refrain from participating in the discussion or voting on that item. If a Member thinks they may have a conflict of interest, they can seek advice from the Chief Executive Officer or the Team Leader Democracy Support (preferably before the meeting).

It is noted that while members can seek advice the final decision as to whether a conflict exists rests with the member.

## 3 NGĀ TONO KŌRERO / DEPUTATIONS

No requests for deputations were received at the time of the Agenda going to print.

## 4 NGĀ KŌRERO A TE KAHIKA / MAYORAL ANNOUNCEMENTS

## 5 CONFIRMATION OF PREVIOUS MINUTES

### 5.1 CONFIRMATION OF PREVIOUS MINUTES

File Number: A4167466

Author: Joshna Panday, Democracy Advisor

Authoriser: Aisha Huriwai, Team Leader Democracy Services

#### PURPOSE OF THE REPORT

The minutes are attached to allow the Committee to confirm that the minutes are a true and correct record of previous meetings.

## RECOMMENDATION

That Te Miromiro - Assurance, Risk and Finance Committee confirm the minutes of the meeting held 22 February 2023 are true and correct.

### 1) BACKGROUND

Local Government Act 2002 Schedule 7 Section 28 states that a local authority must keep minutes of its proceedings. The minutes of these proceedings duly entered and authenticated as prescribed by a local authority are prima facie evidence of those meetings.

### 2) DISCUSSION AND OPTIONS

The minutes of the meetings are attached.

Far North District Council Standing Orders Section 27.3 states that no discussion shall arise on the substance of the minutes in any succeeding meeting, except as to their correctness.

#### Reason for the recommendation

The reason for the recommendation is to confirm the minutes are a true and correct record of the previous meetings.

#### 3) FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION

There are no financial implications or the need for budgetary provision as a result of this report.

#### ATTACHMENTS

1. 2023-02-22 Te Miromiro - Assurance, Risk and Finance Committee Minutes - A4093408

## Compliance schedule:

Full consideration has been given to the provisions of the Local Government Act 2002 S77 in relation to decision making, in particular:

- 1. A Local authority must, in the course of the decision-making process,
  - a) Seek to identify all reasonably practicable options for the achievement of the objective of a decision; and
  - b) Assess the options in terms of their advantages and disadvantages; and
  - c) If any of the options identified under paragraph (a) involves a significant decision in relation to land or a body of water, take into account the relationship of Māori and their culture and traditions with their ancestral land, water sites, waahi tapu, valued flora and fauna and other taonga.
- 2. This section is subject to Section 79 Compliance with procedures in relation to decisions.

Compliance requirement	Staff assessment
State the level of significance (high or low) of the issue or proposal as determined by the <u>Council's Significance and Engagement</u> <u>Policy</u>	This is a matter of low significance.
State the relevant Council policies (external or internal), legislation, and/or community outcomes (as stated in the LTP) that relate to this decision.	This report complies with the Local Government Act 2002 Schedule 7 Section 28.
State whether this issue or proposal has a District wide relevance and, if not, the ways in which the appropriate Community Board's views have been sought.	It is the responsibility of each meeting to confirm their minutes therefore the views of another meeting are not relevant.
State the possible implications for Māori and how Māori have been provided with an opportunity to contribute to decision making if this decision is significant and relates to land and/or any body of water.	There are no implications for Māori in confirming minutes from a previous meeting. Any implications on Māori arising from matters included in meeting minutes should be considered as part of the relevant report.
Identify persons likely to be affected by or have an interest in the matter, and how you have given consideration to their views or preferences (for example, youth, the aged and those with disabilities).	This report is asking for minutes to be confirmed as true and correct record, any interests that affect other people should be considered as part of the individual reports.
State the financial implications and where budgetary provisions have been made to support this decision.	There are no financial implications or the need for budgetary provision arising from this report.
Chief Financial Officer review.	The Chief Financial Officer has not reviewed this report.

Ordinary Te Miromiro - Assurance,	Risk and Finance Committee Meeting	22 February 2023
Minutes		

#### UNCONFIRMED

#### MINUTES OF FAR NORTH DISTRICT COUNCIL ORDINARY TE MIROMIRO - ASSURANCE, RISK AND FINANCE COMMITTEE MEETING HELD AT THE COUNCIL CHAMBERS, MEMORIAL AVENUE, KAIKOHE ON WEDNESDAY, 22 FEBRUARY 2023 AT 9:45 AM

- PRESENT: Deputy Chairperson Cr John Vujcich, Kahika Mayor Moko Tepania, Kōwhai – Deputy Mayor Kelly Stratford, Cr Hilda Halkyard-Harawira, Cr Steve McNally, Cr Tāmati Rākena, Cr Babe Kapa, Cr Mate Radich (online)
- IN ATTENDANCE: Belinda Ward Bay of Islands Whangaroa Community Board Chairperson (online)
- STAFF PRESENT: Janice Smith (Group Manager-Corporate Service), Jill Coyle (Acting Chief Executive Officer), Margriet Veenstra (Acting Group Manager People and Transformation), Angie Thomas (Chief Financial Officer), Jacine Warmington (Group Manager Strategic Relationships), Kevin Johnson (Group Manager Delivery and Operations), Carla Ditchfield (Legal Manager), Aisha Huriwai (Team Leader Democracy Services), Joshna Panday (Democracy Services Advisor), Zena Tango (Manger Transaction Services)

#### 1 KARAKIA TIMATANGA / OPENING PRAYER

Chairperson John Vujcich commenced the meeting with Cr Tāmati Rākena saying karakia.

#### 2 NGĀ TONO KŌRERO / DEPUTATION

Nil

#### 3 NGĀ KŌRERO A TE HEAMANA / CHAIRPERSON'S ANNOUNCEMENTS

Update from Kahika – Mayor Moko Tepania on Cyclone Gabrielle

- The district has stood down emergency responses and switched a recovery response.
- Red cross has a truck of food and generators coming up.
- Thanked Local Government New Zealand for the adoption of a district scheme that paired unaffected districts with affected districts.
- There is one house that is red stickered in the Far North district, however there are still families that are affected that are not in recorded homes that are being assisted.
- Working with Top Energy CEO, Russel Shaw to ensure that those homes affected with power loss are reconnected.
- Thanked Council staff for stepping into management roles in preparation for the cyclone.
- Thanked Civil Defence community groups.
- Thanked Lines staff that came up from Canterbury to assist.

Update from Chairperson - Cr John Vujcich

- Moment of silence for those who have lost their lives in Cyclone Gabrielle
- Appointment of Chairperson expressed the importance of having an independent chairperson to minimise risk factors

Ordinary Te Miromiro - Assurance, Risk and Finance Committee Meeting 22 February 2023 Minutes

#### UNCONFIRMED

#### 4 NGĀ WHAKAPĀHA ME NGĀ PĀNGA MEMA / APOLOGIES AND DECLARATIONS OF INTEREST

#### APOLOGY

#### **RESOLUTION 2023/1**

Moved: Kōwhai – Deputy Mayor Kelly Stratford Seconded: Cr Tāmati Rākena

That the apology received from Cr Penetaui Kleskovic, Cr Ann Court and Cr Felicity Foy be accepted and leave of absence granted.

CARRIED

#### 5 REPORTS

#### 5.1 COUNCIL FINANCIAL REPORT FOR THE PERIOD ENDING 31 DECEMBER 2022

Agenda item 5.1 document number A4062275, pages 5 - 25 refers

#### **RESOLUTION 2023/2**

Moved: Kōwhai – Deputy Mayor Kelly Stratford Seconded: Cr Tāmati Rākena

That the Te Miromiro - Assurance, Risk and Finance Committee

- a) receive the report Council Financial Report for the Period Ending 31 December 2022.
- b) authorise to receive a quarterly financial report going forward as per the formal calendar.
- c) authorise to receive a monthly financial report through a briefing paper outside the quarterly report.

CARRIED

#### 6 INFORMATION REPORTS

## 6.1 PEOPLE AND CAPABILITY QUARTERLY UPDATE: 1 OCTOBER - 31 DECEMBER 2022

Agenda item 6.1 document number A4064275, pages 26 - 31 refers

#### **RESOLUTION 2023/3**

Moved: Kōwhai – Deputy Mayor Kelly Stratford Seconded: Cr Hilda Halkyard-Harawira

That the Te Miromiro - Assurance, Risk and Finance Committee receive the report People and Capability Quarterly Update: 1 October - 31 December 2022

CARRIED

Ordinary Te Miromiro - Assurance, Risk and Finance Committee Meeting 22 February 2023 Minutes

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#### 6.2 REVENUE RECOVERY REPORT

Agenda item 6.2 document number A4070190, pages 32 - 36 refers

#### **RESOLUTION 2023/4**

Moved: Cr John Vujcich Seconded: Kōwhai – Deputy Mayor Kelly Stratford

That the Te Miromiro - Assurance, Risk and Finance Committee receive the report Revenue recovery report.

CARRIED

#### 6.3 MAYORAL DISCRETIONARY FUND

Agenda item 6.3 document number A4072810, pages 37 - 38 refers

#### **RESOLUTION 2023/5**

Moved: Cr John Vujcich Seconded: Cr Tāmati Rākena

That the Te Miromiro - Assurance, Risk and Finance Committee receive the report Mayoral Discretionary Fund.

CARRIED

#### 6.4 FNHL REPORTS 2022 – FINANCE, HEALTH & SAFETY AND RISK

Agenda item 6.4 document number A4087258, pages 39 - 50 refers

#### **RESOLUTION 2023/6**

Moved: Kōwhai – Deputy Mayor Kelly Stratford Seconded: Cr Babe Kapa

That the Te Miromiro - Assurance, Risk and Finance Committee receive the reports for FNHL Reports 2022 – Finance, Health & Safety and Risk.

- i) Management accounts.
- ii) Risk report.
- iii) H&S quarterly report.

Against: Cr Mate Radich

CARRIED

#### 7 TE WĀHANGA TŪMATAITI / PUBLIC EXCLUDED

#### **RESOLUTION TO EXCLUDE THE PUBLIC**

#### **RESOLUTION 2023/7**

Moved: Kahika - Mayor Moko Tepania Seconded: Kōwhai – Deputy Mayor Kelly Stratford

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

The general subject matter of each matter to be considered while the public is excluded, the

Ordinary Te Miromiro - Assurance, Risk and Finance Committee Meeting Minutes

22 February 2023

	UNCONFIRMED	
	tion in relation to each matter, a ernment Official Information a as follows:	
General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
7.1 - Current Legal Proceedings And Potential Liability Claims	s7(2)(g) - the withholding of the information is necessary to maintain legal professional privilege	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
	1	CARRIEI

#### 8 **KARAKIA WHAKAMUTUNGA / CLOSING PRAYER**

Cr Babe Kapa closed the meeting with a karakia.

#### 9 **MEETING CLOSE**

The meeting closed at 11:43am.

The minutes of this meeting will be confirmed at the Ordinary Te Miromiro - Assurance, Risk and Finance Committee Meeting held on 2 May 2023.

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**CHAIRPERSON** 

## 6 REPORTS

- 6.1 MANAGEMENT RESPONSE TO INTERNAL CONTROL FINDINGS FROM DELOITTE FOR ANNUAL REPORT 2021-22
- File Number: A4159913

Author: Julia Lee, Senior Financial Accountant

Authoriser: Margriet Veenstra, Manager – Property Data and Business Compliance

#### TAKE PŪRONGO / PURPOSE OF THE REPORT

To provide a more detailed response to the internal control findings identified by Deloitte during their audit for the Annual Report 2021-22.

### WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY

• The management report from Deloitte reports on the results and insights that arose from the audit of the Annual Report 2021-22, and also includes the recommendations suggested by Audit New Zealand, our previous auditors, for audits up to and including 2020-21.

## TŪTOHUNGA / RECOMMENDATION

That ARF Committee accept the management response to the findings identified by Deloitte.

## 1) TĀHUHU KŌRERO / BACKGROUND

Our auditors, Deloitte Limited, are required to report on the audit and identify internal control issues that they feel require improvement. The report was discussed during the Council meeting held on 23<sup>rd</sup> March when the Annual Report 2021-22 was adopted, and the discussion with the Elected Members resulted in further discussion required with ARF Committee at the next meeting.

## 2) MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND OPTIONS

The original report with the management response is attached which was discussed at the adoption Council meeting, together with a more detailed response. Both documents need to be read in conjunction with each other, to understand management's position.

#### TAKE TUTOHUNGA / REASON FOR THE RECOMMENDATION

This report is for information only.

## 3) PĀNGA PŪTEA ME NGĀ WĀHANGA TAHUA / FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION

There are no financial implications arising from this report.

#### **ĀPITIHANGA / ATTACHMENTS**

- 1. Management response to TCWG 12.04.2023 A4180984 👲 🖀
- 2. FNDC Final report to those charged with governance June 2022 A4171117 U

#### Hōtaka Take Ōkawa / Compliance Schedule:

Full consideration has been given to the provisions of the Local Government Act 2002 S77 in relation to decision making, in particular:

- 1. A Local authority must, in the course of the decision-making process,
  - a) Seek to identify all reasonably practicable options for the achievement of the objective of a decision; and
  - b) Assess the options in terms of their advantages and disadvantages; and
  - c) If any of the options identified under paragraph (a) involves a significant decision in relation to land or a body of water, take into account the relationship of Māori and their culture and traditions with their ancestral land, water sites, waahi tapu, valued flora and fauna and other taonga.
- 2. This section is subject to Section 79 Compliance with procedures in relation to decisions.

He Take Ōkawa / Compliance Requirement	Aromatawai Kaimahi / Staff Assessment
State the level of significance (high or low) of the issue or proposal as determined by the <u>Council's</u> <u>Significance and Engagement Policy</u>	Low
State the relevant Council policies (external or internal), legislation, and/or community outcomes (as stated in the LTP) that relate to this decision.	Local Government Act 2002 part 6, sub part 2, clause 99
State whether this issue or proposal has a District wide relevance and, if not, the ways in which the appropriate Community Board's views have been sought.	Not applicable
State the possible implications for Māori and how Māori have been provided with an opportunity to contribute to decision making if this decision is significant and relates to land and/or any body of water.	Not applicable
State the possible implications and how this report aligns with Te Tiriti o Waitangi / The Treaty of Waitangi.	
Identify persons likely to be affected by or have an interest in the matter, and how you have given consideration to their views or preferences (for example – youth, the aged and those with disabilities).	Not applicable
State the financial implications and where budgetary provisions have been made to support this decision.	None
Chief Financial Officer review.	The Chief Financial Officer has reviewed this report.

Matter	Observation	Deloitte recommendation	Management's response	Revised management's response
1	Capitalisation of property, plant and equipment - a number of assets are not being capitalised in a timely manner after completion of the project. This apparently is caused by a lack of timely communication from the project managers to the Finance team upon project completion.	We recommend that Council adopt procedures to ensure that assets that are available for use are capitalised in a timely manner.	Noted, this is an issue that Council will address moving forward.	Noted, the Far North Waters alliance reset is aimed at addressing this issue and we are confident that this matter will be resolved in due course.
2	Delegated authorities - Deloitte noted that for invoices without purchase orders, the Accounts	in line with approved delegated authority policies.	Whilst AP Officers have the delegation to process invoices without a PO up to \$5,000, they do not process any such invoices and send them to the Manager Transaction Services to process. However AP officers do have the delegation to process invoices with a PO up to \$100,000.	Deloitte misinterpreted the information given to them, by switching the value of the delegation dependent upon whether a PO accompanies the invoice. However, the AP officers are only processing invoices accompanied by a PO up to the value of \$100,000 - the actual approval of the invoice has taken place by those with financial delegations, not by the AP officers.
3	Mileage claims - non-taxable allowances - certain council employees receive a non-taxable allowance for travel between home and office under certain provisions of the Income Tax Act. We note however that the allowance is set up in the payroll system in such that the employee only receives the benefit of the tax impact of the allowance rather than the full amount of the allowance they claim. This is might be acceptable from a tax perspective providing the employment agreements make it clear that employees are entitled to a total remuneration package which is inclusive of any non-taxable allowances. where this is not the case, this treatment may not be effective from a tax perspective and could result in a shortfall of PAYE, Kiwisaver and holiday pay for each individual.	investigates this matter and seeks appropriate advice on the tax and payroll treatment of these allowances to ensure the amounts are in compliance with the employee agreements and meet the various employment and tax	impact. This is not a paid allowance or a salary sacrifice.	The non-taxable mileage claim is a tax deduction only. It is based on 28c per km travelled, less \$5 per day travelled, which is deducted from gross remuneration to calculate PAYE only.
4	Audit trail - vested assets - our testing of vested assets noted a number of instances where supporting evidence of ownership following completion or transfer of vested assets could not be provided.	Management should upon transfer / completion of vested assets obtain and review all supporting documents from all parties (e.g. Such agreements / correspondence) to ensure the transactions are captured in a timely manner in line with the arrangements.	Noted, this is an issue that Council will address moving forward.	Noted, this issue is being addressed with the necessary parties and we are confident that this matter will be resolved moving forward.

5	provisioning policy for overdue rates does not reflect actual collection and recovery amounts	recoveries and revise the provisioning policy accordingly, to ensure the provision for doubtful debts remain an accurate	percentages and reflect the demographic of our area. However the introduction of IPSAS 41 into 2022-23 will enable a full review to be conducted.	Rates remissions are those portions of rates that we pay on behalf of ratepayers, where they are not required to pay, unless the debt is over 6 years old when it becomes a statute barred write-off. We have a policy under which we grant remissions on behalf of ratepayers, with a budget and therefore these are included in the cash cleared. The provision is for the remaining uncollected portion to go "bad".
6	Timing of recognition of Kaikohe water Company - Council subscribed for shares in Kaikohe Water Company Limited. The subscription agreement is also dependent on Council entering into a water supply agreement with Te Tai Tokerau Trust. Both the agreements were executed after 30 June 2022 however Council recognised the shares as an intangible asset and a corresponding liability in the financial statements at 30 June 2022. Under the accounting standards, neither the asset nor the liability met the recognition criteria at 30 June 2022.	5	Noted - we will seek external advice.	We have approached PwC for external advice regarding the treatment of this item, which should be resolved in time for the next year end.

# **Deloitte.**



## Far North District Council

Report to the Audit and Risk Committee for the year ended 30 June 2022

#### Purpose of report

This report has been prepared for Far North District Council's Audit and Risk Committee (the 'Committee') and is part of our ongoing discussions as auditor in accordance with our engagement letter dated 27 September 2022 and as required by the auditing standard issued by the Auditor-General that incorporate the New Zealand auditing standards.

This report is intended for the Committee (and other Council members) and should not be distributed further. We do not accept any responsibility for reliance that a third party might place on this report should they obtain a copy without our consent.

This report includes only those matters that have come to our attention as a result of performing our audit procedures and which we believe are appropriate to communicate to the Committee. The ultimate responsibility for the preparation of the financial statements rests with the Council.

#### Responsibility statement

We are responsible for conducting an audit of Far North District Council and its subsidiaries (the 'Group') for the year ended 30 June 2022 in accordance with New Zealand auditing standards issued by the NZ Auditing and Assurance Standards Board. Our audit is performed pursuant to the requirements of the Public Audit Act 2001, the Crown Entities Act 2004 and the Financial Reporting Act 2013, with the objective of forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of the Council Members. The audit of the financial statements does not relieve management or the Council Members of their responsibilities.

Our audit is not designed to provide assurance as to the overall effectiveness of the Group's controls but we will provide you with any recommendations on controls that we may identify during the course of our audit work.

## **Table of contents**

1. Executive Summary	4. Financial reporting and other developments
	Developments in financial reporting - overview
2. Results of the Audit	Developments in financial reporting – PBE FRS 48 Service Performance Reporting
A. Status of the audit	Developments in financial reporting – PBE IPSAS 41 Financial Instruments
B. Areas of audit focus	Using "functional leadership" to improve government procurement
C. Internal control findings	Controlling sensitive expenditure
3. Other reporting matters	Our response to AG ISA (NZ) 240 Fraud: An independent approach
A. Independence and fees	
B. Other communications	



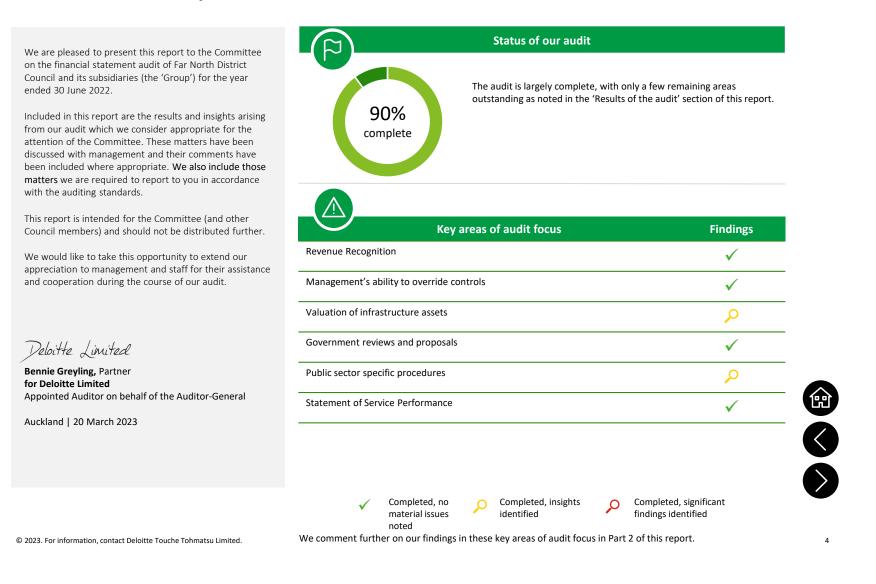
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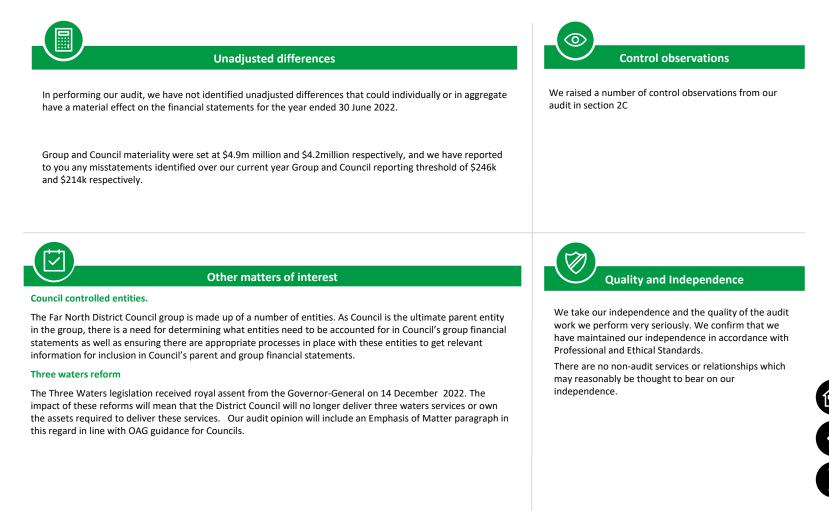
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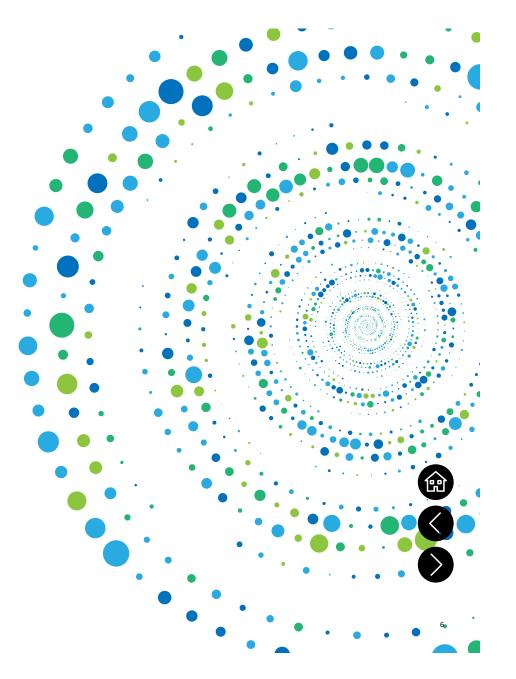
## 1. Executive summary



## 1. Executive summary (cont.)



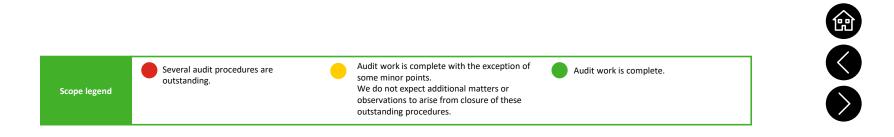
# 2. Results of the audit



## 2A. Status of the audit

As of the date of this report, the status of our audit is summarised as follows:

Stage of audit	Progress	Details of outstanding items
Planning	•	
Controls testing	•	
Substantive testing	•	
Financial reporting	•	<ul> <li>Council to approve the financial statements and representation letter</li> <li>Completion of subsequent event procedures</li> <li>Completion of internal quality procedures</li> <li>Review of other information to be provided with the financial statements (annual report)</li> </ul>
Regulatory matters	•	Supervisor reporting to be completed



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## 2B. Areas of audit focus – dashboard

The following areas of audit focus are consistent with the areas identified in our planning report except for the following; Impacts of Coronavirus (COVID-19) was subsequently deemed to not be a key area of focus, Revenue Recognition and Valuation of Infrastructure assets were not deemed to be significant risks and the level of management judgement required in the valuation of infrastructure assets is deemed to be medium and not high. Findings in respect of the control environment are included in Section 2C.

rea of audit focus	Significant risk	Fraud risk	Level of management judgement required	Findings
evenue Recognition	×	×	٠	$\checkmark$
lanagement's ability to override controls	$\checkmark$	$\checkmark$	•	$\checkmark$
aluation of infrastructure assets and investment properties	$\checkmark$	×	•	Q
overnment reviews and proposals	×	×	٠	$\checkmark$
ublic sector specific procedures	×	×	٠	Q
tatement of Service Performance	×	×	٠	$\checkmark$
Level of management judgement required	Findings			
		pleted, no	Completed, insights identified	Completed, significant findings identified

### 2 May 2023

## 2B. Areas of audit focus

Our approach	Audit findings				
Revenue Recognition					
<ul> <li>We have:</li> <li>Understood, evaluated and tested the relevant controls that address the risks of revenue recognition;</li> <li>Assessed the quality of information produced from the IT system and ensured accuracy and completeness of reports that are used to</li> </ul>	In testing management's provision for doubtfindebt relating to overdue rates we note that management assumptions regarding the collection rates are not fully reflective of the actual collection and recovery rates when				
<ul><li>recognise revenue;</li><li>Completed analytical procedures by developing expectations based</li></ul>	compared to historical actual recovery rates.				
measures; and	We performed a calculation based on actual collection and recovery rates to estimate the				
Assessed the impact of any changes to revenue recognition policies.	difference in the provision. Based on this estimate we raised a judgmental unadjusted difference of \$1.5m.				
	<ul> <li>We have:</li> <li>Understood, evaluated and tested the relevant controls that address the risks of revenue recognition;</li> <li>Assessed the quality of information produced from the IT system and ensured accuracy and completeness of reports that are used to recognise revenue;</li> <li>Completed analytical procedures by developing expectations based on our knowledge of the industry , market data and key performance measures; and</li> </ul>				



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### 2 May 2023

## 2B. Areas of audit focus

Area of audit focus	Our approach	Audit findings
Management override of controls		
ISA (NZ) 240 The auditor's responsibility to consider fraud in an audit of financial statements requires us to presume there are risks of fraud in management's ability to override controls.	<ul> <li>We have:</li> <li>Understood and evaluated the financial reporting process and the controls over journal entries and other adjustments made in the preparation of the financial statements;</li> </ul>	As part of our audit, we have not identified instances of management override of controls
We are required to design and perform audit procedures to respond to those risks and therefore this is a focus area for our audit.	<ul> <li>Tested the appropriateness of a sample of journal entries and adjustments and made enquiries about inappropriate or unusual activities relating to the processing of journal entries and other adjustments;</li> </ul>	
Management's override of controls is identified as a fraud risk because it represents those controls in which manipulation of the financial results could occur.	<ul> <li>Tested the design and implementation of controls around the monitoring of monthly reporting including budget to actual variances and balance sheet reconciliations;</li> </ul>	
It has a potential impact to the wider financial statements and is therefore a significant risk for our audit.	<ul> <li>Reviewed significant accounting estimates for biases that could result in material misstatement due to fraud, including assessing whether the judgements and decisions made, even if individually reasonable, indicate a possible bias on the part of management;</li> </ul>	
	<ul> <li>Performed a retrospective review of management's judgements and assumptions relating to significant estimates reflected in last year's financial statements; and</li> </ul>	
	<ul> <li>Obtained an understanding of the business rationale of significant transactions that we become aware of that are outside the normal course of business or that otherwise appear to be unusual given our understanding of the entity and its environment.</li> </ul>	

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## 2B. Areas of audit focus

Area of audit focus	Our approach	Audit findings
Valuation of Infrastructure assets and investment properties		
	For infrastructural assets and investment properties carried at fair value	From our analysis, we have not identified any
The Council and Group has a significant asset base with certain operational assets and investment properties carried at fair value.	<ul> <li>and revalued in the current year, we have:</li> <li>Obtained the valuation report issued by independent valuer for Obtained representation directly from the independent valuer confirming their methodology;</li> </ul>	significant issues in relation to the valuations of fair value assessments performed.
The valuation of assets can be a complicated process and Management and Council need to ensure that a robust review of the valuation process is performed irrespective of the valuation being performed in-house or by an independent expert.	<ul> <li>Reviewed the key underlying assumptions used to ensure these assumptions are reasonable and in line with Public Benefit Entity International Public Sector Accounting Standards ("PBE IPSAS"); and</li> <li>Ensured the revaluation is correctly accounted for and disclosed in the financial statements in order to comply with PBE IPSAS.</li> </ul>	We have also raised control observation regarding the timeliness of the update to the asset register.
For asset classes carried at fair value (3 waters assets, roading assets, storm and waste assets, heritage assets and investment properties) and revalued in the current year, the Group engaged independent experts to perform the valuations.		
The valuation exercise resulted in an upward revaluation adjustment of \$194.1 million in relation to property, plant and equipment and \$15.2m for investment properties for the year ended 30 June 2022.		



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## 2B. Areas of audit focus

Area of audit focus	Our approach	Audit findings
Government reviews and proposals		
There continues to be change in the sector with new regulatory requirements (new and updated national policy statements) in place or proposed (most notably the three waters reform), and other areas being considered by the Government. This constant change makes it challenging for councils to plan ahead, particularly because of uncertainties of regulatory settings and the significant cost implications of these changes.	As part of our audit process we; - Continued to follow up and discuss with management on the impact of these initiatives to the Group, where necessary, will consider them within our audit approach; and - Maintained close communication with the Office of the Auditor- General ('OAG') if there are any other areas that requires further consideration.	We have included the emphasis of matte paragraph in our audit report. No other matters were noted.
Three waters reform	We also draw to your attention that, the OAG has assessed that the 2021/22 audit opinions for Councils impacted by three waters reform must include an emphasis of matter paragraph with the following	
The Government is currently carrying out the Three Waters Reform Programme.	wording:	
	Emphasis of matter - The Government's three waters reform	
The first phase of the reform was establishing Taumata Arowai. The next phase of the reform is for water service	programme	
delivery. The Government has announced that it will	"Without modifying our opinion, we draw attention to note [x] on page	
establish four Water Service Entities as a part of its Three	[x], which outlines that, Note [x] on page [x] outlines that the Water	
Waters Reform Programme. The four new entities will	Services Entities Act 2022 received royal assent on 14 December 2022.	
replace the services currently managed by 67 territorial local authorities.	The Act establishes four publicly owned water services entities to take over responsibilities for three waters service delivery and infrastructure	
autionities.	from local authorities from 1 July 2024, or earlier by Order in Council. In	
Currently there is still a lot of detail to be worked through	December 2022, the Government introduced two additional water	
(including how council ownership will work in practice). A	services Bills, one of which will enable the transfer of three waters	
working group has been established to consider	related assets and liabilities to the water services entities. Until the Bills	
representation, governance and accountability of the new	receive royal assent, the financial impact of the transfer on the Far North	
Water Services Entities.	District Council remains uncertain"	

## 2B. Areas of audit focus

Area of audit focus	Our approach	Audit findings
Public sector specific procedures		
A number of good practice guides are made available by the OAG on its website, with recently published guides relating to: • Managing sensitive expenditure • Managing conflicts of interest; and • Severance payments Good practice involves the establishment of policies and controls to ensure that relevant focus areas have been made	<ul> <li>During the course of the audit we:</li> <li>Enquired whether the Council have reviewed the sensitive expenditure policy against the OAG good practice guide and update where appropriate.</li> <li>Remained alert to issues and risks related to effectiveness and efficiency, waste and a lack of probity or financial prudence;</li> <li>Tested a sample of items of sensitive expenditure against the OAG's guidelines for probity, performance and waste;</li> </ul>	As part of our audit, we identified an internal control observation in relation to the managing of conflicts of interest.
This includes expenses to have a justifiable business purpose; preserve impartiality; have been made with integrity; are	<ul> <li>Inquired with management as to how the Council is comfortable that its employees know how to identify, disclose and manage a conflict of interest;</li> <li>Inquired with management if there is any severance payment and perform testing where appropriate.</li> </ul>	
moderate and conservative; have regard to the circumstances; have been made transparently and with proper authority.		
A copy of these guides are accessible here: https://oag.parliament.nz/good-practice/good-practice-		
guides		

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Item 6.1 - Attachment 2 - FNDC Final report to those charged with governance June 2022

### 2 May 2023

## 2B. Areas of audit focus

Area of audit focus	Our approach	Audit findings
Statement of Service Performance		
The Council's annual report is required to include an audited Statement of Service Performance (SSP) which reports against the performance framework included in the annual plan/long-term plan.	<ul> <li>We have:</li> <li>Reviewed the Council's SSP against legislative requirements and good practice. This will include checking consistency with the performance framework included in the 2021-2031 LTP;</li> <li>Audited a sample of the reported performance measures, with a</li> </ul>	We have not identified any material issues fror our testing of these performance measures.
The SSP is an important part of Council's annual performance reporting and it is important it adequately "tells the performance story" for each group of activities.	<ul> <li>focus on the more significant groups of activities;</li> <li>Reviewed the narrative commentary and explanatory information provided in the annual report to ensure that this provides sufficient information to the readers i.e. "tells the performance story".</li> </ul>	
Our audit opinion considers whether the service performance information: Is based on appropriately identified elements (outcomes, impacts, outputs), performance measures, targets/results;		
and Fairly reflects actual service performance for the year (i.e. not just reports against forecast).		
There were changes to the standard of auditing the Statement of Service Performance in the current period.		



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#### 2 May 2023

## **2C.** Internal control findings

#### Assessment of internal control

Our audit approach requires us to obtain an understanding of an entity's internal controls, sufficient to identify and assess the risks of material misstatement of the financial statements whether due to fraud or error.

We remind you that our audit is not designed to express an opinion on the effectiveness of the controls operating within the Group, although we have reported to management any recommendations on controls that we identified during the course of our audit work. The matters being communicated are limited to those deficiencies that we have identified during the audit and that we have concluded are of sufficient importance to merit being reported. Our recommendations for improvement should be assessed by you for their full commercial implications before they are implemented.

#### Observations and recommendations in the current period

We have not identified any significant deficiencies in internal controls which would impact upon our ability to provide our opinion. However, we did note some observations and these are discussed on the following pages. Several of the matters noted we are required to include in our reporting to the OAG.

In the current year, we opted not to take a control reliance approach for general computer related controls. We have involved IT specialists to perform an overall update of understanding of the IT environment.

#### **Prior period recommendations**

For refence purposes we include in Appendix 1 a summary of the audit findings and recommendations raised by the previous auditor in the prior year.

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Matter	Observation	Deloitte recommendation	Management's response
1	Capitalisation of property, plant and equipment	We recommend the Council adopt procedures to ensure that assets that	Noted, this is an issue that Council will address moving forward.
	A number of assets are not being capitalised in a	are available for use are capitalised in	
	timely manner after completion of the actual project.	a timely manner.	
	This apparently is caused by a lack of timely		
	communication from the project managers to the		
	finance team upon project completion.		
2	Delegated authorities		
	Deloitte noted that for invoices without purchase	Delegated authorities within the	Whilst AP officers have the delegation to process
	orders the Accounts Payable officer has delegated	accounting system should be set in	invoices without a PO up to \$5,000 they do not
	authority to process invoices up to \$5,000. Our	line with approved delegated	process any such invoices and send them to the
	testing identified however that the Accounts Payable	authority policies.	Manager Transaction Services to process. However
	officer is able to, and has, processed invoices with no		AP officers do have the delegation to process
	purchases orders up to the value of \$100,000.		invoices with a PO up to \$100,000.



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Ma tter	Observation	Deloitte recommendation	Management's response
3	Mileage claims – non-taxable allowances Certain council employees receive a non-taxable allowance for travel between home and office under certain provisions of the Income Tax Act. We note however that the allowance is setup in the payroll system in such that the employee only receives the benefit of the tax impact of the allowance rather than the full amount of the allowance they claim. This is might be acceptable from a tax perspective providing the employment agreements make it clear that employees are entitled to a total remuneration package which is inclusive of any non-taxable allowances. Where this is not the case this treatment may not be effective from a tax perspective and could result in a shortfall of PAYE, Kiwisaver, and holiday pay for each individual.	We recommend council investigate this matter and seek appropriate advice on the tax and payroll treatment of these allowances to ensure the amounts are in compliance with the employee agreements and meet the various employment and tax legislative requirements.	The impact of the "travel allowance" should only be the tax impact. This is not a paid allowance or a salary sacrifice. This is a tax adjustment to allow for the fact that staff have no access to public transport.



Ma tter	Observation	Deloitte recommendation	Management's response			
4	Audit trail – vested assets					
	Our testing of vested assets noted a number of instances where supporting evidence of ownership following completion or transfer of vested assets could not be provided.	Management should upon transfer / completion of vested assets obtain and review all supporting documents from all parties (e.g. such agreements / correspondence ) to ensure the transactions are captured in a timely manner in line with the arrangements.	Noted, this is an issue that Council will address moving forward.			
	Provision for doubtful debts					
	Management's provisioning policy for overdue rates does not reflect actual collection and recovery amounts which could lead to an over/under provision that may become material	We recommend management review actual collection and recoveries and revise the provisioning policy accordingly to ensure the provision for doubtful debts remain an accurate reflection of the likelihood of recovery.	Noted – current calculations are based on current collection percentages and reflect the demographic of our area. However the introduction of IPSAS41 into 2022/23 will enable a full review to be conducted.			
	Timing of recognition of Kaikohe Water Company					
	Council subscribed for shares in Kaikohe Water Company Limited. The subscription agreement is also dependent on Council entering into a water supply agreement with Te Tai Tokerau Trust. Both the agreements were executed after 30 June 2022 however Council recognised the shares as an intangible asset and a corresponding liability in the financial statements at 30 June 2022. Under the accounting standards neither the asset nor the liability met the recognition criteria at 30 June 2022.	We recommend management carry out a sufficiently detailed review of the recognition and measurement requirement under IPSAS and seek advice where necessary when entering into such transactions in order to ensure compliance with the relevant accounting standards.	Noted – we will seek external advice.			

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Ma tter	Observation	Deloitte recommendation	Management's response
7	Conflict of interest register		
	We note the observations raised by the previous auditors in 2021 and prior years in relation to council's conflicts of interest register. As part of our audit testing we obtained a copy of the SharePoint records for conflicts of interest declarations and noted that according to the record, the CEO has not completed a conflict of interest declaration in line with Council policy. We also noted a number of employees who's declarations are noted as "DRAFT" in the system.	Conflicts of interest should be proactively managed and all new employees should completed and finalise a declaration in line with policy as a priority upon joining.	Noted, this work is ongoing and has been added to the onboarding process. Since balance sheet date, the CEO has resigned.



#### 2 May 2023

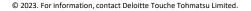
## 2D. Summary of unadjusted differences

In performing our audit, we have not identified unadjusted differences that could individually or in aggregate have a material effect on the financial statements for the year ended 30 June 2022.

The unadjusted differences we have identified are set out below.

Unadjusted misstatements identified	Assets Dr/(Cr) (\$'000)	Liabilities Dr/(Cr) (\$'000)	Equity Dr/(Cr) (\$'000)	Profit or loss Dr/(Cr) (\$'000)	If applicable, control deficiency identified
Current year:					
Under-provision for overdue rates (judgmental difference)	(1,500)			1,500	5
Kaikohe Water Company – asset not meeting recognition criteria	(1,200)	1,200			6
Prior year					
No prior year errors impact current year					
Total	(2,700)	1,200		1,500	

Note: Immaterial balance sheet and income statement reclassifications have not been included in the summary of unadjusted differences



## 2E. Summary of adjusted differences

The following differences were identified up to the date of this report which have been corrected by management. We nonetheless communicate them to you to assist you in fulfilling your governance responsibilities, including reviewing the effectiveness of the system of internal control.

Differences identified and adjusted	Assets Dr/(Cr) (\$'000)	Liabilities Dr/(Cr) (\$'000)	Equity Dr/(Cr) (\$'000)	Profit or loss Dr/(Cr) (\$'000)	If applicable, control deficiency identified
Current year:					
Under-provision for general rates	(2,934)			2,934	5
GST incorrectly classified	1,932	(1,932)			
Debtor write-off incorrectly accounted for as asset	(4,335)			4,335	5
Duplication of Revenue from vested assets	(3,763)			3,763	
Correction of consolidation adjustment – government grants in advance	(5,320)	5,320			
Correction of consolidation entry – prior year subsidies and grants			(13,472)	13,472	
Total	(14,420)	3,388	(13,472)	24,505	

Note: Immaterial balance sheet and income statement reclassifications have not been included in the summary of unadjusted differences

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### **2F.** Summary of omitted disclosures

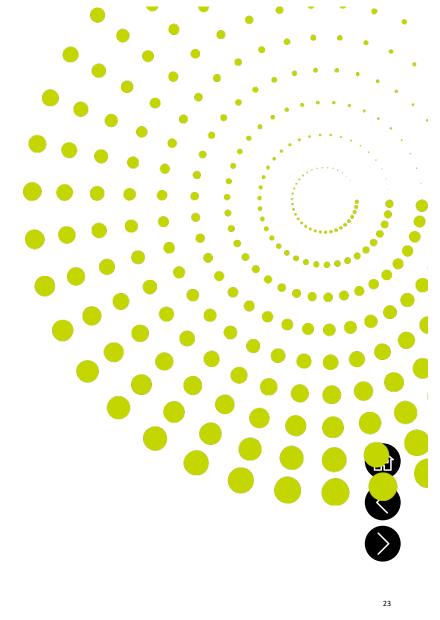
In performing our audit, no material uncorrected disclosure deficiencies were detected in the financial statements. The following omitted disclosures remain uncorrected in the financial statements and management has determined that these do not result in a material misstatement of the financial statements or non-compliance with the applicable legislative framework.

Omitted disclosures assessed by management as not being material	Ref	Amount (where applicable)	Management's response
None			



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# **3. Other reporting matters**



# **3A. Independence and fees**

We summarise below our proposed audit fees that have been agreed with the OAG prior our appointment.

	CY (\$′000)
Fees payable for the audit of the Group financial statements (excluding disbursements)	187
Total audit fees for financial statements	187
Other assurance services	
- Trustee Reporting	5
Total audit related and other assurance fees	192

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## **3B.** Other communications

The following matters are communicated in accordance with the requirements of New Zealand auditing standards:

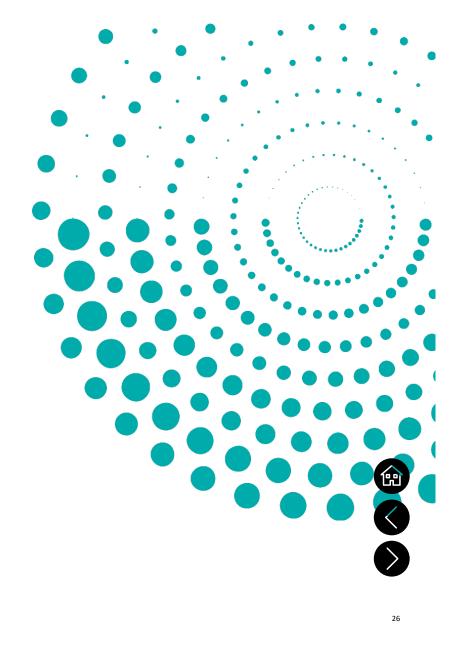
Accounting policies / Financial reporting	There were no changes in accounting policies during the year ended 30 June 2022.	
-	We have not become aware of any significant qualitative aspects of the Group's accounting practices, including judgements about accounting policies, accounting estimates and financial statement disclosures that need to be communicated to the Committee. We did identify a number of issues during our audit which required additional audit effort and resulted in audit differences that required correction as mentioned throughout this report.	
	Far North District Council and Far North Holdings Limited report under different accounting standards. Far North Holdings is a significant component of the group. During our testing of the consolidation entries we identified a number of errors that required correction as noted above. We recommend closer collaboration between the finance teams of both entities to ensure accurate and timely flow of information to streamline the consolidation process.	
Related parties	No significant related party matters other than those reflected in the financial statements came to our attention that, in our professional judgement, need to be communicated to the Committee.	
Written representation	ritten representation A copy of the representation letter to be signed on behalf of the Council will be circulated separately.	
Specialists	Ilists We involved our IT specialists to assist us with our understanding of the IT environment and we involved tax specialists assist where considered necessary.	
Other information	nformation We have read the other information (the financial and non-financial information other than the financial statements) contained within the annual report to consider whether there are material inconsistencies with the financial statement	

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Item 6.1 - Attachment 2 - FNDC Final report to those charged with governance June 2022

# 4. Financial reporting and other developments



# **Developments in financial reporting – overview**

The following table provides a high level summary of the major new accounting standards, interpretations and amendments that are relevant to the Group. A full list of the standards on issue but not yet effective is released quarterly and is available here:

https://www2.deloitte.com/nz/en/pages/audit/articles/accounting-alert.html?icid=top\_accounting-alert

Major new standard, interpretation or amendment	Effective date (periods beginning on or after)	
PBE FRS 48 Service Performance Reporting	1 January 2022	
PBE IFRS 9 Financial Instruments	1 January 2022*	
PBE IPSAS 41 Financial Instruments	1 January 2022	

\*Will be superseded by PBE IPSAS 41 but early adoption is still permitted if the date of initial application was before 1 January 2020

#### Early implementation efforts recommended

Early effort to consider the implementation of these standards is recommended in order to provide stakeholders with timely and decision-useful information. Implementation steps are outlined opposite.

#### Steps for implementation

Determine extent of impact & develop implementation plan

Monitor progress and take action where milestones are not met

Identify required changes to systems, processes, and internal controls

Determine the impact on covenants & regulatory capital requirements, tax, dividends & employee incentive schemes



## **Developments in financial reporting – PBE FRS 48** Service Performance Reporting

PBE FRS 48 Service Performance Reporting establishes new requirements for the selection and presentation of service performance information. It applies to Tier 1 and 2 not-for-profit PBEs, and to public sector PBEs which are required by law to report service performance information in accordance with GAAP, and is effective for annual reporting periods beginning 1 January 2022.

The objective of PBE FRS 48 is to establish principles and requirements for presenting service performance information that is useful for accountability and decision-making purposes. The Standard establishes high-level requirements which provide flexibility so that an entity can determine how best to 'tell their story' in an appropriate and meaningful way.



#### PBE FRS 48 Service Performance Reporting Ultimately, the statement of service performance must Contextual information provide sufficient information to help answer the below Provide users with information to questions, although the format is not prescribed: explain why the entity exists, what it intends to achieve in broad terms over the medium to Why do we exist? Who are we? long term and how it goes about this. What did we do? How did we perform? What the entity did during the period: Provide users with an appropriate and meaningful Disclose performance measures: quantitative, mix of performance measures and/or descriptions וייייי qualitative and qualitative descriptions Requirements for the period. Judgement may be required to under PBE FRS 48 achieve a balance between providing enough Use 'pop-up' boxes for explanatory comments, information and not too much information that graphs, tables infographics or narrative could obscure the overall picture. Use effective cross-referencing to financial statements or other relevant other information **Disclose Judgements** Disclose the judgements that have the most significant effect on the selection, measurement, Show comparisons (i.e. trend data, against i III aggregation and presentation of service target or standard) performance information reported. Balance between enough information to provide to ΔΔ users and not so much information that obscures overall picture

# **Developments in financial reporting – PBE IPSAS 41 Financial Instruments**

Amendments compared to PBE IPSAS 29				
Recognition, derecognition, scope & amortised cost measurement	None			
Classification and measurement of financial assets	<ul> <li>debt instruments meeting both a 'business model' test and a 'cash flow characteristics' test are measured at amortised cost (the use of fair value is optional in certain cases)</li> <li>debt instruments held within a business model whose objective is achieved by both collecting the contractual cash flows and by selling financial assets are measured at fair value through other comprehensive income (FVTOCI)</li> <li>all equity investments are measured at fair value through profit or loss (including unquoted equity investments) except that if an equity instrument is not held for trading, an election can be made to measure it at FVTOCI</li> <li>all other instruments (including all derivatives) are measured at fair value through profit or loss</li> </ul>			
Classification and measurement of financial liabilities	<ul> <li>changes in credit risk on liabilities designated as at fair value through profit or loss are recognised in other comprehensive income, unless they create or increase an accounting mismatch, and are not recycled to profit or loss</li> </ul>			
Embedded derivatives	<ul> <li>bifurcation of embedded derivatives needs to be assessed for hybrid contracts containing a host that is a financial liability or a host that is not an asset within the scope of PBE IPSAS 41 (hybrid contracts with a financial asset as a host contract are classified in their entirety based on the contractual cash flow characteristics criterion)</li> </ul>			
Impairment	<ul> <li>change to expected loss model whereby it is no longer necessary for a credit event to have occurred before credit losses are recognised</li> </ul>			
Hedge Accounting (HA)	<ul> <li>a broadening of the risks eligible for hedge accounting</li> <li>changes in the way forward contracts and derivative options are accounted for when in a hedge accounting relationship, which reduces profit or loss volatility</li> <li>the effectiveness test has been replaced with the principle of an "economic relationship"</li> <li>enhanced disclosures regarding an entity's risk management activities</li> </ul>			

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# Using "functional leadership" to improve government procurement

From the work performed by the OAG, it was found that many public organisations have difficulty bringing together the financial and contract management information. Being able to do this would make it easier for the organisations to assess value for money.

The OAG has published a report, 'Using "functional leadership" to improve government procurement', to present their findings and recommendations. The full report is accessible <u>here</u>.

The summary includes some questions that executive leaders should ask in order to ensure that they have a comprehensive understanding of the organisation's procurement spending.

The summary is accessible here.

The questions to consider include:

- What are we buying?
- Who are we buying from?
- Is all buying going through all-of-government contracts when it should be?
- Who is buying?
- How often do we buy?

The aim should be for senior leaders to:

- Be confident that procurement is helping achieve the strategic outcomes;
- Have easy access to good quality procurement spending data which is regularly analysed to improve cost-effectiveness;
- For all-of-government contracts, be confident that all spending is going through those contracts.

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- When did we buy?
- How much did we pay?
- Are we getting what we had been promised?
- What location were the items delivered to?
- How does the data compare to previous years?







## **Controlling sensitive expenditure**

There is heightened public sensitivity when public sector employees are perceived to benefit – or do benefit – personally from sensitive expenditure incurred during the conduct of a public organisation's business.

In October 2020, the Auditor-General published '<u>Controlling sensitive expenditure: Guide for public organisations</u>' to help public organisations improve, where necessary, their organisational approach to, and control of, sensitive expenditure.

#### The Guide:

- · outlines the Auditor-General's list of best practices for dealing with sensitive expenditure; and
- will be used by the Auditor-General when carrying out work, including in annual audits.

It is expected that public organisations will implement the principles discussed in this Guide into their sensitive expenditure policies and procedures.

In addition to carrying out regular reviews, monitoring compliance, considering high-risk areas, and making changes to policies and procedures as necessary, the Auditor-General expects that public organisations will implement the principles discussed in this Guide into their sensitive expenditure policies and procedures.

In particular, the Guide specifically emphasises that public organisations should carefully consider the underlying principles listed in **paragraph 2.4** (listed below) and the advice in **Parts 4-9** (also listed below) before taking a different approach.

#### Extract from paragraph 2.4:

"There are principles that underpin decision-making about sensitive expenditure. Expenditure decisions should:

- · Have a justifiable business purpose...
- Preserve impartiality...
- · Be made with integrity...
- Be moderate and conservative...
- Be made transparently...
- Be made with proper authority..."

#### Extract from table of contents:

"Part 4: Using credit cards and purchasing cards Part 5: Expenses when travelling Part 6: Entertainment and hospitality expenditure Part 7: Goods and services expenditure Part 8: Staff support and well-being expenditure Part 9: Other types of expenditure"

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# Our response to AG ISA (NZ) 240 Fraud: An independent approach

Previously approved by the OAG as being of an "assurance nature" - complies with AS PES 1 Code of Ethics

#### The expectation... The OAG has approved our Forensic team to support The objectives... your response\*... • Identify and assess the fraud risks Obtain evidence about the ැටු **Counter-fraud Gap Analysis** assessed risks Assesses and benchmarks the arrangements you have in Respond to fraud or place for the planning, prevention, detection and response suspected fraud to your fraud risks Evaluate Fraud Risk Assessment The Auditor-General (para. A6): Fraud risk factors & Identifies fraud risk factors and specific fraud risks that you "Expects that every public entity should × Įž specific risks face; assesses the design of your existing controls in place to formally address the matter of fraud and mitigate the identified risks formulate an appropriate policy on how to $\heartsuit$ Prevention minimise it and, if it occurs, how it will be initiatives dealt with." **Detection Analytics** Detection efforts Applies a data-driven approach to fraud detection by (j) identifying unusual transactions over your transactional data sets (e.g. payments) Response approach Awareness Training Increases your employees' ability to prevent and detect fraud risk factors or indicators and clarify reporting options when fraud and corruption are suspected Areas for improvement around your approach to fraud prevention and detection \*These assurance services can be completed independently of each other.

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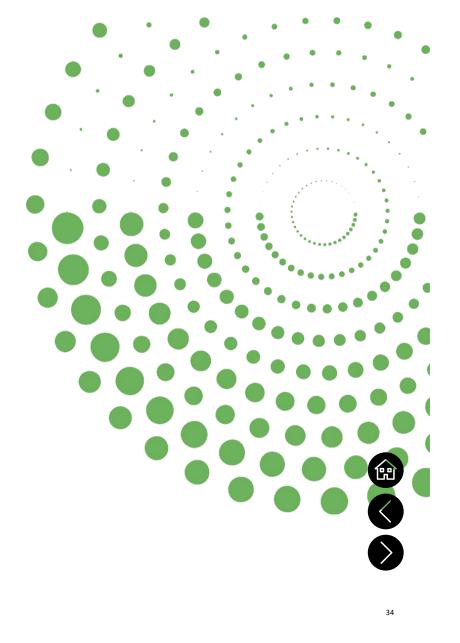
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# Appendix 1 – Prior year audit management letter



AUDIT NEW ZEALAND Mana Arotake Aotearoa

# Report to the Council on the audit of

Far North District Council

For the year ended 30 June 2021

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### **Key messages**

We have completed the audit for the year ended 30 June 2021. This report sets out our findings from the audit and draws attention to areas where the Far North District Council (the Council) is doing well and where we have made recommendations for improvement.

#### Audit opinion

We issued our audit report on 16 December 2021. Our report included an unmodified opinion on the financial statements and statement of service provision. This means we were satisfied that these statements present fairly the Council's activities for the year and its financial position at the end of the year.

Without modifying our audit opinion, we included an emphasis of matter paragraph to draw attention to the disclosures in the financial statements relating to the Government's three waters reform programme announcement.

#### Matters identified during the audit

This reporting round continued to be impacted by the Covid-19 pandemic. As part of this we considered the overall impact that Covid-19 may have had on the valuation of investment property and Property, Plant and Equipment that are subject to revaluation. Through our discussions with management, the external valuer and the work we performed we were able to conclude that the value of these assets has been fairly stated in this year's financial statements.

We have made a small number of new recommendations where we consider aspects of financial reporting could be improved. These are summarised in section 1.1.

There also continues to be a number of outstanding recommendations, some dating back to before 2016 that need to be addressed and closed. We will continue to monitor progress against these and urge the Council to ensure that progress is made on these matters. Refer to Appendix 1 for further details. All recommendations will be followed up during our audit for the year ended 30 June 2022.

#### Thank you

We would like to thank the Council, management and staff for their assistance during the audit and for their patience while the final stages of the audit were completed.

We also commend the Council for being able to accommodate the final audit during the different stages of Covid-19 restrictions.

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David Walker Appointed Auditor 10 May 2022

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# **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 recommendations.

Priority	Explanation
Urgent	Needs to be addressed urgently
	These recommendations relate to a significant deficiency that exposes the Council to significant risk or for any other reason need to be addressed without delay.
Necessary	Address at the earliest reasonable opportunity, generally within six months
	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, generally within six to 12 months
	These recommendations relate to areas where the Council is falling short of best practice. In our view it is beneficial for management to address these, provided the benefits outweigh the costs.

#### 1.1 New recommendations

The following table summarises our recommendations and their priority.

Recommendation	Reference	Priority
Capitalisation of property, plant and equipment	5.1.1	Necessary
We recommend the Council adopt procedures to ensure that assets that are available for use are capitalised in a timely manner.		
Fair value assessment for assets - non-revaluation year	5.1.2	Necessary
We recommend that management should prepare a fair value assessment which considers the experts' reports for assets not revalued in that particular year.		
Delegation of Authority	5.3	Necessary
We recommend that the Council ensures that the approval limit in the TechOne system is consistent with the approved Delegated Financial Authority.		

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#### 1.2 Status of previous recommendations

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

Priority	Priority			
	Urgent	Necessary	Beneficial	Total
Open	0	11	4	15
Implemented or closed	0	3	0	3
Total	0	14	4	18

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# 2 Our audit report

#### 2.1 We issued an unmodified audit report



We issued an unmodified audit report on 16 December 2021. This means we were satisfied that the financial statements and statement of service provision present fairly the Council's activity for the year and its financial position at the end of the year.

Without modifying our audit opinion, we included an emphasis of matter paragraph to draw attention to the disclosures in the financial statements relating to the Government's three waters reform programme announcement.

#### 2.2 Uncorrected misstatements

The financial statements are free from material misstatements, including omissions. During the audit, we have discussed with management any misstatements that we found, other than those which were clearly trivial. All significant misstatements identified during the audit have been corrected, other than the items below.

Current year uncorrected misstatements	Ref.	Assets	Liabilities	Equity	Financial performance
		Dr (Cr)	Dr (Cr)	Dr (Cr)	Dr (Cr)
Revenue	1				554,162
Retained Earnings	T			(554,162)	
PPE – Roading		1,726,934			
PPE – Water		95,223			
PPE – Wastewater	2	428,547			
PPE - Community facilities		319,350			
Capital WIP		(2,570,054)			
Total group		0	0	(554,162)	554,162

#### **Explanation of uncorrected misstatements**

In the prior year due to Covid-19 Level 4 lockdown, water meters could not be read for Kaikohe and they were not billed on their water consumption during the lockdown period. The unbilled water consumption for Kaikohe had not been accrued for, and therefore, the accrued revenue was estimated to be understated by \$554,162. The consequence of the prior year accrual not being accrued for means the current financial year's revenue is overstated.

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2 Capital projects that appeared to have been completed and are in a state that they can be used as intended. Asset information documentation was outstanding at year-end. Even though the Capital work-in-progress is within the Property, Plant and Equipment total, the Capital work-in-progress is therefore the account balance that is overstated.

#### 2.3 Uncorrected disclosure deficiencies

#### Detail of disclosure deficiency

The roading commitments subsidy should be \$18,730k. This results in a \$280k disclosure uncorrected difference in the narrative to Note 25: Capital commitments.

#### 2.4 Corrected disclosure deficiencies and performance reporting misstatements

We also identified misstatements that were corrected by management. The corrected misstatements are listed in Appendix 2.

#### 2.5 Quality and timeliness of information provided for audit



Management provided information for audit relating to the Annual Report of Far North District Council. This includes the draft Annual Report with supporting working papers. We provided a listing of information we required to management through AuditDashboard prior to the start of the final audit and during the audit, which included the dates we required the information

to be provided to us.

We continue to see improvements in the quality and timeliness of information provided to us in support of the financial statements. Although there were some delays, we appreciated the effort taken by management to provide this information to us.

The quality of the draft statement of service provision provided is an area of concern. We noted a number of deficiencies in the reported performance. Refer to section 5.2 and Appendix 2 for further details.

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**3** Assessment of internal control

The Council, with support from management, is responsible for the effective design, implementation, and maintenance of internal controls. Our audit considers the internal control relevant to preparing the financial statements and the statement of service provision. We review internal controls relevant to the audit to design audit procedures that are appropriate in the circumstances. Our findings related to our normal audit work, and may not include all weaknesses for internal controls relevant to the audit.

#### 3.1 Control environment

The control environment reflects the overall attitudes, awareness and actions of those involved in decision-making in the organisation. Management, with the oversight of the Council, need to establish and maintain a culture of honesty and ethical behaviour through implementation of policies, procedures and monitoring controls. This provides the basis to ensure that the other components of internal control can be effective.

We have performed a high-level assessment of the control environment, risk management process, and monitoring of controls relevant to financial and performance reporting. We considered the overall attitude, awareness, and actions of the Council and management to establish and maintain effective management procedures and internal controls.

We consider that a culture of honesty and ethical behaviour has been created. The elements of the control environment provide an appropriate foundation for other components of internal control.

#### 3.2 Internal controls

Internal controls are the policies and processes that are designed to provide reasonable assurance as to the reliability and accuracy of financial and statement of service provision, as well as compliance with significant legislative requirements. These internal controls are designed, implemented and maintained by the Council and management, but the ultimate responsibility for the effective design, implementation and maintenance of internal control rests with the Council.

We reviewed the expenditure, payroll, revenue, fixed assets, general ledger reconciliations, journals and key performance measure systems. We also identified controls and completed walkthroughs to ensure the systems are operating as described.

It is not the purpose of our assessment to provide you with assurance on internal control in its own right. As such we provide no assurance that our assessment will necessarily identify and detect all matters in relation to internal control. Refer to section 5 and Appendix 1 for matters noted where internal controls can be improved.

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# 4 Matters raised in the Audit Plan



In our Audit Plan of 15 September 2021, we identified the following matters as the main audit risks and issues:

Audit risk/issue	Outcome				
Revaluation of assets - revaluation year					
The Council periodically revalues its assets. Assets being revalued in the year ended 30 June 2021 are:	FNDC performed valuations in accordance with PBE IPSAS 17, <i>Property, Plant and</i> <i>Equipment</i> . We have:				
<ul> <li>roading infrastructural assets (streetlights, pavements, walls, bridges);</li> <li>stormwater infrastructural assets;</li> </ul>	<ul> <li>obtained assurance that the valuation methodology complies with accounting standards, including the reasonableness of the assumptions and judgements made by the valuer and ather insults to the valuation;</li> </ul>				
<ul> <li>footpaths;</li> <li>carparks;</li> <li>refuse transfer stations and landfills;</li> <li>land (except land under roads);</li> <li>maritime facilities;</li> <li>library books;</li> <li>library buildings;</li> <li>pensioner housing; and</li> <li>community facilities infrastructural assets (halls, swimming pools, public toilets, cemeteries, camping grounds, park improvements).</li> <li>These assets are valued every 1 - 2 years.</li> <li>PBE IPSAS 17, <i>Property, Plant and Equipment</i>, requires that valuations are conducted with sufficient regularity to ensure that the carrying amount value does not differ materially from fair value.</li> <li>Due to the judgemental nature of the</li> </ul>	<ul> <li>and other inputs to the valuation;</li> <li>assessed whether the fair value reasonably reflects the condition of assets (professional assistance was sought (valuers)) and therefore their remaining useful lives;</li> <li>evaluated the qualifications, competence and expertise of the external valuer used;</li> <li>assessed relevant controls that management has put in place for the valuation; and</li> <li>ensured that the Council has correctly accounted for the revaluation in its financial statements and the assumptions and judgements relating to the valuation are adequately disclosed.</li> <li>Management have performed this year's valuations with an effective date ranging from May 2021 to June 2021. Impairment has been considered as part of the valuation</li> </ul>				
revaluation there is a risk of bias or error in the assumptions and inputs used.	process and through internal impairment enquiries raised with asset managers following the completion of the valuation process up to balance date.				

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Audit risk/issue	Outcome
Due to the nature and value of the revaluations any bias or errors in the inputs	The valuers had considered the impact of Covid-19 in completing the revaluation.
used or calculations performed could result in a material misstatement in the value of the asset classes being revalued.	We have obtained sufficient assurance that the fair value of land and buildings is not materially different to carrying value due to uncertainties resulting from the impact of Covid-19 pandemic.
	Refer to Appendix 1 for further details.
Fair value assessment for assets - non-revalua	tion year
The Council periodically revalues its assets.	We have assessed whether any material fair
Asset classes which are not being revalued in the year ended 30 June 2021 are:	value movements have taken place for assets not revalued for this year.
• water infrastructural assets;	We have considered Council's impairment assessment for assets carried at costs and
• wastewater infrastructural assets; and	confirmed that the conclusions reached by
<ul> <li>roading assets - traffic services and road marking.</li> </ul>	management appear reasonable. We are satisfied that the fair value of these
requires that valuations are conducted with sufficient regularity to ensure that the carrying value does not differ materially from fair value. A revaluation is not scheduled for this year for these assets. For those assets that will not be revalued this year, we expect the Council to perform a comprehensive analysis to determine whether there is a significant variance between the fair value, as at 30 June 2021,	
and the carrying value that would trigger the need for the Council to revalue or impair its assets. The Council should agree on a significant variance threshold, above which Council would complete a revaluation.	
When considering whether fair value movements are significant, the Council must consider the movements both by individual asset class basis and in aggregate across all asset classes carried on a revaluation basis.	
Given the ongoing movements in construction costs, there is a risk that the fair value is materially different from carrying value.	

Audit risk/issue	Outcome
We encourage the Council to perform this assessment early so that if a revaluation is required, there is time to complete it without impacting on the annual report process.	
Impairment of property, plant and equipment	(PPE)/investment property/intangible assets
In accordance with PBE IPSAS 21, <i>Impairment</i> of Non-Cash-Generating Assets and PBE IPSAS 26 <i>Impairment of Cash-Generating</i> Assets, at each reporting date management must assess whether there is any indication that an asset may be impaired. If management identifies any indication of an impairment, then they must estimate the recoverable service amount of the asset.	External valuers conducted impairment reviews on non-revalued assets. We obtained and reviewed impairment reports and impairment test work carried out by the external valuers and we concluded that there are no impairment indicators. We also reviewed work in progress balances for signs of impairment and did note any impairment indicators.
Due to the judgemental nature of the valuations used in assessing impairment there is a risk of bias or error in the assumptions and inputs used. Any bias or errors in the inputs used or calculations performed could result in a material misstatement in the carrying value of property plant and equipment/investment property/intangible assets and the related impairment expense.	We confirmed with management that they are not aware of any impairment indicators. Management should however be performing an assessment which considers the advice from their expert. Refer to section 5.1.2 for further details. The Council's investment property balance relates to its subsidiary Far North Holdings Limited (FNHL). We obtained clearance from the auditors of FNHL.
The risk of management override of internal controls	
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.	<ul> <li>As part of our audit we have:</li> <li>tested the appropriateness of selected journal entries;</li> <li>reviewed accounting estimates for indications of bias; and</li> <li>evaluated any unusual or one-off transactions, including those with related parties.</li> <li>No issues were noted from the work performed.</li> </ul>

Audit risk/issue	Outcome		
Rates			
<ul> <li>Rates are Council's primary funding source.</li> <li>Compliance with the Local Government</li> <li>(Rating) Act 2002 (LGRA) in rates setting and collection is critical to ensure that rates are validly set and not at risk of challenge. The Council should ensure it has appropriate processes in place, including seeking legal advice where appropriate, to ensure compliance of its rates and rating processes with legislation.</li> <li>Further, sections 90A to 90D of the Local Government (Rating) Act 2002 were introduced this year giving effect to the Local Government (Rating of Whenua Māori) Amendment Act 2021.</li> <li>These sections provide powers to the local authority to:</li> <li>write-off rates that cannot be recovered; and</li> <li>write-off rates the amount of rates written off the be disclosed in the notes to the financial statements.</li> </ul>	We are satisfied that the Council complies with aspects of the Local Government (Rating) Act 2002 (LGRA) that may have a material impact on the financial statements. The Local Government (Rating of Whenua Māori) Amendment Bill was enacted on 12 April 2021. Rates written off during the period was \$16,851k. A total of \$10,196k was written off as non-rateable Māori Freehold land at the year-end. Some of the changes are already in force, but the most substantive provisions do not come into force until 1 July 2021, giving the Council time to review their internal systems and implement any new processes that may be needed. The review and investigation on the remaining rate accounts is an ongoing process after the year-end and investigations are being carried out on the remaining rate accounts. We have obtained reasonable assurance that the write off is reasonable and complies with the new legislation.		
Revaluation of investment property - Group			
Far North Holdings Limited (FNHL) is an important component of the Council's group accounts and holds a major Investment Property portfolio. The fair value of the Group's investment properties needs to be assessed annually in accordance with the requirements of PBE IPSAS 16, <i>Investment</i> <i>Property</i> , as the Council has adopted the fair value model for these assets. Given the volatility in the property market there is potential for large valuation movements year on year, which need to be accounted for within the Statement of Comprehensive Income.	We obtained clearance from the auditors of Far North Holding Limited. We performed work over the consolidation and are satisfied that investment property and related movements have been correctly accounted for in the group financial statements. We are also satisfied that the assumptions and judgements relating to the valuation are adequately disclosed.		

Audit risk/issue	Outcome
Due to the nature and value of the revaluations, any bias or errors in the inputs used or calculations performed could result in a material misstatement in the value of the investment property.	
Accounting for controlled entities	
The Far North District Council group is made up of a number of entities. As Council is the ultimate parent entity in the group, there is a need for determining what entities need to be accounted for in Council's group financial statements as well as ensuring there are appropriate processes in place with these entities to get relevant information for inclusion in Council's parent and group financial statements. Council will also need to assess the impact of the different accounting frameworks that are in place across the FNDC group and ensure	We have considered the financial information for all controlled entities and noted that FNHL was material to the group. The remaining entities were not material to the group financial statements. For controlled entities across the FNDC group applying different accounting frameworks, where material, we ensured that appropriate adjustments were made in the group financial statements as part of our work over the consolidation. No issues were identified.
appropriate adjustments are made in the group financial statements.	
	We are estimical that accounting treatment
The three waters reform programme is one of the most significant policy programmes affecting local authorities. This is a three-year programme of work in three tranches. During 2020/21, the Council signed a non-binding Memorandum of Understanding (MOU) with Crown. By signing this MOU, the Council agreed to participate in the exploration of future service delivery options for the three waters services and to collaborate with agencies involved in the reform. On signing of the MOU, the Council subsequently received a share of \$761 million Crown stimulus funding, which was the first tranche of funding that was provided under the reform programme. It is important that the Council is appropriately accounting for this funding and is meeting the obligations of the funding agreement.	We are satisfied that accounting treatment of the three waters stimulus funding is in line with PBE accounting standards and the Council is meeting the obligations and reporting requirements as specified in the Funding Agreement. We are also satisfied the disclosure requirements of PBE IPSAS 23 Revenue from Non-Exchange Transactions has been applied. On 27 October 2021, the Local Government Minister announced that central government will proceed with the three waters service delivery reforms using a legislated "all in" approach. The three waters reform involves the creation of four statutory water services entities to be responsible for the service delivery and infrastructure from local authorities from 1 July 2024. There is still a number of uncertainties associated with the new three waters delivery.

Outcome
Notwithstanding the current uncertainty the announcement once legislated will mean Council is no longer responsible for the delivery and infrastructure of three water services from 1 July 2024. Council continues to recognise its three waters assets at 30 June 2021 in accordance the accounting policies. It is expected central government will develop details around the mechanism for the transfer of the water assets and this will be completed prior to 1 July 2024. The Council included an appropriate subsequent event disclosure in their financial statements, which reflected the announcement made on 27 October 2021 and set out at a high-level what the impact is on the Council's operations. An emphasis of matter paragraph is included in the audit report to draw the readers' attention to the three waters reform disclosure.
<ul> <li>We noted \$34.9 million worth of capital budgets were deferred in 2020/21. Council reviews the deferred projects on a yearly basis and provides the reason for the deferrals. We noted the Council is making progress and is fully aware of any delays that are caused within or from outside the Council with further actions required to be taken.</li> <li>We reviewed management processes for accounting for costs incurred on capital projects:</li> <li>We are satisfied that capital project costs are appropriately classified as capital or operational in nature.</li> </ul>

Audit	risk/issue	Outcome
•	Work in progress (WIP) balances for projects already completed or available for use are transferred to the appropriate class of asset in a timely manner and depreciated accordingly from the date of capitalisation.	<ul> <li>We are satisfied that the depreciation start date is consistent with the date of capitalisation. However, we noted that some assets were not capitalised in a timely manner. Refer to section 5.1.1 for further details.</li> </ul>
•	WIP balances on projects that span an extended period of time are assessed regularly for impairment over the period of the project. Costs no longer meeting criteria for recognition as an asset should be expensed in a timely manner.	• We are satisfied that asset components are identified at an appropriate level, and appropriate useful lives are assigned to these components on completion. The value and remaining useful life of existing assets remains appropriate.
•	Asset components are identified at an appropriate level, and appropriate useful lives are assigned to these components on completion.	<ul> <li>We are satisfied that capital commitments related to contracts entered into before balance date are disclosed in the notes to the financial</li> </ul>
•	The value and remaining useful life (RUL) of existing assets remains appropriate given replacement projects underway.	statements.
•	Capital commitments related to contracts entered into before balance date are disclosed in the notes to the financial statements.	
Impa	ct of Covid-19 pandemic	
New	ong-term impact of Covid-19 in Zealand, and how it might affect public es, is unknown. However, it is likely that	New Zealand continue to be impact by the Covid 19 pandemic during the 2020/21 financial year and post year-end.
enviro missta These relatio Some from Ready fundin appro taking	ncertainties in the economic onment will increase the risk of material atement in the financial statements. e effects might include uncertainties ng to revenue and asset valuations. e local authorities have received funding central government (such as "Shovel y" funding, or infrastructure recovery ng). It is important that the Council is opriately accounting for this funding, g account of any obligations of the ng agreements.	We obtained an understanding of the impact of Covid-19 on the Council's operations, financial statements and performance story. The Covid-19 pandemic did not have a significant financial impact on the Council and group and on its ability to meet performance targets. We were satisfied that the main impacts of the pandemic were appropriately disclosed in the notes to the financial statements and in the statement of service provision. The Council included the impact of Covid-19 as part of subsequent events note disclosure.

Audi	it risk/issue	Outcome
We v to:	would expect the Council has taken steps	
•	reconsider the risks that the Council faces;	
•	reconfirm that reporting and internal control systems are in place and functioning effectively; and	
•	ensure any "shovel ready" or infrastructure recovery" funding received by the Council has been appropriately accounted for in accordance with PBE accounting standards.	

# 5 Matters identified during the audit



During the audit we identified the following matters not specifically identified as part of our planning.

#### 5.1 Property, plant and equipment

#### 5.1.1 Capitalisation of property, plant and equipment

We noted that assets were not always capitalised in a timely manner. Retaining walls for which constructions were completed in the prior financial year were only capitalised in June 2021.

We also noted 69 capital projects worth \$2.57 million where no spend had been incurred in 2020/21. These assets have been disclosed in work in progress as the relevant signoffs from experts have not yet taken place. Depreciation of an asset begins when the asset is available for use and there is a risk that depreciation expense could be understated in the financial statements.

We recommend the Council adopt procedures to ensure that assets that are available for use are capitalised in a timely manner.

#### Management comment

Staff are actively working on the process that sits behind the capitalisation of assets with a view to reducing the impact of WIP at year end. Any changes that need to be made may not be in place for the June 2022 audit but should be in place for the June 2023 audit.

#### 5.1.2 Fair value assessment for assets - non-revaluation year

Where an asset class in a particular year is not revalued, management is required to complete a fair value assessment. We have noted that management did not provide a fair value assessment completed by themselves as they had placed reliance on their expert report. While we understand management's reliance on an expert, there may be information that management is aware of, but the valuers are not. It is for that reason the standards require management to complete a fair value assessment.

We recommend that management should prepare a fair value assessment which considers the experts' reports for assets not revalued in that particular year.

#### Management comment

This is noted and agreed. Managers will be asked to review reports and advise of any material issues that may affect the impairment testing.

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#### 5.2 Performance reporting control environment

We noted some weaknesses in the control environment over water supply and wastewater measures. The calculation and reporting processes are currently reliant on manual calculation and there are limited quality assurance controls in place. Data imported from the Request for Service (RFS) system gets manually copied over to an excel spreadsheet and calculation is formula driven throughout the workbook.

We noted the following matters:

- The formulas in the excel workbooks did not result in calculations that were consistent with Department of Internal Affairs (DIA) guidelines.
- Not all data has been captured. Data from digital submission forms updates the database, however, some staff were still only filling in manual timesheets that were not updated in the database.
- Inconsistencies between the Masterfile and the submission forms/timesheet. There are some instances that the received time is not consistent with the submission forms or timesheets. There are a few instances where the attended time and resolved time was not consistent with the submission forms or timesheets.
- The classification of the RFS type is incorrect. There was an instance that the RFS of power outage had been classified and included as Water supply - no water or low pressure.
- No record of submission or timesheet to support the RFS. There were three instances where there was no record of submission or timesheet to support the RFS.

Due to the matters noted above we performed additional work over these measures. All performance and disclosure misstatements identified during the audit were corrected. Refer to Appendix 2 for further details.

We continue to recommend that the Council establish appropriate controls around the performance reporting process for RFS-related performance measures to ensure the calculation methodology used complies with DIA guidance and that those results are fairly stated in the annual report.

#### Management comment

The calculations referred to above have been amended in the 21-22 calculations to meet the DIA Guidelines. Missing data is being addressed with new monitoring of RFS eg: Daily RFS report and focus by Operations Management which should minimise this occurrence.

The comment in relation to incorrect classification is incorrect. If a pump is run by electricity and there is an area outage, then this can cause no water or low water pressure to the system or even sewerage overflow etc.

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It is important to note that over 4000 RFS are received and actioned per year and the comment above refers to 3 errors, which is not significant in terms of the reporting for that KPI.

#### 5.3 Delegations of Authority

We performed a consistency check on the approval limit from the TechOne system to the approved Delegated Financial Authority and noted discrepancies in three positions.

We recommend that the Council ensures that the approval limit in the TechOne system is consistent with the approved Delegated Financial Authority.

#### Management comment

A working group has been established to review the processes behind the financial delegation process with the aim being to link the DFA to the position in the HRP system.

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# 6 Public sector audit



The Council is accountable to their 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 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 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 Council carrying out its activities effectively and efficiently;
- the Council incurring waste as a result of any act or failure to act by a public entity;
- any sign or appearance of a lack of probity as a result of any act or omission, either by the 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 a public entity or by one or more of its members, office holders, or employees.

No issues were identified based on the work we performed as part of this year's audit.

# 7 Group audit



The group comprises:

- Far North District Council;
- Far North Holdings Limited;
- Te Ahu Charitable Trust;
- Twin Coast Cycle Trail Charitable Trust (Pou Herenga Tai);
- Roland's Wood Trust;
- Far North Regional Museum Trust; and
- Northern Adventure Experience Limited.

We have not identified any of the following during our audit for the year ended 30 June 2021:

- Instances where our review of the work of component auditors gave rise to a concern about the quality of that auditor's work.
- Limitations on the group audit.
- Fraud or suspected fraud involving group management, component management, employees with significant roles in group-wide controls, or others where the fraud resulted in a material misstatement of the group financial statements.

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# 8 Useful publications



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

Description	Where to find it	
Performance reporting		
Public organisations are responsible for reporting their performance to Parliament and the public in a way that meaningfully reflects their organisation's aspirations and achievements. The Auditor-General published a discussion paper that explores five areas for improvement in performance reporting.	On the Office of the Auditor-General's website under publications. Link: <u>The problems, progress, and</u> <u>potential of performance reporting</u>	
Local government risk management practices		
The Covid-19 pandemic is a stark reminder for all organisations about the need for appropriate risk management practices. In our audit work, we often see instances where councils do not have effective risk management. This report discusses the current state of local government risk management practices and what councils should be doing to improve their risk management.	On the Office of the Auditor-General's website under publications. Link: <u>Observations on local government</u> <u>risk management practices</u>	
Public accountability		
Public accountability is about public organisations demonstrating to Parliament and the public their competence, reliability, and honesty in their use of public money and other public resources. This discussion paper explores how well New Zealand's public accountability system is working in practice.	On the Office of the Auditor-General's website under publications. Link: <u>Building a stronger public</u> <u>accountability system for New Zealanders</u>	
Setting and administering fees and levies for cost recovery		
This good practice guide provides guidance on settings fees and levies to recover costs. It covers the principles that public organisations should consider when making any decisions on setting and administering fees and levies. It also sets out the matters public organisations should consider when calculating the costs of producing goods or providing services and setting charges to recover those costs.	On the Office of the Auditor-General's website under publications. Link: <u>Setting and administering fees and</u> <u>levies for cost recovery: Good practice</u> <u>guide</u>	

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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: <u>Getting it right: Managing conflicts</u> of interest involving council employees	
Establishing a new "public entity"		
This document is for people making policy decisions about establishing a new public entity. It sets out questions to help you consider what accountability requirements a new public entity should have.	On the Office of the Auditor-General's website under publications. Link: <u>Accountability requirements to</u> <u>consider when establishing a new "public</u> <u>entity"</u>	
Covid-19 implications for financial reporting and aud	lit in the public sector	
Audit New Zealand Executive Director Steve Walker and Head of Accounting Robert Cox joined an online panel hosted by Victoria University of Wellington and the External Reporting Board. They discuss the effects of Covid-19 and the economic recovery on financial reporting and audit in the public sector.	On our website under good practice. Link: <u>Covid-19 page</u> Link: <u>Webinar</u>	
Model financial statements		
<ul> <li>Our model financial statements reflect best practice we have seen. They are a resource to assist in improving financial reporting. This includes:</li> <li>significant accounting policies are alongside the notes to which they relate;</li> <li>simplifying accounting policy language;</li> <li>enhancing estimates and judgement disclosures; and</li> <li>colour, contents pages and subheadings to assist the reader in navigating the financial statements.</li> </ul>	Link: <u>Model Financial Statements</u>	
The Auditor-General's report on the results of recent audits		
The OAG publishes a report on the results of the recent annual audits for the sector.	On the OAG's website under publications. Links: Local government 2019/20 audits	

Description	Where to find it
Procurement	
The OAG are continuing their multi-year work programme on procurement. They have published an article encouraging reflection on a series of questions about procurement practices and how processes and procedures can be strengthened. Whilst this is focused on local government, many of the questions are relevant to all types of public sector entities.	On the OAG's website under publications. Links: <u>Strategic suppliers:</u> <u>Understanding and managing the risks</u> <u>of service disruption</u> <u>Getting the best from panels of</u> <u>suppliers</u> <u>Local government procurement</u>

# **Appendix 1: Status of previous recommendations**

## **Open recommendations**

Recommendation	First raised	Status
Necessary		
Compliance with PBE IPSAS 17 property, plant and equipment	2020	In progress Revaluing of PPE
property, plant and equipment The Council needs to ensure the entire class of property, plant and equipment to which the asset, subject to revaluation, belongs is revalued to fully comply with PBE IPSAS 17. We also recommend that the Council review its disclosure to address these deficiencies identified in Property, plant and equipment note of the annual report.		Revaluing of PPE We noted that not all assets in the Roading asset class have been revalued this year. For example, Traffic Services and markings assets were not revalued as at 30 June 2021 as these assets are scheduled to be revalued in the next financial year. We note that the Council view is that paragraphs 51A and 52 of IPSAS 17 Property, Plant and Equipment does not define what a class of assets should be and therefore the Council does not consider these assets form part of the same class of assets. However, the Council has not reflected in its accounting policy that this is a separate class of assets and has included it within the same line item in the financial statements. This indicates that the Council has grouped it as one class of assets. Should assets not fall within the same class, this should be clearly reflected in the accounting policy and disclosed as a separate line item (that is, a separate class) in the Property, plant and equipment note to the financial statements. Management comment Audit continue to state that a revaluation class needs to be the same as a line in the PPE statements – however this is not a requirement of the standards that staff can
		identify. Council has determined the revaluation classes on the basis of common sense and less cost to ratepayers having agreed this with the audit team at the time.

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Recommendation	First raised	Status
		In recent years the revaluation classes have been adjusted to make sure that each class falls entirely within the PPE class and is not split. Council has the breakdown of assets within the revaluation process to accommodate the requirement to revalue Roading assets annually due to the value of that asset base. Other Councils choose not to do that and have Roading assets on a three-year cycle, which means that other Councils can group assets to a lesser degree as their revaluations are far less frequent.
		Classification of PPE
		We have confirmed that "Land under roads" has been reclassified as an infrastructural asset in the financial statements. However, "Land under water", "Land under wastewater", "Land under district facilities" and "Land under parks and reserves" are still being reported under "Operational Land". For consistency, these will also need to be reclassified to Infrastructural assets.
		Management comment
		This was agreed to be actioned as part of the June 2022 audit.
Network administrator user accounts	2020	Open
The allocation of powerful "system administration user accounts" is only provided to those people whose job role it is to maintain the network operating systems software and data. Further, these "accounts" should be associated with strong authentication rules to guard against being compromised.		Our review showed that there are many user "accounts" that have these systems administration rights and some of these do not conform to Council policy on user authentication rules. We noted the structure of Administration Groups includes other Groups. One such case was the "Domain Admins" Group which was included in the "Enterprise Admins" Group. This was deleted whilst we were on site. There are others, that need
		more close examination in the form of a review.

Recommendation	First raised	Status
		Management comment
		Only ICT staff and service accounts that require "Domain Admins" are in this group. There are no others.
		ICT Staff "Domain Admin" accounts have the prefix SA at the beginning of the username, so they are identifiable.
		The SA accounts are only used when the ICT staff member requires elevated access and are not used for their day-to-day access.
		All "Domain Admin" accounts require a different password to the ICT staff members day to day account and also require MFA.
		The Domain Admins group is not in the Enterprise Admins Group.
Performance reporting control	2020	Open
environment Council should establish appropriate controls around the performance reporting process for RFS-related performance measures to ensure calculation methodology used comply with DIA guidance and that those results are fairly stated in the annual report.		For further details please refer to section 5.2 above.
Periodic review of network logon	2019	In progress
accounts We recommend that the Active Directory is regularly reviewed to verify that user network logon accounts comply with Council password rules and that the accounts have not become redundant.		A formal process has been established to regularly review "Active Directory" (AD) to ensure that user network logon accounts are current. Council policy is that network user account passwords must expire and be changed on a regular basis. However, the frequency of password change across the board currently sits at zero, which was approved by the Chief Digital Officer after encountering Covid-19 remote working difficulties.
		During the current period, a review of "Contractor" network access needs has been continuing. This has seen a significant reduction in the number of redundant user accounts for "Contractors".

Recommendation	First raised	Status
		We obtained a current listing of network user accounts and reviewed exceptions with ICT operational staff.
		We noted there are a high number of network user logon accounts that have no requirement for the password to change and additionally, there are many accounts that have not been used for a period longer than six months.
		We continue to recommend that the review of Active Directory is completed and is regularly performed thereafter to ensure that network user logon accounts comply with Council password rules and good business practice.
		Management comment
		The Network Logon Account audit was completed by the Internal Auditor 26/10/2021. This is a reoccurring audit that is included in the Internal Auditors Work Programme.
		Additionally, Network Logon Accounts are also audited by the ICT Operations and Delivery team at least every 6 months. A scheduled reminder is programmed via the IT Service Management Tool – Freshservice.
		Password expiry rules have not been changed due to all staff being unable to visit the FNDC offices to change their passwords, due to Covid restrictions. Once this restriction has been lifted the ICT team will be reenabling password expiry rules.
		ICT staff have also been working on a project where staff will no longer need to visit an FNDC office to change their passwords moving forward. ICT Staff are also rolling out the Self-Service Password Reset functionality which requires staff to provide two additional means of identity verification prior to a password being able to be reset.

Recommendation	First raised	Status
		FNDC rolled out mandatory Multi Factor Authentication (MFA) in March 2021 to all staff, elected members, contractors, and vendors.
Segregation of duties – Journal entries	2018	Open
We recommend that management investigate whether changes can be made to the settings in TechOne to		The current software does not allow such change to be made in the settings in TechOne.
prevent the same person from being able to prepare and approve a journal.		We will continue to follow up on our recommendation as part of next year audit.
		Management comment
		There has been no change to this item - the software will not allow control at this level.
User access within TechOne accounting	2018	In progress
software We recommend that management reviews user access rights within TechOne on a regular basis to make		We noted that an Internal Audit review of network user accounts was carried out in March 2020 and highlighted user access- related issues as well.
sure that they are consistent with the Council's policy.		The Council is in the process of CIA system upgrade and network user accounts review is covered as part of the system upgrade.
		Management comment
		Staff are working through access rights as part of the CiA build process. This is intended to refresh all access rights based on current work requirements and should eliminate all legacy access issues.
Consolidated financial statements	2018	Open
Issues noted with the group financial statements in the prior years that could result in Group misstatements going		We continued to note that not all assets in a class are revalued at the same time by all entities in the group.
<ul> <li>Revaluation cycles - we found that not all assets in a class are revalued at the same time by all entities in the group. For example, FNHL revalue their land and buildings annually and the District Council does not.</li> </ul>		We also note that the accounting treatment for CAPEX PGF funding recognition and other non-cash transactions between the group entities shall be considered carefully as part of the group financial statements consolidation process.

Recommendation	First raised	Status
• The District Council currently accounts for FNHL land, buildings and runways as separate asset classes for revaluation purposes in the group financial statements. Unless the FNHL assets are entirely different asset classes from the District Council, the revaluation reserve that relates to assets owned by FNHL should be included in the same revaluation reserve line for the relevant asset class in the group financial statements (whether that is land, buildings etc.).		We recommend that the consolidation process undertaken by Council also takes into consideration the different recognition requirements between the group entities, for example between the FNHL (For-profit) and FNDC (Public Benefit Entity) when revenue and assets are recognised on the group accounts. <b>Management comment</b> <i>After discussions with audit in the past we</i> <i>have agreed that the main cross-over</i> <i>between ourselves and FNHL is in Maritime</i> <i>and the roading strategic properties. As a</i> <i>result of this these classes as revalued</i> <i>annually to match the revaluation cycle of</i> <i>FNHL. Every other asset does not cross over.</i> <i>Council land and Buildings are not income</i> <i>producing or investment properties, so they</i> <i>have been put in a different class to avoid</i> <i>the issue of needless valuations and cost to</i> <i>ratepayers. The basis of these valuations for</i> <i>FNHL is return on investment and that is the</i> <i>reason for holding the properties. The basis</i> <i>of Council's valuations is depreciated</i> <i>replacement costs</i> <i>Council does consolidate revenue in line</i> <i>with the different recognition requirements</i> - <i>there is a large piece of work conducted</i> <i>each year by FNHL, and reviewed and</i> <i>applied to consolidation, to ensure that</i> <i>revenue received from PGF is recognised as</i> <i>income instead of being netted off against</i> <i>the asset.</i>
High annual leave balances	2017	Open
We recommended that annual leave		Leave balances continue to be high.
balances are regularly reviewed and action is taken to actively manage the leave liability and mitigate the associated risks.		Management comment
		Covid has not improved the situation with the majority of staff working from home and travel being limited. Staff are encouraged to have a leave plan and in some instances, they are cashing out leave in line with policy. With the borders re- opening, we anticipate that staff will take more leave in the coming months.

Recommendation	First raised	Status
Significant projects	2016 or	In progress
<ul> <li>We recommended that the Council make sure that, for each project:</li> <li>robust project governance and management structures are in place;</li> </ul>	earlier	The Council developed the Project Management Framework in October 2019 and the Council currently have portfolio planning project underway which serves the purpose of developing the Prioritisation Plan.
• a project plan is developed;		For training purposes, a programme of
<ul> <li>a procurement plan is documented;</li> <li>a comprehensive risk register is</li> </ul>		running PRINCE2 Foundation and in-house sessions are to be carried out. However, this was on hold due to the drought and
maintained;		Covid-19 pandemic.
• regular project reporting is		Management comment
<ul> <li>undertaken; and</li> <li>adequate systems and controls are in place for:</li> </ul>		The Project Management Framework (PMF) which outlines the minimum requirements for all project delivery at FNDC, has been
<ul> <li>recording and appropriately classifying expenditure;</li> <li>ensuring the business</li> </ul>		rolled out and embedded within the organisation. The PMO team are pro- actively working with Project Managers across the organisation to support the uptake which is going well.
benefits are identified,		Project Governance:
planned, implemented, managed and monitored through appropriate change management; and		A Portfolio Governance Authority Framework has been established and meets quarterly to review portfolio performance.
<ul> <li>identifying commitments for disclosure in the Council's financial statements.</li> </ul>		All projects now have an appropriate governance structure in place (Sponsor, Steering Group for larger initiatives, and included in one of the three Portfolios).
We also recommended that the Council		The PMF:
consider obtaining independent assurance over significant projects to provide the Council with comfort that appropriate project management practices are being applied.		The PMF requires all projects to develop a Project Management Plan, undertake a risk assessment and maintain a Risk Register. Templates and guidance notes have been created and are available to all staff on the Project Delivery Knowledge hub on SharePoint. A project register is maintained which identifies when projects have met these milestones and tracks progress.

Recommendation	First raised	Status
		Procurement:
		For all procurements, a Procurement Plan is completed and reviewed by the Procurement Specialist prior to DFA approval. A Tender Panel reviews any high- risk / high value procurements or where an exception to the Procurement Policy has been requested. These meetings are held fortnightly and have representation from Risk, Legal, Operations, Sustainable Procurement and Finance.
		Project Reporting:
		Projects provide monthly status reporting to line management, PMO, Sponsor and into relevant Steering Groups.
		Project Expenditure:
		This is managed by the cost centre manager or Project Manager who monitors project spend via TechOne reporting.
		Project Management Training:
		In-house training sessions on the Project Management Framework are undertaken regularly. Prince2 Foundation & Practitioner training has been set for May and July 2022 for key staff.
Deferral of capital expenditure	2016 or	In progress
We recommended that the Council gives consideration to the impact of	earlier	Council continues to defer capital expenditure.
deferred capital expenditure on asset condition and any potential impact this may also have on Council's asset		Refer to section 4, capital projects for further details.
valuations and impairment assessments		Management comment
for future reporting cycles.		Council continues to move away from an age-based asset renewal strategy, relying more on condition assessments as they become known.

Recommendation	First raised	Status
Conflict of interest	2016 or	In progress
<ul> <li>We recommend that:</li> <li>Improvements are made to policies and procedures in connection with the management of conflicts of interest as a matter</li> </ul>	earlier	The Council now uses SharePoint to record all conflicts of interest and management plans are stored in Objective. FNDC staff records are in progress of being transferred into SharePoint.
<ul> <li>of priority.</li> <li>Perceived conflicts are proactively managed. This could</li> </ul>		New staff are requested to fill in an Employee Declaration Form in SharePoint on their first day at FNDC.
include making a proactive disclosure to the market to give participants a level of comfort about the District Council's management of perceived		With the Council now maintaining the records on an electronic platform, we intend on substantively reviewing how effective this process is as part of our next audit visit.
conflicts of interest.		We have found an instance where no updated Interest Declaration Form has been received from a Councillor.
		Management comment
		The above is still the process.
		Phase 1
		However, for year-end 2022, we are progressing to using CiAnywhere platform, where all employee declarations will be held on their personal records.
		This will workflow to their reporting manager to approve regardless of a "yes" or "no".
		If "yes", a management plan will need to be completed and approved/signed by both manager and employee.
		A full rollout is planned for May 2022 for all staff and to be completed by 30 <sup>th</sup> of June.
		After 30 June 2022, this will be part of our induction for new starters to complete.
		Monthly audits will occur to ensure all management plans if any, are completed.
		Phase 2
		Reporting to SLT

Recommendation	First raised	Status
Beneficial		
Property, plant and equipment disclosure We recommended that management reviews the PPE disclosures in the financial statements in advance of the next annual reporting cycle and considers whether changes can be made so that these more fully comply with the accounting standards.	2017	In progress Some progress has been made since our last report. For further improvement points discussed, refer to Appendix 1 - <i>Compliance</i> <i>with PBE IPSAS 17 property, plant and</i> <i>equipment</i> update on prior year recommendations. Management comment See comments above.
<b>Carbon credits</b> We recommended that the Council recognise the carbon credits that it acquired at fair value at the date of acquisition.	2017	Open No progress has been made since our last report. Management comment Council does not have a harvesting strategy. However, it is intended to include a tentative project in the application for Better Of Funding that could support this work alongside other work relating to significant trees within the District.
Information security policies The information security policies were reviewed as part of the Information Security Audit and while due for review, were found to be adequate in terms of content as were the processes sitting in behind these policies and adherence to both. An Internal Policy review was also undertaken by FNDC's Internal Auditor in 2018 and a review programme is underway (these policies scheduled for March 2019 – there were no urgent issues identified with these policies through the audit therefore the updating has been prioritised against other commitments the IS Team have).	2016 or earlier	Open We noted that the Council implemented information security management policies some time ago. However, these policies have not been reviewed and updated since 2011. With the changes in management structure during the current period it has been decided to set aside the Kaon/MPA Policy System framework. New IT related policies are to be developed, reviewed, approved and published. Management comment The first draft of the new revised ICT Policies has been completed. The next step is for SLT to review and approve the new policies.

Recommendation	First raised	Status
		The policies have been developed by ICT security specialists, Kaon Security Ltd, and are fully referenced against the relevant legislation and ISO standards. The policy statements are written in plain English and are split into categories for User, Manager, and Technical to avoid any unnecessary complication. They also include a handy explanation to further clarify the intent of the policy statement.
		The policy system is kept up to date by Kaon's policy experts with any changes to legislation, standards, and guidelines. Kaon will notify FNDC if any additions or changes are needed which ensures ongoing audit and best practice alignment.
Conflict of interest management	2019	In progress
A documented approach should be introduced detailing how declared conflicts of interest for staff members are reviewed and mitigations are		The Council now uses SharePoint to record all conflicts of interest and management plans are stored in Objective. Only new records are on the SharePoint.
implemented. The mitigations put in place for each declared interest by staff should be recorded in the Interests Register. We also recommend that all		New staff are requested to fill in an Employee Declaration Form in SharePoint on their first day at FNDC.
conflict of interest management plans are signed off by staff to confirm that they understand and accept the required mitigations.		With the Council now maintaining the records on an electronic platform, we intend on substantively reviewing how effective this process is as part of our next audit visit.
		Management comment
		The above is still the process.
		Phase 1
		However, for year-end 2022, we are progressing to using CiAnywhere platform, where all employee declarations will be held on their personal records.
		This will workflow to their reporting manager to approve regardless of a "yes" or "no".
		If "yes", a management plan will need to be completed and approved/signed by both manager and employee.

Recommendation	First raised	Status
		A full rollout is planned for May 2022 for all staff and to be completed by 30 <sup>th</sup> of June.
		After 30 June 2022, this will be part of our induction for new starters to complete.
		Monthly audits will occur to ensure all management plans if any, are completed.
		Phase 2
		Reporting to SLT

### Implemented or closed recommendations

Recommendation	First raised	Status
Non-compliance with the Local Government (Rating) Act Council should ensure there is a robust review in place to ensure consistency between these documents in the future so that rates are charged in line with the overall rates resolution approved by Council.	2020	Closed No issues were noted from audit work.
Bank suspense account Council should ensure suspense accounts are monitored regularly and cleared in a timely manner.	2020	<b>Closed</b> We reviewed age analysis on suspense accounts prepared by the Council and we are satisfied that the bank suspense account is cleared regularly and in timely manner.
<b>Cashing up on annual leave</b> We recommend that Council's leave policy is updated to reflect the legal limits and approval processes for cashing up annual leave balances.	2018	<b>Closed</b> From our review of the policy we note that there is guidance for cashing out annual leave and the limits.

# **Appendix 2: Corrected misstatements**

Corrected current year misstatements	Reference	Assets	Liabilities	Equity	Financial performance
		Dr (Cr)	Dr (Cr)	Dr (Cr)	Dr (Cr)
Creditors	1		(1 559 000)		
Accruals			2 252 000		
Prepayments		(189 000)			
Sundry Debtors (including postponed rates debtors)		(504 000)			
Other revenue	2				(12 000)
Sundry Debtors (including postponed rates debtors)		12 000			
Total		681 000	693 000	0	(12 000)

#### **Explanation of corrected misstatements**

- 1 To correct calculations related to payables.
- 2 To accrue TACT recharges for year ending June 2021 not previously charged.

#### **Corrected disclosure deficiencies**

Detail of disclosure deficiency
PPE Budgeted figure updated to agree to Annual Plan LTP figure for 2020/21 financial years.
Borrowings and Other Financial Liabilities disclosures updated.
Depreciation policy note updated to include all asset classes.
The prior year comparative for properties declared surplus and held for sale disclosed.
The useful lives for different classes of intangible assets included.
Receivables disclosures updated.
Corrections to Subsidy and Grants totals and FIS.

#### Performance reporting deficiencies

## Detail of deficiencies

[1.1.3] Roading - % sealed local road network resurfaced result corrected.

[1.2.1] and [1.2.2] relating to footpath had the results included as they had not been reflected in the draft provided for audit.

[3.1.2] Wastewater - Compliance with resource consents - abatement notices, infringement notices, enforcement notices and convictions results corrected.

[2.1.3] Water supply - Median response time to Resolve and Attend fault/interruptions results corrected.

[3.1.1] Wastewater - Total # of Dry weather sewerage overflow results corrected.

[3.1.3] Wastewater - Median response time to Resolve and Attend fault/interruptions results corrected.

[3.1.4] Wastewater - # of complaints result corrected.

[4.1.3] Stormwater - Median response time to attend a flooding event result corrected for the current and prior year.

[6.5.1] measure related to disabled parking status corrected.

Several prior year results were updated to agree to the audited result.

Several targets were updated to be consisted with the LTP.

# **Appendix 3: Disclosures**

Area	Key messages		
Our responsibilities in conducting the audit	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.		
	The audit of the financial statements does not relieve management or the Council of their responsibilities.		
	Our Audit Engagement Letter contains a detailed explanation of the respective responsibilities of the auditor and the Council.		
Auditing standards	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 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.		
Auditor independence	We are independent of the Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: <i>International Code of Ethics for Assurance Practitioners,</i> issued by New Zealand Auditing and Assurance Standards Board.		
	In addition to our audit and our report on the disclosure requirements, we have performed a limited assurance engagement related to the District Council's debenture trust deed, and completed the audit of the Council's 2021-31 Long-Term Plan and related Consultation Document.		
	Other than the audit and these engagements, we have no relationship with or interests in the District Council or its subsidiaries and controlled entities.		
Fees	The audit fee for the year is \$192,367, as detailed in our Audit Proposal Letter.		
	Other fees charged in the period are:		
	<ul> <li>\$121,800, for the audit of the Consultation Document and Long-term Plan; and</li> </ul>		
	• \$7,125, for limited assurance engagement related to the District Council's Debenture Trust Deed.		

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Area	Key messages
Other relationships	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 or its subsidiaries that is significant to the audit. 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 or its subsidiaries during or since the end of the financial year.



## 6.2 COUNCIL FINANCIAL REPORT FOR THE PERIOD ENDING 31 MARCH 2023

File Number:	A4159987
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Author: Julia Lee, Senior Financial Accountant

Authoriser: Margriet Veenstra, Manager – Property Data and Business Compliance

## TAKE PŪRONGO / PURPOSE OF THE REPORT

To provide an overview and information on the current financial position and performance of the Far North District Council as at 31 March 2023.

## WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY

• This report provides a summary overview, Statement of Financial Performance, Capital Performance and Borrowing & Investment reports.

## TŪTOHUNGA / RECOMMENDATION

That the Te Miromiro – Assurance Risk and Finance Committee:

a) Receive the Council Financial Report for the period ending 31 March 2023.

## 1) TĀHUHU KŌRERO / BACKGROUND

This report provides financial information as at quarter ending 31 March 2023.

## 2) MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND OPTIONS

This report is for information only.

## TAKE TUTOHUNGA / REASON FOR THE RECOMMENDATION

Accept the commentary for the month ending 31 March 2023.

# 3) PĀNGA PŪTEA ME NGĀ WĀHANGA TAHUA / FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION

There are no financial implications or budgetary provisions required as a result of this report.

## **ĀPITIHANGA / ATTACHMENTS**

1. Council Financial Report Mar 2023 (Pd9) - A4178044 🗓 🛣

## Hōtaka Take Ōkawa / Compliance Schedule:

Full consideration has been given to the provisions of the Local Government Act 2002 S77 in relation to decision making, in particular:

- 1. A Local authority must, in the course of the decision-making process,
  - a) Seek to identify all reasonably practicable options for the achievement of the objective of a decision; and
  - b) Assess the options in terms of their advantages and disadvantages; and
  - c) If any of the options identified under paragraph (a) involves a significant decision in relation to land or a body of water, take into account the relationship of Māori and their culture and traditions with their ancestral land, water sites, waahi tapu, valued flora and fauna and other taonga.
- 2. This section is subject to Section 79 Compliance with procedures in relation to decisions.

He Take Ōkawa / Compliance Requirement	Aromatawai Kaimahi / Staff Assessment
State the level of significance (high or low) of the issue or proposal as determined by the <u>Council's</u> <u>Significance and Engagement Policy</u>	Low
State the relevant Council policies (external or internal), legislation, and/or community outcomes (as stated in the LTP) that relate to this decision.	Local Government Act 2002, Part 6, Subpart 3, Section 101
State whether this issue or proposal has a District wide relevance and, if not, the ways in which the appropriate Community Board's views have been sought.	Type here
State the possible implications for Māori and how Māori have been provided with an opportunity to contribute to decision making if this decision is significant and relates to land and/or any body of water.	Not applicable
State the possible implications and how this report aligns with Te Tiriti o Waitangi / The Treaty of Waitangi.	
Identify persons likely to be affected by or have an interest in the matter, and how you have given consideration to their views or preferences (for example – youth, the aged and those with disabilities).	Not applicable
State the financial implications and where budgetary provisions have been made to support this decision.	None
Chief Financial Officer review.	The Chief Financial Officer has reviewed this report.



Far North District Council

# **Council Financial Report**

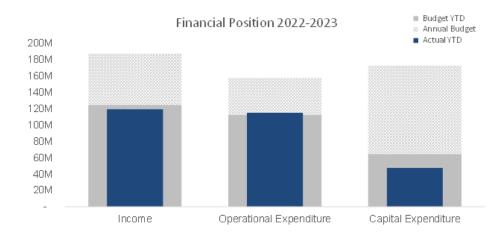
for the period ending 31-March-2023

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## **Financial Overview**

Key financial metrics from the Statement of Financial Performance for the Far North District Council as at 31-March-2023.



## Year to Date Actual Position as at 31-March-2023

	Actual YTD	Budget YTD	Variance to Budget YTD	% Variance Actual to Budget YTD
Total Income	119.5M	125.0M	- 5.5M	-4%
Operational Expenditure	115.2M	112.8M	2.4M	2%
Net Operating Position	4.3M	12.2M	- 7.9M	-64%
Capital Expenditure	47.6M	64.7M	- 17.1M	-26%

## Year End

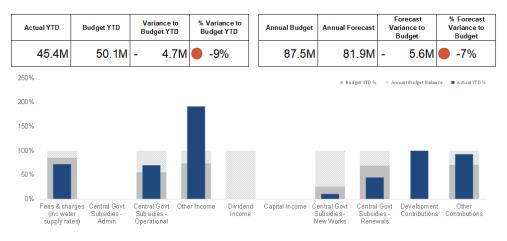
Forecast Position as at 30-June-2023

	Annual Forecast	Annual Budget	Forecast Variance to Budget	% Variance Forecast to Budget YTD
Total Income	181.8M	187.4M -	- <u>5.6M</u>	-3%
Operational Expenditure	159.9M	157.8M	2.0M	• 1%
Net Operating Position	21.9M	29.5M ·	- 7.6M	-26%
Capital Expenditure	131.5M	172.8M -	- 41.2M	-24%

\*In the tables above and throughout this report, variances +/- 5% from budget are indicated as on track / green, anything outside this is red.

## **Council Financial Performance – Income**

Please note these figures relate to the Statement of Financial Performance controllable costs only, which excludes general rates and rates penalties.



## **Highlights:**

#### Fees & Charges

- Resource Consents is behind budget by \$279k but this is largely due to the \$633K paid back to customers for not meeting statutory timeframes and the requirement to use a high number of consultants for processing.
- Building Consents is behind budget by \$127k, applications received has been slowly declining, most likely due to inflation and rising interest rates.
- Water by Meter is under budget for Kaitaia, Kawakawa, Kerikeri, Opononi and Rawene \$2.6m. This is mainly due to lower volumes of water being used during the summer months.
- Income received from transfer stations and landfill are higher due to an increase in volumes over the summer period by \$207k. The additional income helps to offset the increase in contractor fees.

#### **Central Govt Subsidies – Operational**

 Income has been received from Waka Kotahi (NZTA) for initial response repairs undertaken for damage caused by the July and August 2022 storm. Waka Kotahi (NZTA) have approved funding of \$2.2m to undertake investigations and design on the major repair works caused by the August 2022 storm and anticipate additional funding to be considered once these have been completed.

#### Other Income

- Income in advance has been moved into the current financial year as it was unspent as at the end of 2021-22 for:
  - 1. Kawakawa Sewer Treatment Creek Repairs \$111k

- 2. Paihia Wastewater Feasibility Study \$119k
- 3. Moerewa Stormwater Improvements \$100k
- 4. Paihia Water Treatment Plant \$141k
- 5. PGF funding for Lake Omapere drought emergency works \$110k
- 6. Mayor's Taskforce for jobs \$37k (to support the displacement of employees due to Covid-19)
- 7. DIA funding for mobile van for libraries lease and APNK fees \$30k, and
- 8. Ministry of Development Youth Council grant funding of \$20k.
- Further operational grant funding has been received for Tranche 1 of the Mayor's Taskforce for Jobs of \$215k.
- DIA Better Off funding of \$443k has been received for the 3-Waters transition support and \$80k has been received for Entity A's asset management working group.
- Insurance claim received last financial year 2021-22 of \$355k for damage caused by a vessel at the Omapere wharf during a storm in November 2020; the repairs did not take place until 2022-23.
- Operational grant funding has been received from the Ministry of Business, Innovation & Employment (MBIE) under the Provincial Growth Fund (PGF) to support capital works for the Ruapekapeka and Ngapipito road sealing projects of \$246k.
- There is \$24k in recoveries income for the Daroux Drive upgrade and the Okako Road widening.
- There is \$94k of recovery income received from the NTA professional services unit.
- Grant funding of \$337k has been received from Ministry of Business, Innovation & Employment (MBIE) under the freedom camping initiatives to assist with the transition from the existing freedom camping system to new rules and regulations / bylaws over the 2022-23 summer period across the district.
- There is \$130k of recoveries income available for the relocation of the Kerikeri Squash Club.
- TIF funding of \$20k has been received for Smart Bins.
- Mayoral relief funding has been received from MBIE for the August 2022 Flood \$145k.
- Interest has been received \$270k.
- Insurance and legal recoveries received \$158k.

#### Central Govt Subsidies – New Works

- Income has not been claimed for both Waipapa Sports Hub and Te Hiku o te Ika (revitalisation) projects funded by the Provincial Growth Fund (PGF) as the milestones have not been met the last milestone to be claimed for Te Hiku project is for Kaitaia Town Square, the deadline of which has been extended to 31 May 2023. We will be able to claim \$500k upon its completion. Waipapa Sports Hub has received \$1.9m of \$2.0m from MBIE with a \$100k funding milestone remaining.
- The budget for the PGF income was expected to be received as Roading Subsidy through TIO, however, the actual income received, which is \$2.5m, is reported in other contributions below.

- Additional income has been received in this financial year of \$1,190k from Waka Kotahi (NZTA) for road-to-zero projects across the district and Aucks Road, Manawaora Road and Gills Road resilience slip projects.
- Income received in the previous financial year of \$273k from Ministry of Business, Innovation & Employment (MBIE) for public toilet upgrade and enhancements at Waipapa, Waitangi Boat Ramp, Lake Manuwai, Te Paki Stream, and temporary portable toilets across the district has been brought into this financial year 2022-23.
- The Rangitane Boat Ramp project has not begun, there is \$476k of subsidy in the budget.

#### Central Govt Subsidies – Renewals

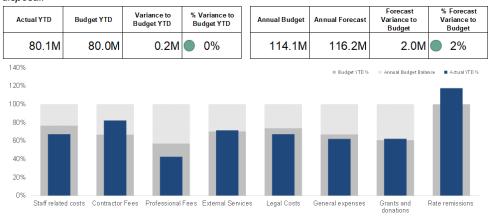
• Unsealed road metalling, sealed road resurfacing, drainage renewals and bridges & structures renewals program of works are behind schedule by \$1.9m with resources prioritised to attend the July and August 2022 storm damage repairs.

### **Other Contributions**

- As mentioned in Central Govt Subsidies New Works above, the budget for the income for planned road sealing projects at Ruapekapeka, Ngapipito and Peria Roads is held above of \$2.1m but the actual income received is reported here of \$2.5m.
- \$227k has been received for the round 6 Tourism Infrastructure Fund (TIF) from MBIE for Kaikohe Freedom Camping enhancement project.
- The balance of grant funding of \$263k for the Southern Animal Welfare Shelter has been moved into this financial year and MBIE funding of \$500k has been received in January.
- 3-Waters Reform projects are ahead of budget, as the final DIA claim has been received. \$241k has been applied to the Kerikeri Water Treatment Plant Clarifiers and \$330k applied to Monument Hill Drought Impact project.

## **Council Financial Performance – Operational Expenditure**

Please note these figures relate to the Statement of Financial Performance controllable costs only, which excludes allocations, interest costs, depreciation and other asset costs and gain/loss on disposal.



## Highlights:

#### Staff related costs

- Overall staff related costs are under budget by \$3,416k at the end of March. This is due to vacancies in several areas with the largest impact being seen in Resource Consents, Building Consents, Planning & Policy and Corporate Services.
- The re-alignment of teams is underway, and these vacancies will be part of the process to re-align functions across the organisation as required to achieve better outcomes.

#### **Contractor Fees**

- Resource Consents contract professional fees is over budget by \$1.8m. The team is
  using a number of external planners to support workload. This is due to vacancies and
  increased application numbers. This is offset by an income recovery account
  mentioned in the income section of this report.
- Wastewater contractor fees of \$5.4m are higher than expected by \$2.0m, this is largely driven by multiple extreme weather events during July, August and February.
- Solid Waste contractor fees are over budget due to an increase in Waste levy charges implemented by central government, by \$10 per tonne. However, this is offset by an increase in waste levy income, seen in Fees & charges in Income above.
- The roading network contract management fees is over budget by \$2.5m, however, there is operational subsidy budgeted to cover this. Offsetting this is contract work annual which is under budget by \$1.6m.
- Maintenance works of \$11.6m are ongoing across the roading network mainly for the initial response repairs work caused by the July and August 2022 storm damage. Delivery of bike skill program under the community programme category is also underway across the district.

#### **Professional Fees**

- Stormwater Asset Condition Assessments are under budget \$717k, the contract was awarded in July and work has commenced in August, the budget is fully committed.
- Professional fees are behind budget in Wastewater by \$507k, however, \$349k in commitments has been raised.
- Water Schemes professional fees are under budget by \$346k but the budget is fully committed.
- Professional fees are under budget \$526k. Spending is especially low due to staffing changes in 2022, but commitments have now been raised for \$500k.
- There is a favourable budget variance recorded with consultants yet to be engaged for the Corporate group. A significant part of the favourable budget variance for professional fees (\$263k) relates to work in the IT space. Due to the fast pace of change in this area, staff are working with suppliers to consider how cloud services affects core service. Some of this work has been done within existing budgets resulting in an underspend at this point in time.
- The Strategic Relationships Elections and Administration budgets have not been utilised \$255k.

#### **External Services**

- There is a favourable budget variance recorded for the District Facilities reactive dayworks for public toilets \$205k and parks and reserves \$244k. The unpredictable nature of this activity makes it difficult to set and time budgets accurately.
- Wastewater Sludge Management spend is currently under budget. Works were planned to commence over the spring period in 2022, however, it has been delayed while we await consents from the NRC.
- Urban Stormwater is under budget by \$198k. Costs are mainly reactive/unplanned and therefore budget timing is a factor for reporting purposes.
- Roading is over budget in relation to enabling work for the Initial response repairs to be undertaken, caused by the July and August 2022 storm damage for which \$2.9m funding has been approved by Waka Kotahi (NZTA).
- There is a favourable budget variance in relation to the annual storage and retrieval costs associated with offsite storage or records information. Files are periodically scanned and sent to storage rather than monthly.

#### Legal Costs

- There is an unfavourable variance due to payment of a legal settlement for \$291k in relation to a claim against Council. This type of expenditure cannot be foreseen so is not included in the budget.
- The Resource Consents Appeals budget has not been utilised \$64k.
- The District Plan legal fees is under budget \$189k but fully committed in support of the team during summary of submissions, further submissions, s42 report writing and hearing phases.

#### **Grant and Donations**

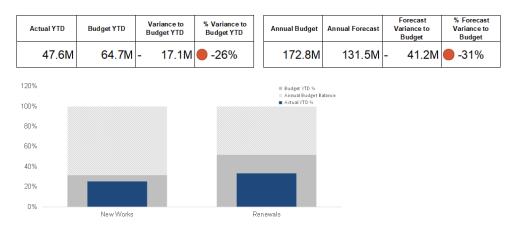
- The community board grants are over budget \$366k. These are released as per the resolutions and last year's unspent commitments have been brought into the current financial year. The unpredictable nature of this activity makes it difficult to set and time budgets accurately.
- Swimming pools grants and donations is behind budget, a commitment has been raised for Sport Northland for \$307k.

#### **General expenses**

- Doubtful debts is under budget across the Delivery and Operations Environmental group \$365k.
- The Te Ahu Lease budget has not been utilised \$116k.
- The Planning and Policy public notices, subscriptions, event promotions and commissioners fees has not been fully utilised \$176k.
- Audit fees are under budget \$124k but are fully committed and Corporate Services Doubtful Debts is behind budget by \$248k.

## **Council Financial Performance – Capital Expenditure**

These figures are direct from the Statement of Capital Performance.



## Highlights:

### **New Works**

- Amenity lighting is under budget \$129k, a scope of works is being investigated.
- Kerikeri Domain revitalisation, Waipapa Sports Hub and Te Hiku o te Ika (revitalisation) projects are ongoing from last financial year 2021-22. Waipapa Sports Hub Phase 1A physical works completion date is estimated at 15th May 2023 with Phase 1B going out to tender in April 2023 for \$8m. Te Hiku o te Ika (revitalisation) project is due to be completed in May this year \$7m. The Kerikeri Domain project is now complete \$600k.
- The Kaikohe Memorial Hall carpark sealing has completed ahead of schedule.
- The Kerikeri Squash Relocation project is behind budget \$295k. 50% of stage 1 shell construction is completed and funding is now in place for stage 2 and 3 via Foundation North. The scope of the project has changed and a variation to the builder's contract is required to complete the project, this is being presented to Council for approval.
- Cable Bay carpark enhancement and sealing is complete now and \$112k will be carried forward to next financial year to fund a 2<sup>nd</sup> coat of chip seal to prolong the surface life.
- The Centennial Park project is behind budget \$139k, Council is waiting on design drawings from Circle D Construction to evaluate the complexity of the skate park upgrade, to complete statement of works based on detailed design information.
- The Cherry Park House project is behind budget \$101k due to cyclone Gabrielle and availability of Top Energy staff for power line supervision.
- The Waitangi Boat Ramp TIF funded toilets are behind budget \$146k. Toilet services to the site have been completed and the factory build of the toilet is underway, delivery to site is expected to be end of June 2023.
- The Ward Wide Town Beautification (western) project is under budget \$152k but is 85% complete. The remaining paths are underway and new gardens will follow. The Pou and Waaharoa install will take place to complete the project.

- The Kaikohe Streetscape project is behind budget \$105k, Council is waiting on direction from the Community Board.
- The Te Hiku Sports Hub netball courts are behind budget \$368k but is fully committed. Initial issues with the water main and sewer rising main relating to the swimming pool project and the sub-base for the netball courts have been corrected.
- There is a favourable budget variance of \$1.9m reported with roading works progressing ahead of schedule for planned Provincial Growth Funds (PGF). Road sealing project at Ruapekapeka Road which is now complete \$238k and Resilience slip projects at Hupara, Gills, Pawarenga and Kohukohu Roads \$215k.
- \$607k has been spent on unsubsidised roading for Pawarenga Road and Unahi Road.
- Strategic properties were acquired as they came to market for the Kerikeri Central Business District Bypass project and this is unbudgeted \$905k.
- The Southern Animal Welfare Centre is ahead of budget and ahead of the original completion date. Left to complete is the concrete driveway, final electrical fit off and dog beds. All works are estimated to be completed by the end of April. Project deliverables have been met and MBIE funding of \$500k has been received in January, this is unbudgeted and will cover the remaining works.
- Monument Hill Drought Impact project is under budget. Covid lockdown and approval from Iwi has delayed the project delivery stage along with finalising landowner agreements. Far North Waters are ready to migrate the existing process gear over to the new shed with UV setup. Completion of physical works is estimated to be mid-May 2023.
- Kaitaia New Source (Sweetwater) is almost complete, with both bores due to be fully commissioned and tested by the end of April 2023. Works outstanding is valued at \$320k.
- The additional MN10 Matawii Dam shares of \$800k has not been paid but an invoice has been received for payment in April.
- Various Water projects have not yet started, these include: Kaitaia Te Maire Reservoir Rising Main, Kaitaia Water - Awanui Improvements, Kaikohe Zonal Monitoring, Kaitaia WTP Backwash Tank Rebuild, Stream Intake Structure Upgrade/Weir, Kerikeri WTP Sand Filter Renewal, Paihia WTP Sand Filter Renewal, Kerikeri WTP Upgrade at Kerikeri \$1.7m. Commitments have been raised for \$784k.
- Kaikohe Discharge Consent is under budget. Internal work is underway, external work less than expected to date but will pick up later in the financial year \$50k.
- A number of wastewater projects are behind budget \$955k. All works are ready to be priced and significant commitments have been raised \$595k for works to commence. Some funds will be reforecast out to next financial year \$848k.
- The following stormwater projects are behind budget but are fully committed for this financial year. Stormwater Minor Capital Works, Kaitaia Commerce Street Stormwater Line, Stormwater Improvements Moerewa, East Coast Adamson Street Stormwater, Kaitaia Urban Stormwater Resource Consents, 348a SH12 Omapere stream culverting & pipe renewal, Marreine Place, Whatuwhiwhi flood alleviation works and 323 State Highway 10 Cable Bay \$908k.
- Kaitaia Resource Recovery Centre project for the extension of the transfer station building has experienced initial delay in resourcing. However, the contract has been awarded and funds are committed for completion in Autumn.
- Various maritime projects are behind schedule:

- Rangitane boat ramp project is on hold pending further communication with stakeholders, \$700k will be carried forward at the end of the financial year.
- The New Maritime Recreation project is behind budget \$530k. This budget is used for various works and is dependent on consents, consultants and capacity which are all difficult to time.
- Mangonui boardwalk extension project is in tender process now with construction expected to commence in May 2023, awaiting Council approval at the 4<sup>th</sup> of May meeting.
- Additional land purchase at Opononi for public car and boat trailer park has been completed there is a balance of \$1.2m in the budget for carry forward.
- Public Toilets Kaikohe Memorial Park toilets, Kaitaia North park toilets, Rangitane Reserve (awaiting an archaeological report) and Marino Place Kaikohe toilet projects are behind schedule, however, funds are committed.
- The Kaikohe Library project is ahead of budget, Geotechnical Site Suitability reports have been carried out at 69 Broadway, Kaikohe. The site is ready to be demolished now and the job is ready to go out to tender.
- A vehicle has been purchased for mobile libraries, which is unbudgeted.

#### Renewals

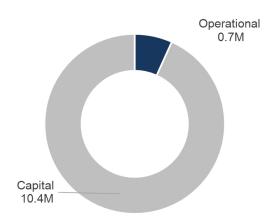
- Mill Bay jetty project is out to tender and construction expected to start in May 2023, awaiting Council approval at the 4<sup>th</sup> of May meeting \$134k.
- Maritime renewals are under budget \$563k for Whangaroa, Kerikeri and Mangonui. Whangaroa is waiting on an update from Far North Holdings Limited and is associated with Marlin wharf and Clansman wharf. Kerikeri is dependent on reactive renewals which are difficult to time and Mangonui works are associated with the Boardwalk which will be under contract in May, following approval for expenditure from Council at the May 4th meeting.
- Housing for the Elderly renewals are under budget \$90k, this is largely due to the reactive nature of the spend on repairs and maintenance.
- Sealed road surfacing and resurfacing, unsealed road metalling, drainage renewals, bridges & structures renewals work and structural component replacement work is behind schedule \$2.2m with resources prioritised to attend the storm damage repairs.
- Pavement rehabilitation work is behind budget 713k.
- The Puhata Road Bridge replacement, Kaitaia-Awaroa Road Culvert Replacement and Fairburn Road Slip projects are all behind budget \$818k.
- Wastewater Telemetry is under budget \$178k, the spend has been coded to New Works.
- The Rawene Resource Consent is under budget by \$155k. This is going out to closed tender for the work and a purchase order will be raised in May.
- The Hihi Wastewater Treatment Plant Construction project is under budget \$390. The project is being priced and will go to Council for award on the 1st of June, construction will begin after that.
- The Russell Wastewater Treatment Plant Pond Liner is under budget \$132k but fully committed.
- Remediation Costs 22 Karamea Road, Mangonui project is under budget \$660k has been approved by Council resolution 2022-72 and this is now fully committed.

- 348a SH12 Omapere stream culverting and pipe renewal works have not yet started \$298k. No works will be started until detailed design has been finalised and costed accurately.
- Kaitaia WTP Backwash Tank Rebuild and the Paihia WTP Sand Filter Renewal projects are behind budget \$201k but are fully committed.
- The GIS upgrade project hasn't started \$267k but commitments of \$87k have been made.
- The video conference renewals project is currently being scoped \$73k.
- Office equipment is purchased as and when required and cannot be accurately timed \$164k.

## Unbudgeted Expenditure

These are additional works not included in the original budget for the current year.

Unbudgeted work greater than \$100,000 must be approved by Council, anything less than that can be approved by a General Manager with appropriate financial delegation.



Unbudgeted Expenditure as at 31-March-2023 \*Expenditure over \$100K approved by Council (in grey)

Unbudgeted Operational		Amount
Water - IAF Kainga Ora Infrastructure	3 Waters Reform - Project Concept Design & Feasibility Costs	550,000
Building Consents (BCA)	Contract Professional Fees	500,000
Water - IAF Kainga Ora Infrastructure	3 Waters Reform - Project Concept Design & Feasibility Costs	84,000
Public Toilets	Repairs & Maintenance Buildings	27,600
Building Consents (BCA)	External Services	27,000
Halls	External Services	14,099
Animal Control	Expenses	11,188
Parks & Reserves	External Services	10,000
Building Consents (BCA)	Consultant Cost Recovery	-475,000
-		740 007

748,887

Unbudgeted Capital Works		Amount
MN10 Matawii Dam Kaikohe	CAPEX New Works Contract Services	800,000
Remediation Costs 22 Karamea Road,	CAPEX Renewal Works Contract	660,000
Kerikeri Squash Relocation	CAPEX New Works Contract Services	400,000
Turner Centre Flood Risk Mitigation	Professional Fees	200,000

Kerikeri Domain - PGF	CAPEX New Works Contract Services	192,810
Karikari and Doubtless Bay Rangers	External Services	100,000
Awanui Township Stormwater -	CAPEX New Works Contract Services	100,000
Marreine Place, Whatuwhiwhi flood	CAPEX New Works Contract Services	100,000
Opononi Resource Consent	CAPEX Renewal Works Licenses and	100,000
Kohukohu Resource Consent	CAPEX Renewal Works Licenses and	100,000
Ahipara Wastewater Analysis	Professional Fees	100,000
Kaikohe Wastewater Analysis	Professional Fees	100,000
Waitangi Boat Ramp Toilets (TIF)	CAPEX New Works Contract Services	80,000
Kawakawa Domain Public Toilets	External Services	50,000
13 Homestead Road Remedial Works,	CAPEX New Works Contract Services	49,453
Kerikeri Walkways	CAPEX Renewal Works Contract Services	41,500
Tree Management Eastern Ward	External Services	37,000
Bledisloe Domain	CAPEX Renewal Works Contract Services	30,954
Russell Ranger Toilets	External Services	26,000
Hokianga Rangers Program	External Services	26,000
CCTV Procter Library Kerikeri	CAPEX New Works Contract Services	24,572
Marino Place Kaikohe Toilet Renewals	CAPEX New Works Contract Services	24,000
Awanui Sportsground	CAPEX New Works Contract Services	23,824
Ahipara Toilet	External Services	20,000
Kaitaia Airport Security	CAPEX New Works Contract Services	20,000
25 Homestead Road Remedial Works,	CAPEX New Works Contract Services	18,933
HFTE Kaikohe, Planned	CAPEX New Works Contract Services	16,000
Dog Pound Northern	CAPEX New Works Contract Services	14,990
Korora Park Trees	External Services	12,650
Mangonui Parks and Reserves	CAPEX New Works Contract Services	12,000
CCTV Paihia Library	CAPEX New Works Contract Services	11,915
Kaitaia Cemetery	CAPEX New Works Contract Services	10,701
Kaikohe Office Carpark upgrade	CAPEX New Works Contract Services	8,920
CCTV Hokianga i-SITE	CAPEX New Works Contract Services	5,840
New Driveway 195 Puketona Road	CAPEX Renewal Works Contract Services	5,405
Kaingaroa Hall	CAPEX Renewal Works Contract Services	4,919
Moerewa Parks & Reserves	CAPEX New Works Contract Services	4,573
Kaikohe Aerodrome Safety Improvements	CAPEX New Works Contract Services	3,950
CCTV Rawene Service Centre	CAPEX New Works Contract Services	2,840
Hokianga i-Site Intruder Alarm System	CAPEX New Works Contract Services	2,107
Cobham Rd Public Toilets	CAPEX Renewal Works Contract Services	1,998
Kerikeri Walkways	Compensation	558
Kerikeri Walkways	Retained Earnings Generated (Opex)	-558
Ahipara Toilet	Grants Operational	-20,000
Russell Ranger Toilets	Grants Operational	-26,000
Hokianga Rangers Program	Grants Operational	-26,000
Kawakawa Domain Public Toilets	Grants Operational	-50,000
Karikari and Doubtless Bay Rangers	Grants Operational	-100,000
Awanui Township Stormwater -	General Separate Fund Withdrawals	-100,000

Kerikeri Squash Relocation	Recoveries	-150,000
Turner Centre Flood Risk Mitigation	General Separate Fund	-200,000
Kerikeri Squash Relocation	Grants Capital	-250,000
Remediation Costs 22 Karamea Road,	General Separate Fund Withdrawals	-660,000
		1,961,853

Unbudgeted Roading		Amount
Kerikeri Ring Road Development	CAPEX New Works Contract Services	2,000,000
Phase2 - August EW (North)	CAPEX Renewal Works Contract	1,707,000
Emergency Event – August 2022	External Services	1,459,741
Emergency Event – July 2022	External Services	1,146,355
Emergency Event – August 2022	CAPEX Renewal Works Contract	1,063,000
Emergency Event Sep/Oct 2021	External Services	645,187
Phase2 - August EW (South)	CAPEX Renewal Works Contract	230,000
EW November 2022 FNDC Storm Event	External Services	177,160
Hall Road Streetlights - Arvida	CAPEX New Works Contract Services	60,000
Daroux Drive Unsealed Upgrade, Waipapa	CAPEX New Works Contract Services	37,900
Peninsula Parade Unsubsidised	CAPEX New Works Contract Services	26,165
Peninsula Parade Unsubsidised	External Services	12,202
Daroux Drive Unsealed Upgrade, Waipapa	External Services	8,000
Emergency Event - Cyclone Dovi Feb 2022	External Services	-39,519
Emergency Event March 2022	External Services	-132,163
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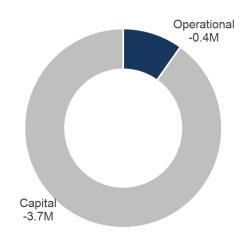
8,401,028

11,111,768

# **Budget Movements**

These are budgets timed in future years, brought forward into the current year (positive values) OR budgets timed in the current year to be moved out to future years (negative values).

The figures that follow exclude the \$5M Roading budget adjustment moved out to future years to reflect the lower of FNDC or NZTA budget.



## Budget Movements as at 31-March-2023

General Ledger	Comment	Amount
Landfills	Miscellaneous Reforecast	100,000
Parks & Reserves	Tfr to PR Tree Management	-1,000
Parks & Reserves	Tfr to PR Tree Management	-5,000
Parks & Reserves	Tfr to PR Tree Management	-34,000
Parks & Reserves	Tfr to PR Tree Management	-50,000
District Facilities Administraton	Reforecast savings for Te Hiku Netball Project code 141729	-50,000
Infrastructure Project Delivery - Admin	Reforecast savings for Te Hiku Netball Project code 141729	-51,250
Parks & Reserves	Tfr to PR Tree Management	-60,000
Corporate Services Balance Sheet	Miscellaneous Reforecast	-100,000
Parks & Reserves	Tfr to PR Tree Management	-150,000
		-401,250

Project Ledger	Comment	Amount
	Opua-Paihia Walkway Boardwalk budget	
Opua-Paihia Walkway Boardwalk	transfer from FY 24/25 into FY21/22	600,000

Kaikohe Streetscape UpGrade	Forecast LOS budget transferred from FY23/24 Kaikohe Streetscape	535,000
Water treatment plant relocation of plant		
and new source, Pa	Capex Planned Reforecast 096PR23BM	400,000
Wastewater Telemetry	Capex Planned Reforecast 096PR23BM	200,000
East Coast Adamson St Stormwater	Tfr from Future Budget GM Approved	175,000
Opononi Hall renewals	Capex Planned Reforecast 096PR23BM	167,892
Tree Management Eastern Ward	Tfr from Opex Approved by Nina Gobie	150,000
Russell Landfill Upgrade	Reforecast jrnl to decline russell landfill weighbridge grant	132,000
Te Hiku Sports Hub - Netball Courts	Forecast budget from Opex savings for Te Hiku Netball Court project	101,250
Cherry Park House	Capex Planned Reforecast 096PR23BM	100,000
Kororipo Basin Building	Forecast Renewals Budget from FY45/46 Kororipo Basin - Plough & Feather	81,074
HFTE Kaikohe, Planned	Capex Planned Reforecast 096PR23BM	80,000
348a SH12 Omapere - stream culverting & pipe renewal	Reforecast SH12 Omapere Stream Culvert & Pipe Renewal	79,303
Tree Management Northern Ward	Tfr from Opex Approved by Nina Gobie	60,000
Tree Management Eastern Ward	Tfr from Opex Approved by Nina Gobie	50,000
Council Staff Transitional Housing	Forecast Budget movement from roading to purchase furnitures staff transitional	44,000
Tree Management WesternWard	Tfr from Opex Approved by Nina Gobie	34,000
Paihia halls renewals	Forecast budget for Paihia Hall Window Replacements from FY 25/26 into 22/23	30,000
Bledisloe Domain	Forecast Renewals Budget not carried forward Bledisloe Domain Lighting	23,661
Kerikeri Walkways	Reforecast journal for Charlies Rock walkway reinstatement	16,555
HFTE Omapere, House Renovations	Reforecast jrnl to reduce PR budget in 22/23 by overspent in 21/22	15,673
Kaeo Hall Renewals	Miscellaneous Reforecasting	12,000
Marino Place Kaikohe Toilet Renewals (DFP0572)	Forecast Renewals budget transferred from FY24/25 for Marino Place toilets	12,000
Kerikeri Mainstreet Development	Forecast Renewals Budget from FY23/24 Kerikeri Irrigation	11,931
CCTV Procter Library Kerikeri	Reforecast CCTV Libraries & Service Centres	10,348
Parks & Reserves Eastern	Reforecast jrnl for tfer renewals budget Lily Pond Lane works	10,000
CCTV Paihia Library	Reforecast CCTV Libraries & Service Centres	9,700
Cobham Rd Public Toilets	Reforecast jrnl for Kerikeri Cobham Rd Toilet	8,122
Tree Management Northern Ward	Tfr from Opex Approved by Nina Gobie	5,000
Pirates Reserve Carpark Kaitaia	Capex Planned Reforecast 096PR23BM	5,000
New Driveway 195 Puketona Road	Unbudgeted expenditure 195 Puketona Rd Driveway Repair	4,500
Kaingaroa Hall	Unbudgeted expenditure Kaingaroa Hall replacement of water tank	3,840
Kaikohe Airfield Accessway	Capex Planned Reforecast 096PR23BM	1,500
Tree Management WesternWard	Tfr from Opex Approved by Nina Gobie	1,000

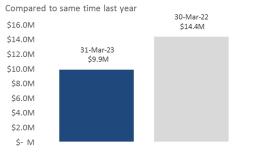
Hihi Discharge Consent	Remove Budget for Last Years Overspend	-3,162
	Reforecast jrnl to reduce PR budget in 22/23	
Kohukohu Hall	by overspent in 21/22	-13,385
Hihi Discharge Consent	Remove Budget for Last Years Overspend	-19,918
Opito Bay Toilets	Capex Planned Reforecast 096PR23BM	-27,000
Homestead Road Carpark Renewals	Capex Planned Reforecast 096PR23BM	-38,485
Te Hiku Sports Hub - Clubroom Development	Reforecast jrnl to reduce PR budget in 22/23 by overspent in 21/22	-57,529
Contact Centre Improvement	Capex Planned Reforecast 096PR23BM	-100,000
Landfill Consents	Miscellaneous Reforecasting	-100,000
Hihi WWTP Construction	Capex Planned Reforecast 096PR23BM	-100,000
Kawakawa WWTP Stream Diversion	Capex Planned Reforecast 096PR23BM	-100,500
Land Information Memorandum Collation (CSP1053)	Capex Planned Reforecast 096PR23BM	-103,000
Paihia Mains Baffin Street Stage 1	Capex Planned Reforecast 096PR23BM	-106,200
Reservoir Safety Fall Protection Upgrade	Capex Planned Reforecast 096PR23BM	-128,000
Paihia / Opua Water Mains Capacity Increase(WAP0335)	Capex Planned Reforecast 096PR23BM	-134,563
Kaikohe Wastewater Scheme Improvements(WWP0376)	Capex Planned Reforecast 096PR23BM	-136,806
Hihi WWTP Construction	Capex Planned Reforecast 096PR23BM	-148,678
Whangae Road Carpark Renewals	Capex Planned Reforecast 096PR23BM	-152,455
Kohukohu Treatment Plant Improvement(WWP1073)	Capex Planned Reforecast 096PR23BM	-189,520
Kaitaia Reduction of Wastewater	Capex Planned Reforecast 096PR23BM	-190,000
Okaihau Hall	Capex Planned Reforecast 096PR23BM	-200,000
Russell Landfill Upgrade	Reforecast jrnl to decline russell landfill weighbridge grant	-200,000
PRG Wastewater Network Reactive Renewals Triggered by Roadin	Capex Planned Reforecast 096PR23BM	-206,000
PRG Water Supply Network Renewals Triggered by Roading	Capex Planned Reforecast 096PR23BM	-206,000
Commercial Street Car Park Renewals	Capex Planned Reforecast 096PR23BM	-276,645
Kaitaia Discharge Consent	Capex Planned Reforecast 096PR23BM	-277,129
Lake Ohia Hall Renewals	Capex Planned Reforecast 096PR23BM	-295,457
Awanui Weir Land Restabilisation	Capex Planned Reforecast 096PR23BM	-300,000
Lindvart Park PGF Gymnasium	Reforecast jrnl to reduce PR budget in 22/23 by overspent in 21/22	-350,000
Kaikohe Discharge Consent	Capex Planned Reforecast 096PR23BM	-414,466
IT Servers & Storage	Capex Planned Reforecast 096PR23BM	-1,025,611
Paihia Maritime - CANCELLED	Capex Planned Reforecast 096PR23BM	-1,250,000

-3,680,160

-4,081,410

# **Treasury Report**

## Cash Position



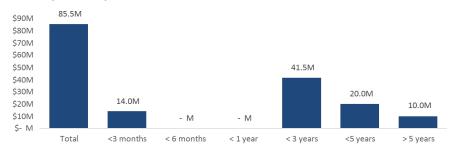
	31-Mar-23	30-Mar-22
ASB General Fund	\$ 2.6M	\$ 7.3M
ASB Special Funds	\$ 5.2M	\$ 5.1M
Investments	\$ 2.1M	\$ 2.0M
Total Cash	\$ 9.9M	\$ 14.4M



Banking Facility	\$ 20.0M
Drawn down	\$ 14.0M
Available	\$ 6.0M

## **Public Debt**

## Loans by Maturity Date



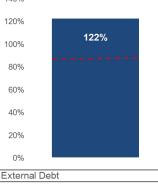
16

# **Treasury Compliance**

#### Net Debt as a % of Revenue must be less than 175%

175%		
150%		
125%		
100%		
75%		
50%		
25%	44%	
0%		
Net Debt		\$
Budgeted T	otal income	\$
Debt Ceiling	g	\$
Net debt as	% total revenue	
Policy Maxi	mum	





External Debt	\$	85.5M
ASB Banking Facility	\$	20.0M
ASB Banking Facility used	-\$	14.0M
Total Committed Public Debt	\$	91.5M
Liquid Investments Cash at Bank	\$	9.9M
Liquid Investments ASB Overdraft Facility	\$	3.0M
	\$	104.4M
Access to Funds		122%
Policy Minimum		110%

Note: Total revenue is based on 2022/23 total forecast income excluding non government capital contributions (eg. developer contributions and vested assets). Liquidity is defined as external debt + committed loan facilities + liquid investments, including bank

overdraft facility, divided by existing external debt.

# **Statement of Financial Performance**

for the period ending Mar 2023 (Pd9)

	Year To Date (\$000's)				Full Year (\$000's)					
	YTD Actual	Total Budget YTD	Variance	LTP Budget	Budget Brought Forward	Total Annual Budget	Actual vs Budget Variance	Actual vs Budget %	Total Annual Forecast	Forecast vs Budget Variance
Operational Income										
Rates - general (excl water supply rates)	73,238	73,379	141	97,839	-	97,839	24,600	75%	97,839	
Rates - penalties	886	1,548	662	2,063	-	2,063	1,178	43%	2,063	-
Fees & charges (inc water supply rates)	14,350	17,065	2,715	19,907	-	19,907	5,557	72%	19,595	- 312
Central Govt Subsidies - Admin	-	-	-	-	-	-	-	0%	-	-
Central Govt Subsidies - Operational	11,182	8,972 -	2,209	15,800	212	16,012	4,830	70%	15,809	- 203
Other Income	4,224	1,630 -	2,594	1,978	230	2,208	- 2,016	191%	2,836	628
Dividend Income	0		0	1,300	-	1,300	1,300	0%	1,300	-
Capital Income										
Central Govt Subsidies - New Works	2,760	6,748	3,988	22,080	3,601	25,681	22,921	11%	13,800	11,881
Central Govt Subsidies - Renewals	7,380	11,448	4,068	12,974	3,509	16,483	9,103	45%	17,866	1,383
Development Contributions	9		9	-		-	- 9	100%	-	
Other Contributions	5,466	4,192 -	1,274		5,884	5,884	418	93%	10,695	4,812
Total Operating Income	119,495	124,982	5,487	173,941	13,436	187,376	67,882	64%	181,804	- 5,572
Operational Expenditure										
Staff related costs	25,769	29,376	3,607	38,285		38,285	12,516	67%	38,298	13
Contractor Fees	30,251	24,519 -	5,731	36,691	-	36,691	6,440	82%	35,339	- 1,352
Professional Fees	5,046	6,770	1,725	11,728	101	11,829	6,783	43%	12,026	197
External Services	6,443	6,337 -	106	7,861	1,129	8,989	2,547	72%	12,480	3,491
Legal Costs	566	623	57	841	-	841	275	67%	791	- 50
General expenses	8,320	8,996	676	13,354	24	13,378	5,058	62%	13,087	290
Grants and donations	1,237	1,208 -	28	1,972	15	1,987	750	62%	1,996	9
Rate remissions	2,518	2,139 -	379	2,139	-	2,139		12570-5473	2,139	
Allocations (direct and indirect)			0	0	-	. 0			- 0	-
Interest costs	1.692	2.016	324	2.688		2.688	996	63%	2,688	
Sub total	81.840	81,985	145	115.559	1,268	116.827	34.987	70%	118.846	2,019
Depreciation and other asset costs	31,267	30,763 -	504	41,017	-	41,017	9,751	76%	41,017	-
Gain/Loss on Disposal	2.043	4 -	2.040	5		5		40866%	-1,017	
Total Operational Expenditure	115,150	112,752 -	2,398	156.581	1,268	157,849	42,699	73%	159,868	2,019
rotal operational Expenditure	110,100	112,752 -	2,390	100,001	1,200	107,049	42,033	7576	100,000	2,019
Net Operating Surplus	4,344	12,230 -	7,885	17,360	12,167	29,527	25,182		21,936	- 7,591

# **Statement of Capital Performance**

for the period ending Mar 2023 (Pd9)

for the period ending Mar 2023 (Pds										
	Ye	ear To Date (\$000's)				Full Year (\$000's)				
	YTD Actual	Total Budget	Variance	LTP Budget	Budget Brought Forward	Total Annual Budget	Actual vs Budget Variance	Actual vs Budget %	Total Annual Forecast	Forecast vs Budget Variance
District Facilities	15,618	19,754	4,136	54,508	13,527	68,034	52,416	23%	41,758	26,277
Environmental Management	1,910	921 -	990	1,100	464	1,564	- 347	122%	1,579	15
Roading and Footpaths	21,433	25,142	3,709	37,905	16,846	54,751	33,318	39%	58,209	3,458
Wastewater	1,826	5,074	3,247	14,381	2,086	16,467	14,640	11%	6,720	9,746
Stormwater	1,114	2,486	1,372	5,179	1,032	6,211	5,097	18%	3,878	- 2,333
Solid Waste Management	124	1,014	890	1,133	622	1,755	1,631	7%	1,082	- 673
Water Supply	3,342	7,528	4,186	8,080	5,599	13,679	10,337	24%	9,233	- 4,446
Governance & Strategic Administration	1,755	2,308	553	4,668	2,393	7,061	5,306	25%	5,915	- 1,146
Customer Services	429	392 -	37	2,877	180	3,057	2,628	14%	3,135	79
Strategic Planning & Policy	33	63	30	124	63	186	153	18%	33	- 153
Total Capital Expenditure	47,584	64,681	17,097	129,953	42,812	172,765	125,182	28%	131,543	- 41,222

7,086

1,339

584

275

45,371

	Ye	ear To Date (\$000's)				Full Year (\$000's)	1			
Income	YTD Actual	Total Budget	Variance	LTP Budget	Budget Brought Forward	Total Annual Budget	Actual vs Budget Variance	Actual vs Budget %	Total Annual Forecast	Forecast vs Budget Variance
District Facilities	4,564	6,185	1,621	12,780	2,981	15,760	11,196	-29%	9,578	- 6,182
Environmental Management	5,422	5,266 -	156	7,020	-	7,020	1,598	-77%	6,875	- 145
Roading and Footpaths	24,120	27,070	2,951	40,814	10,165	50,978	26,859	-47%	51,989	1,011
Wastewater	441	259 -	181	255	68	323	- 117	-136%	323	-
Stormwater	100		100	-	-	-	- 100	-100%	-	-
Solid Waste Management	1,440	1,532	92	2,175	-	2,175	735	-66%	2,059	116

7,994

1,199

427

75

72,738

222

-

-

-

13,436

8,216

1,199 -

427 -

75 -

86,174

1,130

140

157

200

40,803

-86%

-112%

-137%

-366%

53%

8,216

1,136

350

75

80,602

1,418

504

255

200

4,685

# Analysis of Controllable Income and Expenditure by LTP Group

8,504

50,055

835 -

328 -

75 -

	Ye	ear To Date (\$000's)				Full Year (\$000's)				
Operational Expenditure	YTD Actual	Total Budget	Variance	LTP Budget	Budget Brought Forward	Total Annual Budget	Actual vs Budget Variance	Actual vs Budget %	Total Annual Forecast	Forecast vs Budget Variance
District Facilities	6,882	7,702	820	10,284	254	10,538	3,655	65%	10,522	- 16
Environmental Management	8,635	8,441 -	194	11,059	-	11,059	2,424	78%	11,471	413
Roading and Footpaths	21,386	16,483 -	4,903	28,946	194	29,139	7,754	73%	29,636	497
Wastewater	6,718	7,083	365	9,200	797	9,997	3,280	67%	10,188	191
Stormwater	1,331	2,422	1,091	3,247	-	3,247	1,916	41%	3,447	200
Solid Waste Management	4,531	3,791 -	740	5,083	-	5,083	552	89%	5,178	95
Water Supply	4,362	4,729	367	6,821	24	6,844	2,482	64%	7,480	636
Governance & Strategic Administration	18,390	19,238	848	24,898	-	24,898	6,508	74%	24,929	32
Customer Services	3,764	4,184	420	5,563	-	5,563	1,798	68%	5,536	- 26
Strategic Planning & Policy	4,149	5,895	1,747	7,771	-	7,771	3,622	53%	7,770	- 1
Total Direct Costs	80,148	79,969 -	179	112,870	1,268	114,139	33,991	70%	116,158	2,019

#### 17

63

77

5,572

Water Supply

Customer Services

Strategic Planning & Policy

Total Operating Income

Governance & Strategic Administration

# **Capital Spend Analysis**

Capital Spend Analysis as at 31-Mar-2023

	YTD (\$000's) Full Year (\$000's)									
LTP Group	YTD Actual	Commitments	LTP Budget	Carry Forward Budget	Total Annual Budget	Actual vs Budget %	Total Annual Forecast	Actual vs Forecast %	Forecast vs Budget %	Forecast vs Budget Varlance
District Facilities	7,992	5,319	27,122	8,632	35,754	22.4%	24,180	33.1%	68%	(11,574)
Wastewater	1,826	2,379	14,381	2,086	16,467	11.1%	6,720	27.2%	41%	(9,746)
Water Supply	1,694	2,092	8,080	1,895	9,974	17.0%	5,529	30.6%	55%	(4,446)
Stormwater	1,114	1,994	5,179	1,032	6,211	17.9%	3,878	28.7%	62%	(2,333)
Solid Waste	124	485	1,133	622	1,755	7.1%	1,082	11.4%	62%	(673)
Project Delivery Team Subtotal	12,751	12,269	55,895	14,267	70,162	18.2%	41,389	30.8%	59%	(28,773)
Roading & Footpaths	17,340	15,754	35,754	13,147	48,901	35.5%	52,348	33.1%	107%	3,446
IAM Total	30,091	28,023	91,649	27,414	119,063	25.3%	93,737	32.1%	79%	(25,326)
Environmental Management	16	2	0	0	0	0.0%	15	107.4%	0%	15
Governance & Strategic Administration	1,755	887	4,668	2,393	7,061	24.8%	5,915	29.7%	84%	(1,146)
Customer Services	429	140	2,877	180	3,057	14.0%	3,135	13.7%	103%	79
Strategic Planning	33	0	124	63	186	17.8%	33	100.0%	18%	(153)
Other Total	2,233	1,029	7,669	2,636	10,304	21.7%	9,098	24.5%	88%	(1,206)
Sub Total	32,324	29,052	99,317	30,050	129,367	25.0%	102,835	31.4%	79%	(26,532)
DIA Projects										
Water Supply	1,647	1,273	0	3,705	3,705	44.5%	3,705	44.5%	100%	0
Wastewater	0	0	0	0	0	0.0%	0	0.0%	0%	0
Stormwater	0	0	0	0	0	0.0%	0	0.0%	0%	0
Total DIA Projects	1,647	1,273	0	3,705	3,705	44.5%	3,705	44.5%	100%	0
ESEO Projects										
District Facilities	7,637	3,975	27,385	4,895	32,280	23.7%	17,590	43.4%	54%	(14,690)
Environmental Management	1,894	694	1,100	464	1,564	121.1%	1,564	121.1%	100%	0
Roading & Footpaths	4,082	474	2,151	3,699	5,850	69.8%	5,850	69.8%	100%	0
Total ESEO Projects	13,614	5,143	30,636	9,057	39,694	34.3%	25,003	54.4%	63%	(14,690)
Total	47,585	35,468	129,953	42,812	172,765	27.5%	131,543	36.2%	76%	(41,222)

Comments:

The 'Total Annual Forecast' is what is expected to be spent by 30 June 2023.

The above completion % are based solely on the actual spend to 31-Mar-2023.

# Capital spend Analysis by %

The picture below indicates the position if the commitments that are still to be completed are included in the calculations

## Capital Spend Analysis

as at 31-Mar-2023	
	Actual +
	commitments
	against total
	forecast
	budget
	YTD
LTP Group	Actual (%)
District Facilities	55.1%
Wastewater	62.6%
Water Supply	68.5%
Stormwater	80.1%
Solid Waste	56.3%
Project Delivery Team Subtotal	60.4%
Roading & Footpaths	63.2%
IAM Total	62.0%
Environmental Management	118.9%
Governance & Strategic Administration	44.7%
Customer Services	18.1%
Strategic Planning	100.0%
Other Total	35.8%
Sub Total	59.7%
DIA Projects	
Water Supply	78.8%
Wastewater	0.0%
Stormwater	0.0%
Total DIA Projects	78.8%
ESEO Projects	
District Facilities	66.0%
Environmental Management	165.5%
Roading & Footpaths	77.9%
Total ESEO Projects	75.0%
Total	63.1%

# 6.3 FNHL 3RD QUARTER FINANCIAL REPORT 2022-23

File Number:	A4163324
Author:	Julia Lee, Senior Financial Accountant
Authoriser:	Margriet Veenstra, Manager – Property Data and Business Compliance

# TAKE PŪRONGO / PURPOSE OF THE REPORT

To present the Far North Holdings Limited (FNHL) third quarter financial report.

# WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY

• This is the third quarter financial for the financial year 2022-23.

# TŪTOHUNGA / RECOMMENDATION

# That the Te Miromiro – Assurance, Risk and Finance Committee:

a) **Receive the FNHL third quarter financial report for 2022-23.** 

# 1) TĀHUHU KŌRERO / BACKGROUND

FNHL are required to report their quarterly results to Council, as stated in the Statement of Intent 2022-25.

Staff have completed their review and have prepared commentary on the results.

# 2) MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND OPTIONS

# Commentary on FNHL 3<sup>rd</sup> quarter report to 31 March 2023

- FNHL's financial performance is ahead of budget despite current global uncertainty and the economic outlook.
- Ngawha Innovation and Enterprise Park:
  - The entrance to the Park has now been installed following resolution with Ngāti Rangi. The work was overseen by several hapu members led by Kaumatua Albert and Kaumatua Ivan.
  - Both compound buildings of the Corrections project have progressed and are now fully enclosed (roof and cladding) and with the windows and doors now on-site, the buildings will be watertight allowing internal work to continue unabated during wet weather.
  - Earthworks on the adjoining housing construction compounds have progressed well during February and March, as a result of the good weather we experienced.
  - Overall, the project is still on target for an end of October completion date, although weather is still the greatest risk for any potential delays.
- Community Housing Projects:
  - Kaikohe this development is being conducted in partnership with Te Hau Ora o Ngaphuhi (THOON) at 52-56 Tawanui Road, Kaikohe, and will provide 60 new homes.
    - Cyclone Gabrielle affected the progress of site works and transport of buildings from Auckland with the Brynderwyn's closed to oversize traffic, however overall site building works are back on track.
    - Construction is well underway, Stages 1 and 2 are well underway, out of the 4 stages of construction.
    - Block I Te Hau Ora o Ngāpuhi 6x 2 and 3-bedroom houses have been transported to site over the last month and have been lifted into place.

- Block A FNHL 1x 1-bedroom homes are all in place and being finished, and are expected to be handed over for occupation in October 2023.
- Dargaville this development at Ranfurly Street will provide for 46 new homes.
  - These homes will be a mix of one-, two-, three-bedroom houses.
  - Resource consent application has been lodged.
- General projects:
  - The new hangar facility has been formally handed over to Merlin Labs.
  - The potential impact this may have on the further growth of the airport in attracting similar companies is exciting.
- Operating profit is 75% more than what was originally budgeted for, with \$763k profit reported as actual versus \$435k budget. This is due to:
  - Decrease in Goods Sold, \$2,061k actual versus \$2,241k budget, a decrease of 8% lowerthan-expected fuel sales due to unfavourable weather conditions and an outage of the outdoor payment system for 10 days in February attributed to the below budget performance.
  - Services has performed well against budget, \$7,877k actual versus \$7,540k budget, an increase of approximately 5% reflects the high occupancy of the marina and demand for boatyard services coupled with a price increase in both sectors.
  - Rental income continues to perform well against budget, \$3,148k actual versus \$2,912k budget, 8% increase due to high proportion of fully-tenanted buildings in conjunction with CPI increases.
  - Other has increase against budget, \$198k actual versus \$66k budget, 200% increase or \$132k

     \$92k for gain on sale of Kamo Road housing development in Whangarei which was finalised in January 2023, \$12k for introduction of a credit card surcharge, \$14k for project management fees and \$15k dividend on Fonterra shares.
  - Employee benefit expenses are down against budget, \$3,181k actual versus \$3,676k budget, 13% due to capitalisation of project management salaries
  - Other operating expenses increased by 34%, \$2,997k versus \$2,235k costs have increased significantly as a result of inflationary pressure being realised as a result of the current global economic environment, as well as increased organisation-wide training in line with health and safety policy and ongoing training for the BOI Airport Fire Rescue crew.
  - Direct expenses from investment property have increased by 15%, \$1,368k versus \$1,193k largely due to works carried out on Star Hotel in Kawakawa for general repairs and bringing the sprinkler/fire systems up to code, repairs to Quantum and rental car buildings at BOI Airport.
  - Depreciation has increased 27%, \$762k versus \$597k, due to upgrades at Opua boatyard and building improvements.
  - Finance expenses, \$1,840k versus \$2,228k, 17% decrease reflects capitalisation of interest costs related to the various development projects, however they are higher than prior year by 85% due to higher interest rates and overall debt.

## TAKE TŪTOHUNGA / REASON FOR THE RECOMMENDATION

Accept the commentary for the third quarter.

# 3) PĀNGA PŪTEA ME NGĀ WĀHANGA TAHUA / FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION

There are no financial implications arising from this report.

## **ĀPITIHANGA / ATTACHMENTS**

1. FNHL Third Quarter Report 31.3.2023 - A4182141 🗓 🖾

## Hōtaka Take Ōkawa / Compliance Schedule:

Full consideration has been given to the provisions of the Local Government Act 2002 S77 in relation to decision making, in particular:

- 1. A Local authority must, in the course of the decision-making process,
  - a) Seek to identify all reasonably practicable options for the achievement of the objective of a decision; and
  - b) Assess the options in terms of their advantages and disadvantages; and
  - c) If any of the options identified under paragraph (a) involves a significant decision in relation to land or a body of water, take into account the relationship of Māori and their culture and traditions with their ancestral land, water sites, waahi tapu, valued flora and fauna and other taonga.
- 2. This section is subject to Section 79 Compliance with procedures in relation to decisions.

He Take Ōkawa / Compliance Requirement	Aromatawai Kaimahi / Staff Assessment
State the level of significance (high or low) of the issue or proposal as determined by the <u>Council's Significance and</u> <u>Engagement Policy</u>	Low
State the relevant Council policies (external or internal), legislation, and/or community outcomes (as stated in the LTP) that relate to this decision.	Local Government Act 2002 part 5, sub part s66
State whether this issue or proposal has a District wide relevance and, if not, the ways in which the appropriate Community Board's views have been sought.	Not applicable
State the possible implications for Māori and how Māori have been provided with an opportunity to contribute to decision making if this decision is significant and relates to land and/or any body of water.	Not applicable
State the possible implications and how this report aligns with Te Tiriti o Waitangi / The Treaty of Waitangi.	
Identify persons likely to be affected by or have an interest in the matter, and how you have given consideration to their views or preferences (for example – youth, the aged and those with disabilities).	Not applicable
State the financial implications and where budgetary provisions have been made to support this decision.	None
Chief Financial Officer review.	The Group Manager Corporate Services has reviewed this report.





#### **Third Quarter Report**

#### For the nine months ended 31st March 2023

In accordance with Part 5, Section 67 of the Local Government Act 2002 and Far North Holdings Limited ("FNHL") Statement of Intent for the three years to June 2024 the Directors hereby report on the activities of the company for the nine months from 1<sup>st</sup>July 2022 to the 31<sup>st</sup> March 2023.

FNHL's Statement of Financial Performance and Statement of Financial Position for the nine months to 31<sup>st</sup> March 2023 are attached.

Given the current global uncertainty and the economic outlook, FNHL continues to manage finances prudently while continuing to facilitate and develop commercial and infrastructure assets.

#### Significant Variances

Significant variances are determined as variances over (+/-) \$25,000 and 10%.

#### Revenue

Goods sold reports \$179k below budget, this is attributable to the lower-than-expected fuel sales due to unfavorable weather conditions and an outage of the outdoor payment system for ten days during February.

Services are \$337k ahead of budget which reflects the high occupancy of the marina and demand for boatyard services coupled with a price increase in both sectors.

Rental income is \$235k above budget due to high proportion of buildings fully tenanted in conjunction with CPI increases.

Commission revenue is \$36k lower than budget due to timing of berth sales.

Other is up \$132k of which \$92k is gain on sale of Kamo Road housing development in Whangarei which was finalised in January 2023, \$12k of unbudgeted income from the introduction of a credit card surcharge, \$14k of project management fees and a \$15k dividend on Fonterra shares.

#### Expenses

Employee benefit expenses are \$494k below budget and result from the capitalisation of project management salaries.

Donations are \$62k below budget due to timing of R Tucker Thompson youth training voyage and cancellation of Millennium Cup Regatta.

Other operating expenses are \$761k over budget. This reflects increased organisation-wide training in line with our health and safety policy and ongoing training for the BOI Airport Fire Rescue crew. Also contributing to this increase are overall operational cost increases which are impacting across the portfolio. This is reflective of the inflationary pressure being realised as a result of the current global economic environment.

Direct expenses from investment property \$175k over budget due in the main to works carried out on Star Hotel, Kawakawa for general repairs and maintenance and bringing the sprinkler/fire systems up to code, repairs to the Quantum and rental car buildings at Bay of Islands Airport.

Inventories \$85k above budget and reflect the high diesel fuel price and \$10k bulk purchase of antifoul for paint shop stock.

Depreciation has increased as a result of upgrades to the Opua boatyard and building improvements.

Finance expenses \$388k ahead of budget due to capitalisation of interest expense for current development projects.

#### Project Updates

#### Ngawha Innovations & Enterprise Park

#### NIEP Entrance

The entrance to the Park has now been installed following resolution with Ngāti Rangi. The work was overseen by several hapu members led by Kaumatua Albert and Kaumatua Ivan.

#### NIEP Corrections

Both compound buildings have progressed and are now fully enclosed (roof and cladding) and with the windows and doors now on-site the buildings will be watertight allowing internal work to continue unabated during wet weather.

Earthworks on the adjoining housing construction compounds progressed well during February and March when we finally had a dry spell of weather.

Overall, the project is still on track for an end of October completion although weather is still the greatest risk of not completing on time.

#### **Community Housing Projects**

#### Te Hau Ora O Ngāpuhi/FNHL, Kaikohe Housing

Cyclone Gabrielle affected the progress of site works and transport of buildings from Auckland with the Brynderwyn's closed to oversize traffic, overall site building works are back on track.

Stage 1 and 2 is well underway out of the 4 stages of construction.

Block I - Te Hau Ora O Ngāpuhi 6 x 2 and 3-bedroom houses have been transported to site over the last month and have been lifted in place.

Block A - FNHL 10 x 1-bedroom homes are all in place and being finished and are still looking to be handed over for occupation in October 2023.

#### Ranfurly Street, Dargaville

A Resource Consent has been submitted for 46 x 1, 2 and 3-bedroom homes.

#### **General projects**

#### Merlin Labs New Hangar Bay of Islands Airport

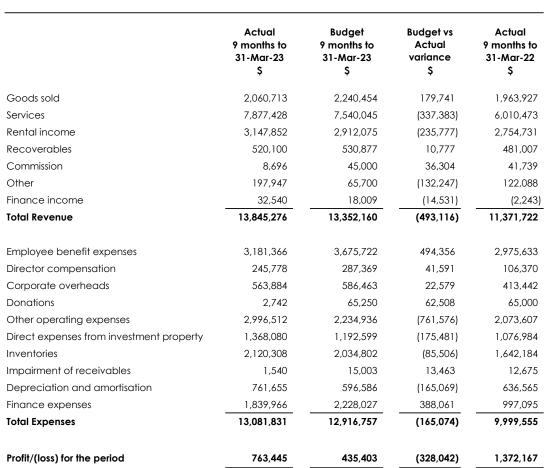
The hangar at BOI Airport has been formally handed over and Merlin Labs who have taken occupation. It is great to see a high-tech engineering company basing themselves out of Kerikeri and the potential impact this may have on the further growth of the airport in attracting similar companies.

**Far North** 

**Holdings Limited** 

#### FAR NORTH HOLDINGS LIMITED

STATEMENT OF FINANCIAL PERFORMANCE For Nine Months Ended 31 March 2023



Far North Holdings Limited

#### FAR NORTH HOLDINGS LIMITED



	31-Mar-23	31-Dec-22	30-Sep-22	31-Mar-22
Equity	10,000,000	10,000,000	10,000,000	10,000,000
Share capital Reserves	18,000,000 12,558,003	18,000,000 12,489,625	18,000,000 12,414,868	18,000,000 9,524,802
Retained earnings	60,714,692	60,621,021	60,150,095	46,197,045
Kerainea earnings	00,714,072	00,021,021	00,100,070	40,177,043
	91,272,695	91,110,646	90,564,963	73,721,847
Current Assets				
Cash and cash equivalents	26,638	740,687	1,018,716	28,792
Trade receivables & prepayments	2,178,793	2,951,470	3,127,856	3,318,797
Inventories	1,496,685	1,526,348	1,541,278	1,701,673
Other investments	5,157,534	1,107,534	1,107,534	578,352
Properties intended for sale	1,360,035	1,360,035	1,360,035	
	10,219,685	7,686,074	8,155,419	5,627,614
Non Current Assets				
Intangible assets	106,476	107,122	100,000	100,000
Biological assets	310,250	310,250	310,250	1,184,150
Property, plant & equipment	31,472,298	30,559,928	30,691,121	26,920,114
Investment properties	131,437,784	137,384,624	128,961,201	106,200,860
Investments in equity accounted associates	1,355,242	1,355,242	1,355,242	1,232,203
Loans				665,000
	164,682,050	169,717,166	161,417,814	136,302,327
Total Assets	174,901,735	177,403,240	169,573,233	141,929,941
Current Liabilities				
Current Loans	15,780,000	14,050,000	14,000,000	10,500,000
Payables, accruals and income in advance	7,750,039	6,533,338	5,662,987	4,860,921
	23,530,039	20,583,338	19,662,987	15,360,921
Non Current Liabilities				
Loans	38,381,605	42,414,448	38,578,955	38,682,500
Deferred tax liability	3,879,788	3,879,788	3,879,788	3,334,213
Income in advance	17,837,608	19,415,018	16,886,540	10,830,459
	60,099,001	65,709,255	59,345,283	52,847,172
Total Liabilities	83,629,040	86,292,593	79,008,270	68,208,093
	91,272,695	91,110,647	90,564,963	73,721,848

# 7 INFORMATION REPORTS

## 7.1 MAYORAL DISCRETIONARY FUND

File Number: A4157703

Author: Taniora Herewini, Pouāwhina Manukura – Executive Assistant to the Mayor & Deputy Mayor

Authoriser: Jacine Warmington, Group Manager - Strategic Relationships

## TAKE PŪRONGO / PURPOSE OF THE REPORT

For Te Miromiro - Assurance, Risk and Finance Committee to note the quarterly expenditure from the Mayoral Discretionary Fund.

## WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY

Council policy requires the reporting from the Mayoral Discretionary Fund to the Committee. This report covers the quarterly period of **1 January to 31 March 2023.** 

## TŪTOHUNGA / RECOMMENDATION

That the Te Miromiro - Assurance, Risk and Finance Committee receive the report Mayoral Discretionary Fund.

## TĀHUHU KŌRERO / BACKGROUND

The Mayoral Discretionary Fund was established as a response to ongoing requests for financial assistance that are not eligible under existing funding avenues within Council, or are of an emergency assistance nature.

All decisions on funding are at the discretion of the Mayor.

In the interests of transparency for ratepayers, Council policy requires that the grants made are reported publicly.

## MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND NEXT STEPS

This report is for information only.

# PĀNGA PŪTEA ME NGĀ WĀHANGA TAHUA / FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION

The total fund is in the amount of \$20,000 excluding GST. The fund is to be included as a recurrent item in Council's annual operational budget.

## **ĀPITIHANGA / ATTACHMENTS**

Nil

Organisation	Purpose of funding	Amount Approved
Removed due to privacy	Koha towards Māori wardens for the event	\$ 1,000.00
Removed due to privacy	Monetary support for transportation costs. Travelling by bus to Hamilton on 10/03/23 - The cost of the bus is \$4,169.00	\$ 2,000.00
Removed due to privacy	Fuel Vouchers - \$3000, FNDC Ferry Vouchers - \$1,500 - Travel for their players	\$ 2,000.00
Removed due to privacy	To assist with emergency funding for housing for homeless whānau. Request of Transportation of Materials - \$3k, Kai for Volunteers - \$2k, Accommodation for volunteers and assisting in the demo \$4k, tools and supplies - \$2k	\$ 2,000.00
	TOTAL FUNDS PAID	\$ 7,000.00

Mayoral Discretionary Fund 01 January – 31 March 2023

## 7.2 REVENUE RECOVERY REPORT AS AT 31 MARCH 2023

File Number:	A4163381
Author:	Margriet Veenstra, Manager - Transaction Services
Authoriser:	Janice Smith, Group Manager - Corporate Services

# TAKE PŪRONGO / PURPOSE OF THE REPORT

The purpose of this report is to provide quarterly reporting to the Far North District Council Assurance, Risk, and Finance Committee.

# WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY

This is the second report for the financial year 2022-23 and provides information on action taken to collect the arrears balances for rates, water and sundry debt this year, and to provide information on how collection is tracking against targets.

# TŪTOHUNGA / RECOMMENDATION

That the Te Miromiro - Assurance, Risk and Finance Committee receive the report Revenue Recovery report as at 31 March 2023.

# TĀHUHU KŌRERO / BACKGROUND

This document has been prepared to outline the arrears balances for rates, water, and Sundry debt as of 31 March 2023 and the actions taken by the debt management team for the collection of the General Title rates and water, and sundry debt.

This information is part of the standing items reported to the Committee on a regular basis.

## MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND NEXT STEPS

## BACKGROUND

This document has been prepared to outline the arrears balances for rates, water, and Sundry debt as of 31 March 2023 and the actions taken by the debt management team for the collection of the General Title rates and water, and sundry debt.

This information is part of the standing items reported to the Committee on a regular basis.

## DISCUSSION AND NEXT STEPS

The data provided is for General Title and Māori Freehold Land rates and water accounts with sundry debtors shown in a separate table. Since the 1<sup>st</sup> of July 2022, the General Title rates total arrears balance has been reduced by 27% and water rates by 46%.

## General Title rates and water debt

Key actions since the last report:

- Legal services team are in the process of issuing further statutory demand against several properties.
- Mortgage demand calling was completed, and mortgage demand was issued against several financial institutions and banks during the months of January and February. Several property owners have contacted the team since then, and 54 accounts now have a payment arrangement set up and some have paid the arrears.

• Recruitment to replace two revenue recovery officers was completed. A new officer started in January and the second new officer started on the 3<sup>rd</sup> of April.

Next actions:

- Final demand to be issued at the end of April, beginning of May for those accounts where no payment arrangement has been set up and arrears have not been made.
- Issue statutory demand against the properties owned by organisations.

For the total number of General Title rates accounts marked as 'Debt recovery action to commence':

- These are properties where there is no mortgage, and we do not have a payment arrangement or direct debit set up on the account.
- 32% of properties only have last year's rates in arrears and 15% have 2 years of arrears. Debt management will be contacting these owners by phone, email, or letter. Any water arrears will be picked up at the same time.
- 29% of these accounts have arrears of 3 or more rating years. Debt management will start the final demand process for these which can result in referral to Council's legal services team to commence legal proceedings.

# Maori Freehold Land rates and water debt

The rates debt has reduced by 3.93% since the start of the year of which 61% was for write-offs for properties which are non-rateable since the introduction of the Whenua Māori rating amendment law came in to affect. The water rates were reduced by 3.79% since the start of the year.

## Sundry debtors debt

The total sundry debtors aged debt balance has reduced again since the start of the year.

Both the resource consent and building debt have increased. The revenue recovery team continue to work with both teams to reduce this.

# PĀNGA PŪTEA ME NGĀ WĀHANGA TAHUA / FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION

Provision is made annually for doubtful debts in relation to the arrears owed to council. A higher provision for Maori Freehold land rates and water is made in comparison to General Title rates and water due to the difference in collection options available to Council.

# **ĀPITIHANGA / ATTACHMENTS**

# 1. 31 March 2023 ARF Revenue recovery Report attachment - A4163353 🗓 🛣

	General Tit	le Rates and	Water Arrear	s 2022-2023			
General Title Rates - 31 March 2023	2021-2022	2020-2021	2019-2020	2018-2019	2017+	Total	# accounts
Abandoned Land	59,666	55,903	56,094	55,460	161,384	388,507	40
Payment Arrangement	38,242	23,451	17,742	10,429	24,337	114,200	22
Deceased Rate Payer	89,518	78,234	68,949	64,052	157,138	457,891	49
Mortgage Run 2022-23	794,943	285,989	54,643	35,998	39,198	1,210,771	481
Legal Action Commenced (external)	101,762	94,576	89,872	64,953	195,067	546,230	52
Legal Action Commenced (FNDC)	14,789	14,097	14,617	11,045	29,845	84,393	7
Liquidation	2,074	1,938	1,966	1,892	171	8,041	2
Direct Debit	117,850	39,409	21,294	10,245	2,527	191,324	80
Debt recovery action to commence	1,445,025	1,006,982	646,364	501,033	920,184	4,519,588	822
Rates Total	2,663,869	1,600,579	971,541	755,107	1,529,851	7,520,947	1,555
General Title Water 31 March 2023	2021-2022	2020-2021	2019-2020	2018-2019	2017+	Total	# accounts
Abandoned Land	-	-	-	-	-	-	
Payment Arrangement	5,039	2,591	1,334	377	5,083	14,424	7
Deceased Rate Payer	9,101	11,689	26,763	21,266	23,592	92,412	10
Mortgage Run 2021-2022	142,732	68,407	47,921	35,365	18,848	313,273	275
Legal Action Commenced (external)	9,700	5,660	4,996	7,187	16,779	44,323	ç
Legal Action Commenced (FNDC)	6,074	4,038	4,860	3,409	7,816	26,196	2
Liquidation	-	-	-	-	-	-	
Direct Debit	46,747	22,920	15,534	3,482	11,159	99,842	79

154,246

269,551

61,354

162,763

57,469

128,555

73,557

156,833

524,045

1,114,515

236

618

177,420

396,814

#### General Title rates and water rates analysis by age at 31 March 2023

Debt recovery action to commence

Water Total

#### Maori Freehold Land rates and water analysis by age at 31 March 2023

MFL Rates and Water Arrears 2022-2023										
MFL Rates - 31 March 2023	2021-2022	2020-2021	2019-2020	2018-2019	2017+	Total	# accounts			
Payment Arrangement	9,497	9,296	9,231	6,379	7,953	42,356	8			
Deceased ratepayer	20,594	20,726	20,185	7,565	10,792	79,862	12			
Direct debit	37,539	30,838	27,088	23,631	51,808	170,905	19			
Abandoned Land	3,683	3,492	3,653	3,604	10,551	24,983	2			
Debt recovery action to commence	2,113,951	2,038,831	1,969,259	871,337	2,305,393	9,298,772	1,246			
Rates Total	2,185,264	2,103,183	2,029,417	912,516	2,386,497	9,616,878	1,287			

MFL Water - 31 March 2023	2021-2022	2020-2021	2019-2020	2018-2019	2017+	Total	# accounts
Payment Arrangement	-	-	-	-	-	-	-
Direct Debit	6,413	148	-	-	-	6,561	3
Debt recovery action to commence	47,968	68,034	49,848	53,732	94,216	313,798	42
Water total	54,381	68,181	49,848	53,732	94,216	320,358	45

Sundry Debtors by age at 31 March 2023

Sundry Debtors Aged Period Report as at 31 March 2023								
Category	30 Days	60 Days	90 Days	90 Days +	Total	% Debt		
Sundry	212,217	26,528	11,445	88,624	338,814	26%		
Bookings	-	-	-	6,645	6,645	1%		
Septage	-	-	-	109	109	0%		
Refuse	-	-	-	3,030	3,030	0%		
Building	27,306	17,675	38,004	289,560	372,545	28%		
Resource	49,654	19,839	37,591	385,803	492,886	37%		
Liquor	1,817	297	316	4,415	6,845	1%		
Health	5,185	2,713	5,968	88,105	101,970	8%		
Total	296,178	67,051	93,323	866,292	1,322,844	100%		

# 8 TE WĀHANGA TŪMATAITI / PUBLIC EXCLUDE

# **RESOLUTION TO EXCLUDE THE PUBLIC**

# RECOMMENDATION

THAT THE PUBLIC BE EXCLUDED FROM THE FOLLOWING PARTS OF THE PROCEEDINGS OF THIS MEETING.

THE GENERAL SUBJECT MATTER OF EACH MATTER TO BE CONSIDERED WHILE THE PUBLIC IS EXCLUDED, THE REASON FOR PASSING THIS RESOLUTION IN RELATION TO EACH MATTER, AND THE SPECIFIC GROUNDS UNDER SECTION 48 OF THE LOCAL GOVERNMENT OFFICIAL INFORMATION AND MEETINGS ACT 1987 FOR THE PASSING OF THIS RESOLUTION ARE AS FOLLOWS:

GENERAL SUBJECT OF EACH MATTER TO BE CONSIDERED	REASON FOR PASSING THIS RESOLUTION IN RELATION TO EACH MATTER	GROUND(S) UNDER SECTION 48 FOR THE PASSING OF THIS RESOLUTION
8.1 - CONFIRMATION OF PREVIOUS MINUTES	S7(2)(A) - THE WITHHOLDING OF THE INFORMATION IS NECESSARY TO PROTECT THE PRIVACY OF NATURAL PERSONS, INCLUDING THAT OF DECEASED NATURAL PERSONS S7(2)(H) - THE WITHHOLDING OF THE INFORMATION IS NECESSARY TO ENABLE COUNCIL TO CARRY OUT, WITHOUT PREJUDICE OR DISADVANTAGE, COMMERCIAL ACTIVITIES	S48(1)(A)(I) - THE PUBLIC CONDUCT OF THE RELEVANT PART OF THE PROCEEDINGS OF THE MEETING WOULD BE LIKELY TO RESULT IN THE DISCLOSURE OF INFORMATION FOR WHICH GOOD REASON FOR WITHHOLDING WOULD EXIST UNDER SECTION 6 OR SECTION 7

# 9 KARAKIA WHAKAMUTUNGA / CLOSING PRAYER

# 10 TE KAPINGA HUI / MEETING CLOSE