



**Far North
District Council**



Te Kaunihera o Tai Tokerau ki te Raki

AGENDA


Te Miromiro - Assurance, Risk and Finance Committee Meeting

Wednesday, 9 August 2023

Time: 9:30am
Location: Council Chambers
Memorial Avenue
Kaikohe

Membership:

Mr 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 Tāmāti Rākena
Cr Felicity Foy
Cr Babe Kapa
Cr Mate Radich

 Far North District Council <i>Te Kaunihera o Tai Tokerau ki te Raki</i>	Authorising Body	Mayor/Council
	Status	Standing Committee
COUNCIL COMMITTEE	Title	Te Miromiro – Assurance Risk and Finance Terms of Reference
	Approval Date	15 December 2022
	Responsible Officer	Chief Executive

Purpose

The purpose of Te Miromiro - Assurance, Risk and Finance Committee is to assist and advise the Governing Body in discharging its responsibility and ownership of finance, risk and internal control.

Committee will review the effectiveness of the following aspects:

- The robustness of financial management practices;
- The integrity and appropriateness of internal and external reports and accountability arrangements;
- The robustness of the risk management framework;
- The robustness of internal controls and the internal audit framework;
- Compliance with applicable laws, regulations, standards and best practice guidelines;
- The establishment and maintenance of controls to safeguard the Council's financial and non-financial assets;
- Data governance framework

To perform his or her role effectively, each member must develop and maintain his or her skills and knowledge, including an understanding of the Committees responsibilities, and of the Council's business, operations and risks.

Membership

The Council will determine the membership of the Committee including at least one independent appointment with suitable financial and risk management knowledge and experience.

The Committee will comprise of all elected members, and one independent appointed member, appointed as Chair with full voting rights.

Mayor Tepania

Graeme McGlinn – Chairperson and Independent Member

John Vujcich – Deputy Chairperson

Kelly Stratford

Ann Court

Babe Kapa

Felicity Foy

Hilda Halkyard-Harawira

Mate Radich

Penetaui Kleskovic

Steve McNally

Tāmati Rākena

Quorum

The quorum at a meeting of the Committee is 7 members.

Frequency of Meetings

The Committee shall meet quarterly.

Power to Delegate

The Committee may not delegate any of its responsibilities, duties or powers.

Responsibilities

The Committees responsibilities are described below:

Financial systems and performance of the Council

- Review the Council's financial and non-financial performance against the Long-Term Plan and Annual Plan
- Review Council quarterly financial statements and draft Annual Report

Far North Holdings Limited (FNHL)

- Recommend to Council the approval of the Letter of Expectation and Statement of Intent
- Receive Annual Report (s67 LGA)
- Receive quarterly financial statements (s66 LGA)
- Receive reports on FNHL strategies and plans

Risk Management

- Review appropriateness of Council's risk management framework and associated procedures for effective risk identification, evaluation and treatment
- Receive and review risk management dashboard reports
- Provide input, annually, into the setting of the risk management programme of work
- Receive updates on current litigation and legal liabilities

Internal Audit and Controls

- Review whether management has in place a current and comprehensive internal audit framework
- Receive and review the internal audit dashboard reports
- Provide input, annually, into the setting of the internal audit programme of work
- Review whether there are appropriate processes and systems in place to identify and investigate fraudulent behaviour

The Committee will manage Council's relationship with external auditor.

Rules and Procedures

Council's Standing Orders and Code of Conduct apply to all meetings.

Far North District Council
Te Miromiro - Assurance, Risk and Finance Committee Meeting
will be held in the Council Chambers, Memorial Avenue, Kaikohe on:
Wednesday 9 August 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 Committee 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 Manager - Democracy Services (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 / DEPUTATION

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

4 TE WHAKAAETANGA O NGĀ MENETI O MUA / CONFIRMATION OF PREVIOUS MINUTES

4.1 CONFIRMATION OF PREVIOUS MINUTES

File Number: A4240403

Author: Casey Gannon, Democracy Advisor - Democracy Services

Authoriser: Aisha Huriwai, Manager - 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 2 May 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. 2023-05-02 Te Miromiro - Assurance, Risk and Finance Committee Minutes - A4192176**



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 Council's Significance and Engagement Policy	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.

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**MINUTES OF FAR NORTH DISTRICT COUNCIL
ORDINARY TE MIROMIRO - ASSURANCE, RISK AND FINANCE COMMITTEE MEETING
HELD AT THE COUNCIL CHAMBERS, MEMORIAL AVENUE, KAIKOHE
ON TUESDAY, 2 MAY 2023 AT 9:56AM**

PRESENT: Graeme McGlinn (Chairperson), Kahika - Mayor Moko Tepania, Kōwhai – Deputy Mayor Kelly Stratford, Cr Hilda Halkyard-Harawira (Virtual with disruptions), Cr Steve McNally, Cr Penetaui Kleskovic (Virtual), Cr Tāmāti Rākena (Virtual), Cr Felicity Foy (Virtual), Cr Babe Kapa (Virtual), Cr Mate Radich (Virtual), Cr John Vujcich

IN ATTENDANCE: Bennie Greyling (Partner - Deloitte Ltd), Andy Nock (Group Chief Executive Officer)

STAFF PRESENT: Joshna Panday (Democracy Advisor), Janice Smith, Andy Finch (FNDC Engineer), Angie Thomas (Chief Financial Officer), Blair King (FNDC CEO), Jacine Warmington (Group Manager – Strategic Relationships), Jill Coyle (Group Manager – People & Transformation), Julia Lee (Senior Financial Accountant), Kevin Johnson (Group Manager – Delivery & Operations), Margriet Veenstra (Team Leader – Transaction Services), Marlema Baker (Democracy Advisor), Roger Ackers (Group Manager – Planning & Policy), Ruben Garcia (Group Manager – Communication & Engagement), Zena Tango (Revenue Recovery Officer)

1 KARAKIA TIMATANGA / OPENING PRAYER

Kahika/Mayor Moko Tepania commenced the meeting with a karakia, introduction and welcome to the externally appointed Chairperson Graeme McGlinn.

MEETING ADJOURNED 10:09AM

COMMITTEE RESOLUTION 2023/9

Moved: Cr John Vujcich

Seconded: Kōwhai – Deputy Mayor Kelly Stratford

That the meeting of Te Miromiro - Assurance, Risk and Finance Committee be adjourned.

CARRIED

Meeting resumed at 10:17 am

At 10:15 am, Cr Hilda Halkyard-Harawira left the meeting due to technical difficulty

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

APOLOGY

COMMITTEE RESOLUTION 2023/10

Moved: Kahika - Mayor Moko Tepania

Seconded: Kōwhai – Deputy Mayor Kelly Stratford

That the apology received from Cr Ann Court be accepted and leave of absence granted.

CARRIED

No declarations of interest raised.

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3 NGĀ TONO KŌRERO / DEPUTATION

No deputations for this meeting.

4 NGĀ KŌRERO A TE HEAMANA / CHAIRPERSON ANNOUNCEMENTS

- Will be dealing with item 6.3 immediately after item 5.1
- Welcome Bennie Greyling from the Deloitte Ltd to speak to item 6.1 and Andy Nock from Far North Holdings to speak to item 6.3
- Completed an interests register and has filed this with Council

5 CONFIRMATION OF PREVIOUS MINUTES

5.1 CONFIRMATION OF PREVIOUS MINUTES

Agenda item 5.1 document number A4167466, pages 6 - 11 refers

COMMITTEE RESOLUTION 2023/11

Moved: Cr John Vujcich

Seconded: Kahika - Mayor Moko Tepania

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

CARRIED

6 REPORTS

6.3 FNHL 3RD QUARTER FINANCIAL REPORT 2022-23

Agenda item 6.3 document number A4163324, pages 121 - 129 refers

COMMITTEE RESOLUTION 2023/12

Moved: Cr Steve McNally

Seconded: Cr John Vujcich

That the Te Miromiro – Assurance, Risk and Finance Committee receive the FNHL third quarter financial report for 2022-23.

CARRIED

At 10:40 am, Cr Hilda Halkyard-Harawira communicated a request that the committee accept her apology due to technical difficulty in joining the meeting

6.1 MANAGEMENT RESPONSE TO INTERNAL CONTROL FINDINGS FROM DELOITTE FOR ANNUAL REPORT 2021-22

Agenda item 6.1 document number A4159913, pages 12 - 91 refers

COMMITTEE RESOLUTION 2023/13

Moved: Cr John Vujcich

Seconded: Cr Penetaui Kleskovic

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

CARRIED

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The Committee acknowledged the apology received from Cr Hilda Halkyard-Harawira.

6.2 COUNCIL FINANCIAL REPORT FOR THE PERIOD ENDING 31 MARCH 2023

Agenda item 6.2 document number A4159987, pages 92 - 120 refers

COMMITTEE RESOLUTION 2023/14

Moved: Mr Graeme McGlinn

Seconded: Kōwhai – Deputy Mayor Kelly Stratford

That the Te Miromiro – Assurance Risk and Finance Committee receive the Council Financial Report for the period ending 31 March 2023.

CARRIED

At 11:34 am, Cr Hilda Halkyard-Harawira joined the meeting

7 INFORMATION REPORTS

7.1 MAYORAL DISCRETIONARY FUND

Agenda item 7.1 document number A4157703, pages 130 - 131 refers

COMMITTEE RESOLUTION 2023/15

Moved: Cr John Vujcich

Seconded: Kōwhai – Deputy Mayor Kelly Stratford

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

CARRIED

7.2 REVENUE RECOVERY REPORT AS AT 31 MARCH 2023

Agenda item 7.2 document number A4163381, pages 132 - 136 refers

COMMITTEE RESOLUTION 2023/16

Moved: Kōwhai – Deputy Mayor Kelly Stratford

Seconded: Cr Mate Radich

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

CARRIED

8 TE WĀHANGA TŪMATAITI / PUBLIC EXCLUDED

RESOLUTION TO EXCLUDE THE PUBLIC

COMMITTEE RESOLUTION 2023/17

Moved: Cr John Vujcich

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 reason for passing this resolution in relation to each matter, and the specific grounds under

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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

CARRIED

9 KARAKIA WHAKAMUTUNGA / CLOSING PRAYER

Kahika - Mayor Moko Tepania said a closing karakia.

10 MEETING CLOSE

The meeting closed at 12:10pm..

The minutes of this meeting will be confirmed at the Ordinary Te Miromiro - Assurance, Risk and Finance Committee Meeting held on 9 August 2023.

.....
CHAIRPERSON

5 NGĀ PŪRONGO / REPORTS

5.1 UPDATE ON THE RISK MANAGEMENT REPORT

File Number: A4307915

Author: Joshna Panday, Risk & Assurance Specialist

Authoriser: Janice Smith, Group Manager - Corporate Services

TAKE PŪRONGO / PURPOSE OF THE REPORT

To provide Te Miromiro - Assurance, Risk & Finance Committee with an update on the Risk Management report at Council.

WHAKARĀPOOTO MATUA / EXECUTIVE SUMMARY

- Council is working on various engagements and system changes to provide for a more succinct and visual design in reporting risk management.
- As a result of these changes the risk management report is currently being remodelled to accommodate clarity and transparency.

TŪTOHUNGA / RECOMMENDATION

That Te Miromiro-Assurance, Risk & Finance Committee note the update of the risk management report.

1) TĀHUHU KŌRERO / BACKGROUND

Council has recently undergone a realignment process where we are better placed and prepared for delivery on outcomes of the Long-Term Plan. As a result of this, Council is now enabled to make provision for changes of a delivery model to the Committee in relation to risk management.

A reporting model that provides clear and visual reporting has since been identified from reviewing other local government councils risk reports and plans for engaging with them are underway, placing FNDC in a position to learn from other councils and discover their successes.

Additionally, revision of the existing risk register is currently progressing with engagements across FNDC key risk players to ensure that both the organisational and strategic risks are clearly addressed at a high level, capable for integration to appropriate and relevant registers for reporting.

The adoption of a risk software, CAMMSRisk as a risk management tool is currently in test stage with a go live date set for mid-August 2023. The process of migration and customisation is on track for reporting to the next committee meeting.

2) MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND OPTIONS

The re-alignment of teams across Council has resulted in changes to the overall risk profile of Council. Work is underway to reassign risks within the new structure and to review overall reporting.

TAKE TŪTOHUNGA / REASON FOR THE RECOMMENDATION

For the committee to note the status of the risk management report.

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

No specific financial implications arise from this report

ĀPITI HANGA / ATTACHMENTS

Nil

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 Council's Significance and Engagement Policy	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
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. State the possible implications and how this report aligns with Te Tiriti o Waitangi / The Treaty of Waitangi.	None
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).	None
State the financial implications and where budgetary provisions have been made to support this decision.	None
Chief Financial Officer review.	Group Manager – Corporate Services has reviewed the report.

6 NGĀ PŪRONGO TAIPITOPITO / INFORMATION REPORTS

6.1 TE MIROMIRO - ASSURANCE, RISK & FINANCE WORKPLAN

File Number: A4319810

Author: Janice Smith, Group Manager - Corporate Services

Authoriser: Guy Holroyd, Chief Executive Officer

TAKE PŪRONGO / PURPOSE OF THE REPORT

To socialise a high-level draft workplan for the Te Miromiro – Assurance, Risk & Finance Committee.

WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY

- While the Te Miromiro – Assurance, Risk & Finance Committee has delegation in place, there is currently no agreed workplan that identifies what the Te Miromiro – Assurance, Risk & Finance Committee could expect to receive in terms of information at each meeting.
- The draft workplan is attached and needs to be acknowledged as a “strawman” proposal to enable discussion with Te Miromiro – Assurance, Risk & Finance Committee members before it is finalised.

TŪTOHUNGA / RECOMMENDATION

That the Te Miromiro - Assurance, Risk and Finance Committee receive the report Te Miromiro – Assurance, Risk & Finance Workplan.

TĀHUHU KŌRERO / BACKGROUND

The Te Miromiro - Assurance, Risk & Finance Committee currently does not have an agreed workplan that outlines the various information needed at each meeting.

MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND NEXT STEPS

The workplan that is attached to this report is a suggested draft of what could be expected to be received by the Te Miromiro – Assurance, Risk and Finance Committee and at which meeting.

This draft is intended to encourage discussion.

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

There are no financial implications arising from this report.

ĀPITI HANGA / ATTACHMENTS

1. **Te Miromiro-Assurance-Risk-Finance Committee draft workplan - A4319784** [↓](#) 

Far North District Council

Audit, Finance and Risk Committee work plan

Terms of reference	Work stream	Meeting dates				How achieved - summary of reporting mechanisms
		9-Aug-23	31-Oct-23	No set yet	Not set yet	
Internal Controls framework	Outstanding auditor recommendations, progress and updates		x	x	x	Progress reports will commence October 2023
	Issues arising from Internal Audits, register of issues and risks, updates		x	x	x	Progress reports will commence October 2023
	Cyber security and system availability risks (Px)		x	x	x	Progress reports will commence October 2023
	Internal audit plans, and focus audits	x				Audit plan ready for 9 August meeting.
Finance and reporting oversight	Budget v actual review of key areas, year end forecasts		x	x	x	Year end financials are currently out of cycle with meeting dates. It might be necessary to have an extra ordinary meeting to review prior to adoption of the Annual Report, which is due 31 October 2024.
	Levels of service (SSP) review		x	x	x	SSP reporting is currently out of cycle with meeting dates. It might be necessary to have an extra ordinary meeting to review prior to adoption of the Annual Report, which is due 31 October 2024.
	Liquidity and debtor performance, hygiene factors					Separate reports on agenda's or included in the Council Financial Report
	Capital expenditure and financing			x		This reporting doesn't align with current meeting schedule
	SOI's for CCTO's					A draft SOI will be submitted by 28 February 2024 and Council has until 30 April 2024 to provide feedback. This could fall outside of the current meeting schedule
External reporting and accountability	Review of accounting policies			x		Review prior to the LTP close out
	Review of valuations					This should be handled at about August each year when the valuations become available
	Review of Auditor Planning documents					These should be available by April each year now we are back to normal reporting timetables
	Review of key audit issues					This should be late September or early October each year

	Review of Draft annual report, representation letters and recommendation to Council re signing					This will fall outside of the current meeting cycle as the Annual Report has to be adopted by 31 October 2024.
	Review of Report to Governance			x		This should be received in Q4 each year but ideally prior to adoption so Council can consider if any matters have an impact on the adoption decision.
	Emerging accounting issues and requirements (Green)					As and when they occur
	Changes in the legislative environment and emerging risks and changes	x	x	x	x	A high level risk report is on the agenda for 9 August. A review of how we report and what we report on is underway
Key Council plans	Review of Annual Plans and assumptions					
	Review of LTP assumptions and accounting policies			x		
	Legislative compliance with LGFA / LGA	x	x	x	x	Covenant reporting is included in the Council Financial Reports - should this be monitored by the Committee?
Risk management	Review of top risks - update		x	x	x	Each meeting
	Risk management update on projects and work streams		x	x	x	Each meeting
	AFRC and Executive team risk issues and emerging risks (Horizon scan)		x	x	x	Each meeting
	Delegations register review					Annually or when needed
	Deep dive into a risk area (cyclical)		x	x	x	Each meeting, one area
	Risk management workshop to update the overall risk register (annual) and brain storm					Annually or when needed
Proberity, Waste, and Policies	Sensitive expenditure review, critical fraud controls and reviews of control effectiveness					Each meeting
	Fraud risk update and work streams					Each meeting
	Cyclical review of key fraud and intenal control risk areas		x	x	x	Each meeting
	Policies - cyclical review schedule			x	x	Each meeting

Insurance	Review of policies, processes and strategies		x			Probably with the annual insurance review.
	Review of annual insurance renewals		x			Dependant on the information available from Council's insurance broker AoN, this may be in the form of a presentation
Treasury	Treasury policies including covenants and policy compliance		x			Council's treasury advisor Bancorp will be asked to present to Committee
	Quarterly report from advisors		x			This will be to Council as the AR has to be adopted by 31 October. Teams catch ups can be arranged for the next cycle of meetings
	AP/LTP					InfoMetrics are presenting to Council 17 August 2023. An information report will be on the 31 October agenda
Occupational Health and Safety	Report on progress, and learnings		x	x	x	Each meeting
	Stopwork notices and handling		x	x	x	Each meeting
	Key risk areas and compliance		x	x	x	Each meeting
Legal issues and updates	Current legal issues in progress (Px)	x	x	x	x	Each meeting
	Potential legal issues and risks (Px)	x	x	x	x	Each meeting
	Legal compliance review across Council				x	Annually, or when needed
	Ratings validity review					When rate basis are changed or new rates introduced
Other	Review and confirmation of Terms of Reference					Three yearly or when needed
	Review and update the ARFC work plan	x				Annually, or when changes are proposed
	Review of the effectiveness of the AFRC					Three yearly or when needed
	Review of the external auditor performance (3 yearly)					Three yearly or when needed

6.2 AUDIT PROPOSAL LETTER - JUNE 2023 AUDIT

File Number: A4316843

Author: Janice Smith, Group Manager - Corporate Services

Authoriser: Guy Holroyd, Chief Executive Officer

TAKE PŪRONGO / PURPOSE OF THE REPORT

To provide the Audit Proposal letter from Deloitte to the Committee.

WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY

- Last financial year, the Office of the Auditor General change the auditor for Council to Deloitte.
- The audit proposal for that year had already been agreed with Audit New Zealand so this proposal is the first one that has been proposed by Deloitte.
- The proposal includes proposed hours for the audit and a proposed fee of \$240,922 plus disbursements.

TŪTOHUNGA / RECOMMENDATION

That the Te Miromiro - Assurance, Risk and Finance Committee Receive the report Audit Proposal Letter - June 2023 Audit.

TĀHUHU KŌRERO / BACKGROUND

Deloitte were appointed as Council auditors in August 2022. The audit fee and programme of work for that financial year had already been signed off with Audit New Zealand.

This will be the first audit proposal made to Council by Deloitte and it has been discussed and moderated by the Office of the Auditor General prior to the letter being sent for approval.

MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND NEXT STEPS

The audit proposal letter is attached to this report in full for information.

The proposed audit hours for the June 2023 audit are:

Estimated audit hours

We estimate that the following hours will be required to carry out the audits (compared to budgeted and actual data from the previous financial year):

Audit team member	2022 Budget*	2022 Actual	2023 Budget**
Appointed Auditor	75	131	90
Quality control review partner	15	35	20
Audit Manager	131	189	150
Other staff – CA Qualified	800	220	200
Other staff – non-CA Qualified	***	802	625
Specialists	13	15	15
Total audit hours	1,034	1,392	1,100

Alongside the estimated hours, the estimated fee for the audit would be:

Structure of audit fees	2022 budget fees*	2022 actual fees charged (excluding cost overruns)	2023
	\$	\$	\$
Net audit fee (excluding OAG Audit Standards and Quality Support charge and disbursements)	187,823	187,823	220,000
OAG Audit Standards and Quality Support charge	16,654	16,654	20,922
Total audit fee (excluding disbursements)	204,477	204,477	240,922
Estimated Disbursements, including technology charge (2%)	24,000	16,000	29,000
Total billable audit fees and charges	227,854	219,854	269,922
GST	34,178	32,978	40,488
Total (including GST)	262,032	252,832	310,410

*: The 2022 budget fees were set based on Audit New Zealand's Fee Proposal signed on 30 June 2021 which we agreed to honour and is reflected in our actual fees charged.

The audit fees allow for the audit team to carry out specific tasks identified in the OAG Sector Brief and for the OAG Audit Standards and Quality Support charge. We have also estimated the reasonable cost of disbursements (including travel and accommodation where necessary). Disbursement costs are indicative only and will be charged on an actual and reasonable basis.

There are several factors that have impacted the above fee proposal, and these are summarised as follows:

Reasons for increased or decreased audit fees compared to previous period budgeted fees.	2023
Predicted staff salary cost movements – inflation and additional cost incurred to perform the audit which have not kept pace with historical salary rate adjustments applied over the past three years.	20,297
Increased hours due to increased requirements and complexity in the audit process,	11,880
Total increase (decrease) in audit fees	32,177

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

The current budgetary provision for the audit is \$236,654 with an additional \$24,552 for disbursements. Any shortfall of budget will be found from other Corporate Services budgets during the year.

ĀPITIHINGA / ATTACHMENTS

- 1. Audit Proposal Letter FNDC FY23 - A4317228** [↓](#) 



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www.deloitte.co.nz

7 July 2023

Ref.: EN/LCA/3-0009

Janice Smith
General Manager – Corporate Services
Far North District Council
Private Bag 752
Kaikohe, 0440

Copy: Director Auditor Appointments
Office of the Auditor-General
PO Box 3928
Wellington

Dear Janice

Proposal to conduct the audit of Far North District Council and subsidiaries on behalf of the Auditor-General for the 2023, 2024 and 2025 financial years

1 Introduction

The Auditor-General proposes to appoint me to carry out the audit of your organisation for the next three years. As required by the Office of the Auditor-General (OAG), I set out below information relating to the audit for the three financial years ending 30 June 2023, 2024 and 2025. The proposed fees for 30 June 2024 and 2025 will be revised annually. The purpose of this proposal is to provide information on:

- the statutory basis for the audit and how audit fees are set;
- the entities covered by this proposal;
- key members of the audit team;
- the hours we plan to spend on the audit and reasons for any change in hours;
- our proposed fees for the audit for the financial year ending 30 June 2023 and reasons for any change;
- assumptions relating to the proposed audit fees, including what we expect of your organisation;
- what the OAG Audit Standards and Quality Support charge provides;
- certification required by the Auditor-General; and
- our commitment to conduct the audit in accordance with the Auditor-General's Auditing Standards.

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

The audit of your organisation is carried out under Section 15 of the Public Audit Act 2001, which states that "the Auditor-General must from time to time audit the financial statements, accounts, and other information that a public entity is required to have audited".

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities (collectively, the "Deloitte organisation"). DTTL (also referred to as "Deloitte Global") and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more. Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities, each of which are separate and independent legal entities, provide services from more than 100 cities across the region, including Auckland, Bangkok, Beijing, Hanoi, Hong Kong, Jakarta, Kuala Lumpur, Manila, Melbourne, Osaka, Seoul, Shanghai, Singapore, Sydney, Taipei and Tokyo.

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

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

3 Entities covered by this proposal

This proposal covers the audits of the following entities:

Far North District Council

4 Key members of the audit team

Appointed Auditor	Bennie Greyling
Quality Control Reviewer	Bryce Henderson
Audit Manager	Shrav Chandra

5 Estimated audit hours

We estimate that the following hours will be required to carry out the audits (compared to budgeted and actual data from the previous financial year):

Audit team member	2022 Budget*	2022 Actual	2023 Budget**
Appointed Auditor	75	131	90
Quality control review partner	15	35	20
Audit Manager	131	189	150
Other staff – CA Qualified	800	220	200
Other staff – non-CA Qualified	***	802	625
Specialists	13	15	15
Total audit hours	1,034	1,392	1,100

*: Note that this budget is based on the budgeted hours provided by Audit NZ in the 2021 – 2022 audit proposal letter issued in June 2021 and does not include the additional hours associated with on-boarding in the first year following the change in appointed auditor in 2022.

**: Note that this assumes that revaluations will occur in the current year of your core infrastructure assets.

*** Allocation between CA qualified and non-CA qualified staff not provided in the previous Audit Proposal letter.

5.1 Reasons for changes in audit hours (From budgeted 2022 hours)

The budgeted hours for the 2022 audit are from the Audit Free Proposal submitted by the previous auditors Audit NZ in June 2021. We were appointed auditors in 2022 and agreed to honour the agreed fee for 2022. The actual audit hours for 2022 exceeded the budgeted 2022 hours mainly due to:

- Additional hours associated with onboarding and the change of auditor
- Inherent inefficiencies associated with performing an audit in the first year of appointment
- Additional audit effort required to meet increased audit requirements and additional complexities associated with the engagement (see table below)

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

Reasons for increased or decreased audit hours compared to previous period <u>budgeted</u> hours:	2023
Over time the complexity of the audit of the Council has increased. Additional audit work is required to be undertaken due to changes in auditing standards, regulatory requirements and changes in Council's activities, systems and risks. There has also been increased annual revaluations undertaken which have increased audit effort year on year. These changes have not necessarily been reflected the historical budgeted hours have been under the requisite hours required to complete the audit, most recently the 2022 audit.	66
Total increase (decrease) in audit hours	66

The 2023 budgeted hours represent our best estimate of the hours (excluding the hours associated with onboarding and performing a first-year audit) based on our experience following the completion of the 2022 audit.

6 Proposed audit fees

Our proposed fees for the next three audits (compared to budgeted and actual data from the previous financial year) are:

Structure of audit fees	2022 budget fees*	2022 actual fees charged (excluding cost overruns)	2023
	\$	\$	\$
Net audit fee (excluding OAG Audit Standards and Quality Support charge and disbursements)	187,823	187,823	220,000
OAG Audit Standards and Quality Support charge	16,654	16,654	20,922
Total audit fee (excluding disbursements)	204,477	204,477	240,922
Estimated Disbursements, including technology charge (2%)	24,000	16,000	29,000
Total billable audit fees and charges	227,854	219,854	269,922
GST	34,178	32,978	40,488
Total (including GST)	262,032	252,832	310,410

*: The 2022 budget fees were set based on Audit New Zealand's Fee Proposal signed on 30 June 2021 which we agreed to honour and is reflected in our actual fees charged.

The audit fees allow for the audit team to carry out specific tasks identified in the OAG Sector Brief and for the OAG Audit Standards and Quality Support charge. We have also estimated the reasonable cost of disbursements (including travel and accommodation where necessary). Disbursement costs are indicative only and will be charged on an actual and reasonable basis.

6.1 Reasons for changes in audit fees

In table 5.1 we showed the factors that have resulted in a change of audit hours. The cost impacts of those changes are shown in the table below. In addition, inflationary pressures over the past three years have significantly exceeded historical salary rate adjustments.

Reasons for increased or decreased audit fees compared to previous period budgeted fees.	2023
Predicted staff salary cost movements – inflation and additional cost incurred to perform the audit which have not kept pace with historical salary rate adjustments applied over the past three years.	20,297
Increased hours due to increased requirements and complexity in the audit process,	11,880
Total increase (decrease) in audit fees	32,177

7 Assumptions relating to our audit fee

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

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

If the scope and/or amount of work changes significantly, we will discuss the issues and any implications for our audit costs and your audit fees with you and the OAG at the time.

8 What the OAG Audit Standards and Quality Support charge provides

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

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

- development and maintenance of auditing standards;
- technical support for auditors on specific accounting and auditing issues;
- ongoing auditor training on specific public sector issues;

- preparation of sector briefs to ensure a consistent approach to annual audits;
- development and maintenance of strategic audit plans; and
- carrying out quality assurance reviews of all auditors, and their audits and staff on a regular (generally, three-year) cycle.

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

9 Certifications required by the Auditor-General

We certify that:

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

10 Conclusion

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

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

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

Yours sincerely



Bennie Greyling
Partner
For Deloitte Limited

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

Full name:	_____	Position:	_____
Authorised signature:	_____	Date:	_____
Entity name:	_____		

Actions to take when agreement has been reached:

- 1 Make a copy of this signed proposal and keep it for your file.
- 2 Send the original to:
Bennie Greyling
Deloitte Limited
Private Bag 115033
Auckland, 1010

6.3 JUNE 2023 AUDIT PLAN

File Number: A4317233

Author: Janice Smith, Group Manager - Corporate Services

Authoriser: Guy Holroyd, Chief Executive Officer

TAKE PŪRONGO / PURPOSE OF THE REPORT

To present the Audit Plan for the June 2023 final audit to Committee

WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY

- Deloitte have provided an audit plan to Council for the June 2023 final audit.
- The plan outlines the areas of focus for the audit and a high-level timeline

TŪTOHUNGA / RECOMMENDATION

That the Te Miromiro - Assurance, Risk and Finance Committee receive the report June 2023 Audit Plan.

TĀHUHU KŌRERO / BACKGROUND

Deloitte have prepared an audit plan for the final accounts audit for June 2023

MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND NEXT STEPS

The audit plan identifies areas of focus for the audit and includes an explanation for each area within the plan. The full plan is attached for information.

The high-level areas are:

C. Areas of audit focus – dashboard

Area of audit focus	Significant risk	Fraud risk	Planned controls testing approach	Level of management judgement required
Revenue Recognition	✗	✗	D+I	●
Management's ability to override controls	✓	✓	D+I	●
Valuation of infrastructure assets and investment properties	✓	✗	D+I	●
Government reviews and proposals	✗	✗	D+I	●
OAG Audit Brief and other items	✗	✗	D+I	●
Statement of Service Performance	✗	✗	D+I	●
OAG Audit Brief - 2023 flooding events	✓	✗	D+I	●

Planned approach to controls

D+I: Testing of the design and implementation of key controls

OE: Testing of the operating effectiveness of key controls

Level of management judgement required

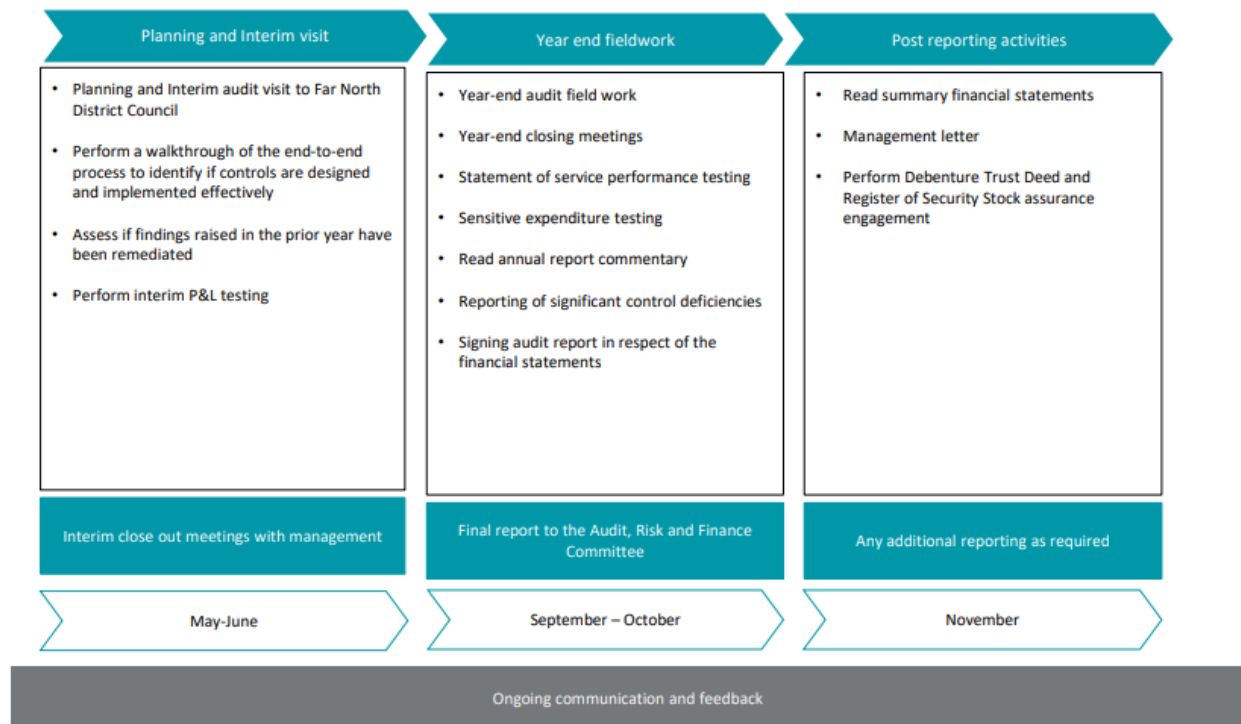


The columns “Significant Risk” and “Fraud Risk” are used by Deloitte to establish their work programme, they do not mean that these are areas of concern at Council, just areas they will focus on to ensure controls are in place.

The proposed communications and reporting timeline is as follows:

E. Continuous communication and reporting

The audit plan is executed throughout the year and hence the results will be analysed continuously and conclusions (preliminary and otherwise) will be drawn. The following sets out the expected timing of our reporting to and communication with you.



As Council is the “parent” for reporting for CCO’s and CCTO’s the audit needs to consider group. From an audit perspective, the audit identifies the following in terms of significance:

3B. Group audit considerations (cont.)

A summary of the nature of work to be performed on group entities and details of component auditors is as follows:

Location (or subsidiary)	Component auditor (firm and partner name)	Scope
Far North District Council	Deloitte (Auckland, Bennie Greyling)	●
Far North Holdings Limited*	Deloitte (Auckland, Bennie Greyling)	●
Bay of Islands Marina Limited**	Deloitte (Auckland, Bennie Greyling)	●
Far North Housing Limited**	Deloitte (Auckland, Bennie Greyling)	●
Far North Skincare Limited#	Deloitte (Auckland, Bennie Greyling)	●
Kaikohe Berryfruit##	Deloitte (Auckland, Bennie Greyling)	●
Pou Herenga Tai Twin Coast Cycle Trail Charitable Trust ¹	Deloitte (Auckland, Bennie Greyling)	●
Te Ahu Charitable Trust ¹	Deloitte (Auckland, Bennie Greyling)	●
Northland Inc. ##	Deloitte (Auckland, Bennie Greyling)	●

* 100% Council Controlled Organisation
 ** Wholly owned subsidiaries
 # 50% equity shareholding of joint venture
 ## Investment in associate
 1 Council controlled organisation

Scope legend	● Financially significant, subject to full scope audit	● Significant due to risk, subject to audit of specified account balances	● Non-significant, subject to analytical procedures, specific procedures or review
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PĀNGA PŪTEA ME NGĀ WĀHANGA TAHUA / FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION

The audit fee proposal is identified in another report on the agenda.

ĀPITIHINGA / ATTACHMENTS

1. FNDC Audit Plan 2023 - A4317289 [↓](#) 



Far North District Council

Planning Report to the Audit, Risk and Finance Committee
for the year ended 30 June 2023

Purpose of report

This report has been prepared for Far North District Council's Audit Committee and is part of our ongoing discussions as auditor in accordance with our engagement letter and master terms of business dated 8 June 2023 and as required by New Zealand auditing standards.

This plan is intended for the Audit Committee (and other Board 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 to date and which we believe are appropriate to communicate to the Audit Committee. The ultimate responsibility for the preparation of the financial statements rests with the Board of Directors.

Responsibility statement

We are responsible for conducting an audit of Far North District Council for the year ended 30 June 2023 in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the NZ Auditing and Assurance Standards Board. Our audit is performed pursuant to the requirements of the Financial Reporting Act 2013, the Local Government Acts 1974 and 2002 the Local Government (Auckland Council) Act 2009 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. The audit of the financial statements does not relieve management or the Council of their responsibilities.

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

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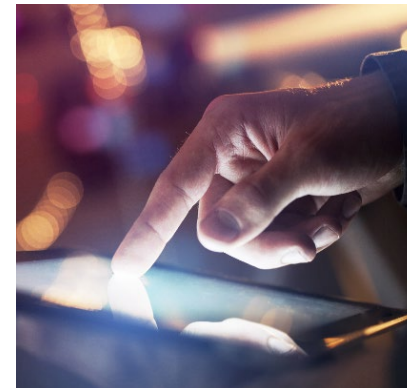
- A. Our audit explained
- B. Identifying the areas of audit focus
- C. Areas of audit focus
- D. Quality of accounting records
- E. Continuous communication and reporting
- F. Our team

3. Other reporting matters

- A. Fraud responsibilities and representations
- B. Group Audit and Scoping
- C. Independence and fees

4. Financial reporting and other developments

- Developments in financial reporting
- Using “functional leadership” to improve government procurement
- Controlling sensitive expenditure
- Managing conflicts of interest



To navigate within this report, you may click on the icons on the right-hand side of the page



1. Executive summary

Thank you for the opportunity to present our audit plan for the financial statement audit of Far North District Council (FNDC) for the year ending 30 June 2023.

We have presented this report which is designed to outline our respective responsibilities in relation to the audit, to present our audit plan and to facilitate a two-way discussion on the plan presented. Our report includes:

- Our audit plan, including key areas of audit focus and our planned procedures; and
- Key accounting, regulatory and corporate governance updates, relevant to you.

We have an evolving audit plan that is established with input from management. The audit plan is tailored to the FNDC's environment and revised throughout the year to adjust for business developments, additional relevant matters arising, changes in circumstances and findings from activities performed.

This plan is intended for the Audit, Risk and Finance Committee (and other Council members) and should not be distributed further.

We appreciate the opportunity to serve FNDC. We hope the accompanying information will be useful to you, and we look forward to answering your questions about our plan.

Deloitte Limited

Bennie Greyling
Partner
for Deloitte Limited
Auckland | 8 June 2023

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Key areas of audit focus

Our current assessment of the key areas of audit focus are as follows:

Revenue Recognition	Q
Management's ability to override controls	Q
Valuation of infrastructure assets and investment properties	Q
Government reviews and proposals	Q
OAG Audit Brief and other items	Q
Statement of Service Performance	Q
OAG Audit Brief - 2023 flooding events	*



Consistent with the prior year



New areas of focus

We comment further on these key areas of audit focus in Part 2C of this report.



Items for consideration

We look forward to discussing our audit plan with you and are interested in your views on the following matters:

- Any concerns regarding internal controls, including completeness over related parties;
- Any risk matters, including fraud, affecting the financial statements;
- Your assessment of materiality; and
- Any other matters that should be brought to our attention



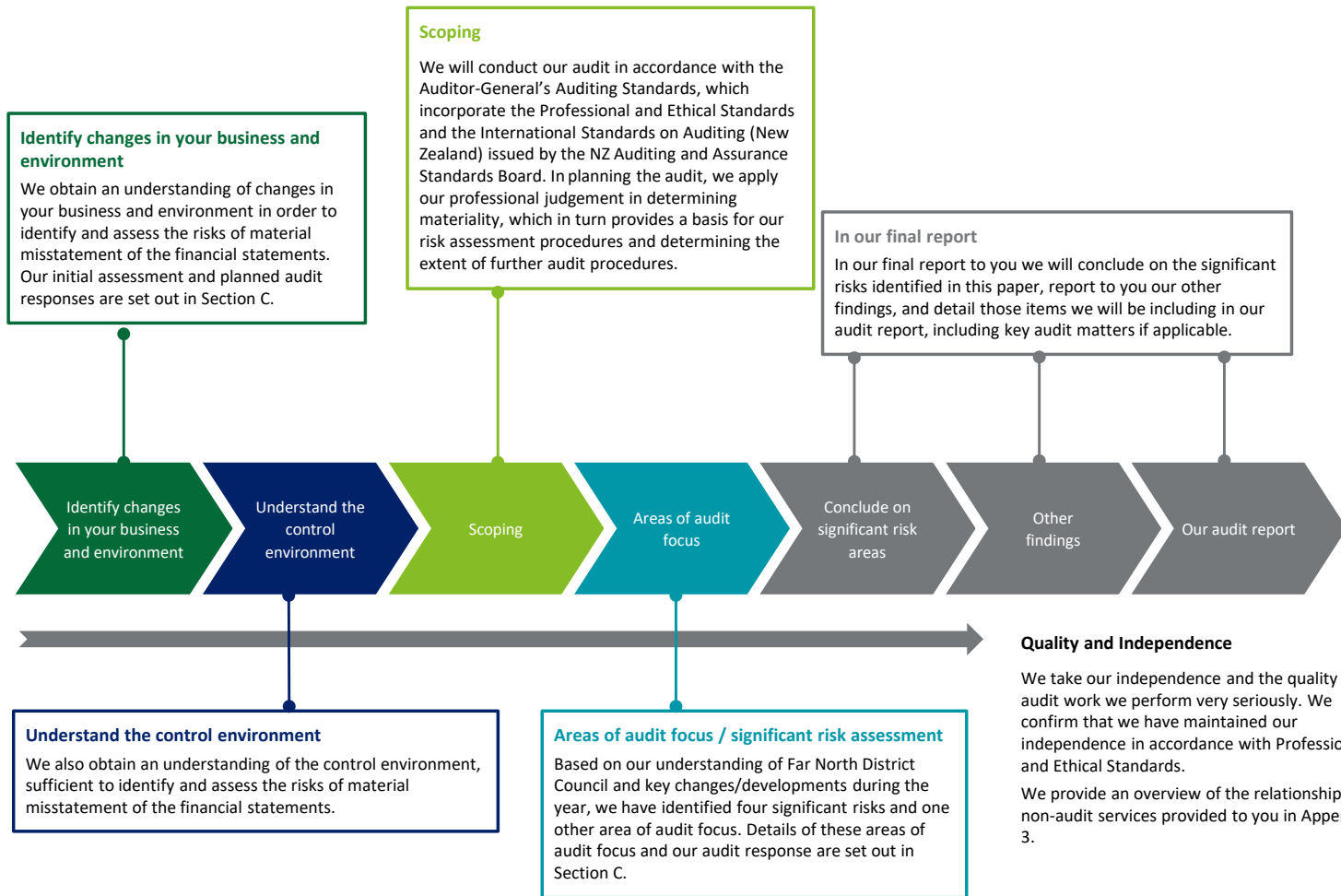
2. Our audit

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A. Our audit explained – a tailored approach



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B. Identifying the areas of audit focus

Identification of audit risks

Our audit approach is underpinned by the identification of relevant audit risks and tailoring appropriate audit responses to address those risks. We consider a number of factors when deciding on the significant areas of audit focus, such as:

- the risk assessment process undertaken during the planning phase of our engagement;
- our understanding of the business risks faced by Far North District Council;
- discussions with management during the course of our audit;
- the significant risks and uncertainties previously reported in the financial statements, including any NZ PBE IPSAS IAS 1 critical accounting estimates or judgements;
- our assessment of materiality; and
- any changes in the business and the environment it operates in since the last annual report and financial statements;

The next page summarises the significant risks and other areas that we will focus on during our audit.

We continually update our risk assessment as we perform our audit procedures, so our areas of audit focus may change. We will report to you on any significant changes to our assessment as part of our final report to the Audit, Risk and Finance Committee.



B. Identifying the areas of audit focus

Determining materiality

We consider materiality primarily in terms of the magnitude of misstatement in the financial statements that in our judgement would make it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced (the 'quantitative' materiality). In addition, we also assess whether other matters that come to our attention during the audit would in our judgement change or influence the decisions of such a person (the 'qualitative' materiality). We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Our draft quantitative preliminary materiality for the 2023 audit as shown below is based on total expenditure per the 2023 annual plan for FNDC. We note that FNDC Group expenditure is the basis for Group materiality however for the purposes of this audit plan we show materiality specific for FNDC in the diagram below. preventing material misstatement in the financial statements, and the level at which known and likely. This is deemed to be a key driver of business value, is a critical component of the financial statements and is a focus for users of those statements. We will update our preliminary materiality assessment once actual total expenditure for the 2023 year is determined.

The extent of our procedures is not based on materiality alone but also on local considerations of subsidiaries and divisions of Far North District Council, the quality of systems and controls in misstatements are tolerated by you in the preparation of the financial statements.



Materiality comparisons	FY23* (\$m)	FY22 (\$m)
Total Group Expenditure#	169	156
FNDC Expenditure	152	142
FNDC Materiality	4.5	4.3

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* Per April FY23 TB (extrapolated)

Group consists of FNDC and Far North Holdings Limited. Other entities within FNDC group are limited scope



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C. Areas of audit focus – dashboard

Area of audit focus	Significant risk	Fraud risk	Planned controls testing approach	Level of management judgement required
Revenue Recognition	✗	✗	D+I	●
Management's ability to override controls	✓	✓	D+I	●
Valuation of infrastructure assets and investment properties	✓	✗	D+I	●
Government reviews and proposals	✗	✗	D+I	●
OAG Audit Brief and other items	✗	✗	D+I	●
Statement of Service Performance	✗	✗	D+I	●
OAG Audit Brief - 2023 flooding events	✓	✗	D+I	●

Planned approach to controls

D+I: Testing of the design and implementation of key controls

OE: Testing of the operating effectiveness of key controls

Level of management judgement required



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C. Areas of audit focus

Area of audit focus	Our approach
<p>Revenue recognition</p> <p>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 revenue recognition and therefore this is a focus area for the audit.</p> <p>The Council has various revenue streams which need to be considered separately to ensure they are in-line with PBE Standards.</p> <p>Failure to comply with rating law and the associated consultation requirements can create risks for rates revenue. Compliance with the detail of the Local Government (Rating) Act 2002 (LGRA) is vital; if the rate is not within the range of options and restrictions provided for in that Act, it may not be valid.</p> <p>Management and Council need to ensure that the requirements of the LGRA are all adhered to and that there is consistency between the rates resolution, the funding Impact Statement for that year, and the Revenue and Financing Policy in the respective Long Term Plan (LTP) or Annual Plan (AP).</p> <p>Material misstatement due to fraudulent financial reporting relating to revenue recognition often results from an overstatement of revenues through, for example, premature revenue recognition or recording fictitious revenues. It may also result from an understatement of revenues through, for example, improperly shifting revenues to a later period. Through our understanding of the Council with the processes in place and level of risk assessed we have rebutted the significant risk of fraud associated with revenue recognition.</p>	<p>We will perform the following audit procedures to ensure that revenue recognition is appropriate:</p> <ul style="list-style-type: none"> • Understand, evaluate and assess the relevant controls that address the risks of revenue recognition; • Assess the quality of information produced from the IT system and ensure accuracy and completeness of reports that are used to recognise revenue; • Complete a 'rates questionnaire' compiled by the OAG*, to confirm whether rates have been correctly set; and • Review the meeting minutes recording the adoption of the rates resolution, to ensure the rates are in accordance with the Revenue and Financing Policy as well as reviewing any other information available with regards to rates; • Complete analytical procedures by developing expectations based on our knowledge of the sector and key performance measures; and • Assess the impact of any changes to revenue recognition policies. <p>*Please note that the completion of the 'rates questionnaire' is not a legal exercise but aims to provide us with some indication of the rates setting processes being used by the Council. We remind Council that the overall responsibility for the compliance of rates rests with the Councillors.</p>



C. Areas of audit focus

Area of audit focus	Our approach
<p>Management override of controls</p> <p>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.</p> <p>We are required to design and perform audit procedures to respond to those risks and therefore this is a focus area for our audit. 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. It has a potential impact to the wider financial statements and is therefore a significant risk for our audit.</p>	<p>We plan to:</p> <ul style="list-style-type: none"> • Understand and evaluate the financial reporting process and the controls over journal entries and other adjustments made in the preparation of the financial statements. • Test the appropriateness of a sample of journal entries and adjustments and make enquiries about inappropriate or unusual activities relating to the processing of journal entries and other adjustments. • Review accounting estimates for bias 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. • Perform a retrospective review of management's judgements and assumptions relating to significant estimates reflected in last year's financial statements. • Obtain 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.



C. Areas of audit focus

Area of audit focus	Our approach
<p>Valuation of infrastructure assets</p> <p>The Council accounts for revaluations of infrastructure assets on a class of asset basis. The asset classes include waters assets, roading assets, storm and waste assets, heritage assets and investment properties.</p> <p>Management have adopted a rotation plan for revaluing the asset classes so the valuations are not all completed in the one year. Assets that experience significant changes in fair value are revalued outside the rotation plan. With the recent weather events in early 2023, the fair value of several asset classes assets may also be impacted.</p> <p>The Council plans to engage independent third party valuation experts to undertake the valuation of these assets, as well as determine (on a desk top basis) whether there has been any material movement in the fair value of the infrastructure assets not subject to a full valuation in 2023.</p> <p>There is a risk that revaluations are not appropriate because of incorrect assumptions and/or data, and that revaluation movements are not adequately reflected in the financial statements.</p> <p>To ensure that there are no delays in the FY23 audit, it is crucial that there is ownership over the fixed asset reconciliation process and both finance and infrastructure asset team complete the following procedures before our August audit visit:</p> <ul style="list-style-type: none"> • Reconciliation between the GL and fixed asset register as at June 23; • Construction and renewal information has been updated in the underlying fixed asset database; • The opening and closing balance, additions and disposals in the valuation reports be reconciled with the underlying financials and RAAM data; • Management to have reviewed the valuation reports and challenge the assumptions and statements made by the valuers in the valuation report. • Provide updates on the recommendations made from the prior year audit valuers and peer reviewers. 	<p>In order to address this risk, we plan to:</p> <ul style="list-style-type: none"> • Follow up with management on any findings have raised on Property, Plant and Equipment; • Obtain the independent valuations of the relevant infrastructure asset classes; • Obtain representations directly from the independent valuers confirming their valuation methodology; • Review the reconciliations to underlying data; • Review the key underlying assumptions used by the independent valuers to determine whether these assumptions were reasonable and in line with NZ generally accepted accounting practice (NZ GAAP); • Hold various discussions with the valuers as appropriate; and • Determine whether the revaluation transactions are correctly accounted for and disclosed in the financial statements in compliance with NZ GAAP. If there is significant valuation uncertainty noted, ensure that this has been adequately disclosed in the financial statements; • Review desktop reports from the valuers to identify any material fluctuations in value of assets not revalued in the current year; • Obtain representations from management's experts as to impairment indicators and material fluctuations in respect of assets not revalued in the current year; and • Consider any caveats included in the valuation; • Review the disclosures in the financial statements on the revaluation assumptions.

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C. Areas of audit focus

Area of audit focus	Our approach
<p>Government reviews and proposals</p> <p>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.</p> <p>Three waters reform</p> <p>The Government is currently carrying out the Three Waters Reform Programme through a suite of legislation including;</p> <ul style="list-style-type: none">• The Water Services Entities Act• The Water Services Legislation Bill• The Water Services Economic Efficiency and Consumer Protection Bill <p>In early April 2023 the Government announced changes to the water services reform programme. These changes included increasing the number of new water services entities from four to ten. The ten new entities will replace the services currently managed by 67 territorial local authorities.</p> <p>The Government also decided to change the establishment date of the entities, with the new entities going live sequentially from early 2025 with this process to be completed by 1 July 2026 at the latest.</p> <p>The Government intends introducing and passing legislation to implement these changes and associated matters before the 2023 general election.</p>	<p>As part of our audit process we will:</p> <ul style="list-style-type: none">• Continue 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• Maintain close communication with the Office of the Auditor-General ('OAG') if there are any other areas that requires further consideration. <p>Our audit report will likely draw readers' attention to disclosures made in the financial statements setting out the three waters reforms and their impact on the councils' operations, and ensure that any disclosures made by councils should be balanced and fair.</p>



C. Areas of audit focus

Area of audit focus	Our approach
OAG Audit Brief and Other items <p>The OAG Audit Brief has been updated with the main change being allocation of a significant risk relating to the 2023 flooding events. <i>Refer to slide – ‘OAG Audit Brief – 2023 flooding events’ below.</i></p> <p>The main areas of focus include:</p> <ul style="list-style-type: none">• Related party transactions, conflicts of interest, sensitive expenditure and severance payments• Legislative compliance• Procurement: Procurement is an area of focus for the work programme of the Auditor-General (OAG) and while no specific projects have been identified relating to local government at this stage for 2022/23, it is expected that major capital projects and significant procurement activity are areas where audit effort is focused.• Central government/stimulus funding: It is important that Council is accounting for this funding in accordance with PBE accounting standards, being transparent with communities and meeting any obligations.• Climate Change: Climate change is an area of focus for the work programme of the OAG as Local government is becoming a focus for climate change related action. The OAG focuses on the Councils ability to provides for the resilience of infrastructure assets to the risk of natural hazards, including making sufficient financial provision to respond to these risks.	<p>We plan to meet with management to update our understanding of the plans and processes in place to address the focus areas of the OAG, including understanding any information requests from central government organisations during the period.</p> <p>For funding received, we will review contracts and focus on the risk that revenue may not be recoded in the appropriate accounting period due to incorrect recognition or deferral of revenue. This could arise from incorrectly identifying conditions or restrictions associated with revenue transactions or incorrectly applying the contractual terms associated with the timing of when revenue is recognised;</p>



C. Areas of audit focus

Area of audit focus	Our approach
OAG Audit Brief (continued) <ul style="list-style-type: none">• Three waters reform : Council needs to ensure that they disclose any developments or changes (as a result of the three waters reform) appropriately. This may include changes to the Government’s proposal, or the progress of the Bill through the House. The Water Services Legislation Bill and Water Services Economic Efficiency and Consumer Protection Bill are current before select committee. Councils may also be able to provide more quantitative information on the potential impact on the financial statements if the bills are passed• There is also a risk that Council may make decision or approve projects which are inconsistent with the interests of the water entities.• Capital expenditure delivery : Capital expenditure is a focus area for the OAG and the focus will be placed on Councils ability to delivery in line with the 2021/31 LTP.	<p>Our audit report will draw readers’ attention to disclosures made in the financial statements setting out the three waters reforms and their impact on the councils’ operations, and ensure that any disclosures made by councils should be balanced and fair.</p>

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C. Areas of audit focus

Area of audit focus	Our approach
<p>Statement of service performance</p> <p>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 LTP.</p> <p>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.</p> <p>We are to consider whether the service performance information:</p> <ul style="list-style-type: none"> 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). <p>Based on our 2022 audit, a number of inconsistencies/errors were identified in the SSP which were corrected following communication to management.</p> <p>It is important that management have their own procedures in place to ensure reports used in the SSP are correct and agree to supporting documentation.</p> <p>Council is required to adopt PBE FRS 48 <i>Service Performance Reporting</i></p>	<ul style="list-style-type: none"> We will review Council's SSP against legislative requirements and good practice. This will include checking consistency with the performance framework included in 2021-2031 LTP and 2022/2023 annual plan; We will audit a sample of the reported performance measures, with a focus on the more significant Council activities; and We will review 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". We will also consider the adequacy of the SSP in light of the new requirements of PBR FRS 48



C. Areas of audit focus

Area of audit focus	Our approach
<p>OAG Audit Brief – 2023 flooding events</p> <p>In 2023, weather-related events including Cyclone Gabrielle caused flooding that significantly disrupted several regions of New Zealand. Potential implications include:</p> <ul style="list-style-type: none">• whether internal controls used to manage council financial and service performance information systems remained design and operationally effective when operations were disrupted;• the impairment and/or disposal of PPE that cannot be repaired;• how the unrepaired damage to revalued PPE is reflected in any resulting valuation;• the recognition of insurance proceeds received or receivable from insured assets that are damaged;• the recognition of any grants received or receivable from the Crown or other third parties;• how to reflect the performance story of the flooding events in the reported performance information;• whether there is any risk to councils of litigation resulting from the flooding events; and• whether there are implications to the going concern assumption	<p>We plan to meet with management to understand how the weather-related events has impacted FNDC. In particular, we will perform audit procedures over impairment of PPE, recognition of insurance and grants received or receivable, presentation of flooding events in the reported performance information, litigation arising from flooding events and implications to the going concern assumption.</p>



D. Quality of accounting records

- Accounting continues to become increasingly complex while at the same time, the level of regulatory scrutiny rises.
- While Council members are not expected to be accounting experts, there must be records demonstrating that they have:
 - Adequately questioned and assessed the key accounting treatments applied;
 - Applied professional scepticism when assessing management's views on areas on significant judgements and estimates; and
 - Acted on a fully informed basis, in good faith and with due diligence and care;
 - we have listed what we consider to be the main success factors in producing effective accounting papers below and note this list is non-exhaustive.

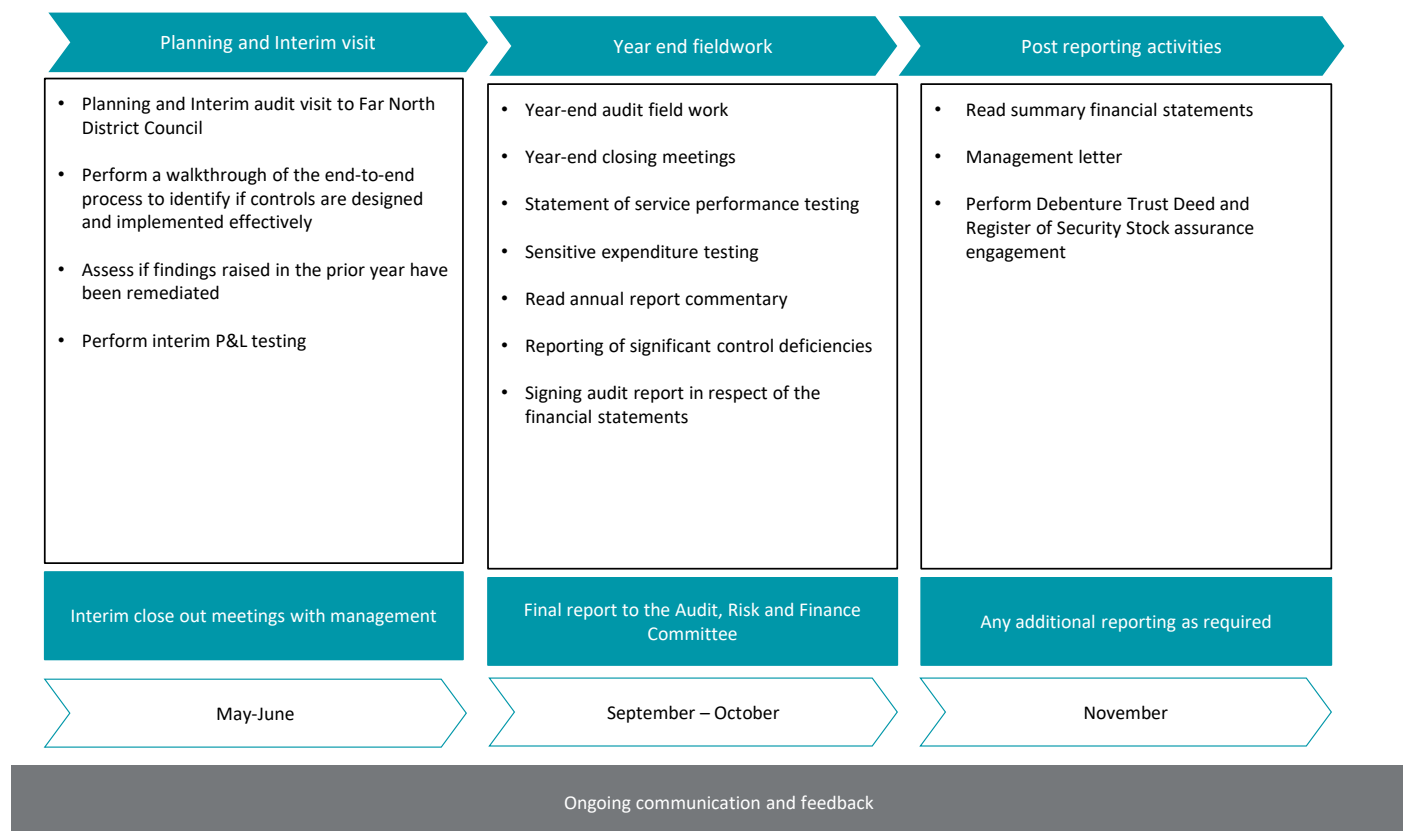
Key elements of appropriate accounting records	Comments
<ul style="list-style-type: none"> • Have accounting papers been prepared for all significant, complex transactions that happened during the year, or where significant judgements or estimates were required? • Were appropriately qualified specialists consulted, their reports properly considered, and assumptions validated? • Were accounting papers reviewed and approved at the appropriate level of management? • Fulsome analysis of contract(s) and other relevant facts and circumstances? • Documented considerations of further implications? • Contain a full and accurate description of the journals? • Did the papers consider the relevant disclosures required by the accounting standards? • Is there a Council approved-list of omitted disclosures that are confirmed to be immaterial? 	<p>Accounting papers are not generally prepared by management and should ideally be prepared for areas of key judgement or estimation.</p> <p>Accounting papers could be extended to consider further implications on other areas of financial reporting such as:</p> <ul style="list-style-type: none"> • Valuation outcome including key assumptions and judgements made in their determination; • Covid -19 impacts in the period and their impact on the financial results as well as relevant disclosures made thereon; • Methodologies and workings on every activity statement measure which will ensure that the calculations for every quarter is consistent. • Any specific areas of the SSP which are considered more sensitive or judgemental which should be brought to the attention of Council for debate or ratification; • Areas such as shovel ready, PGF funding and three waters where there are conditions and stipulations in the contract. Accounting papers should be completed for each significant project to ensure that revenue is recognised in line with PBE IPSAS.

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E. Continuous communication and reporting

The audit plan is executed throughout the year and hence the results will be analysed continuously and conclusions (preliminary and otherwise) will be drawn. The following sets out the expected timing of our reporting to and communication with you.



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F. Our team

Our audit will be led by Bennie Greyling as the Audit Partner.

He will oversee the co-ordination of the audit and has primary responsibility for working with your management team.

Shrav Chandra will be the primary point of contact for the finance team and will oversee the day to day execution of our group audit.

There are tax balances within the group accounts and we will allocate an appropriate specialist where necessary.

Name / Role	Contact details
Bennie Greyling Audit Partner	bengreyling@deloitte.co.nz +64 21 940 139
Shrav Chandra Audit Manager	shrachandra@deloitte.co.nz +64 20 4010 5437



3. Other reporting matters



3A. Fraud responsibilities and representations



Your responsibilities:

The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance, including designing, implementing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.



Our responsibilities:

- We are required to obtain representations from those charged with governance regarding internal controls, assessment of risk and any known or suspected fraud or misstatement.
- As auditors, we obtain reasonable, but not absolute, assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error.
- As set out in the areas of audit focus section of this document, we have identified the risk of fraud in management override of controls as a significant audit risk for your organisation.
- As required, we will consider any significant related party transactions outside the entity's normal course of business



Fraud characteristics:

- Misstatements in the financial statements can arise from either fraud or error. The distinguishing factor between fraud and error is whether the underlying action that results in the misstatement of the financial statements is intentional or unintentional.
- Two types of intentional misstatements are relevant to us as auditors – misstatements resulting from fraudulent financial reporting and misstatements resulting from misappropriation of assets.

We will make inquiries of management, internal audit and others within the entity as appropriate, regarding their knowledge of any actual, suspected or alleged fraud affecting Far North District Council. In addition, we are required to discuss the following with the Audit, Risk and Finance Committee:

- Whether the Audit, Risk and Finance Committee has knowledge of any fraud, suspected fraud or allegations of fraud;
- The role that the Audit, Risk and Finance Committee exercises in oversight of Far North District Council's assessment of the risks of fraud and the design and implementation of internal control to prevent and detect fraud;
- The Audit, Risk and Finance Committee's assessment of the risk that the financial statement may be materially misstated as a result of fraud.

We will be seeking representations in this area from the Council in due course.



3B. Group audit considerations

Given the number of components within the Group, we have assessed the extent of procedures required to be performed at each location in order to gather sufficient audit evidence to reduce the risk of a material misstatement.

Our assessment of the scope of work to be performed on the group's components is based on financial significance of the Group's components, our initial risk assessment, materiality, and our understanding of the business in which the Group operates. A summary of the nature of work to be performed for each component entity is provided on the next page.



3B. Group audit considerations (cont.)

A summary of the nature of work to be performed on group entities and details of component auditors is as follows:

Location (or subsidiary)	Component auditor (firm and partner name)	Scope
Far North District Council	Deloitte (Auckland, Bennie Greyling)	●
Far North Holdings Limited*	Deloitte (Auckland, Bennie Greyling)	●
Bay of Islands Marina Limited**	Deloitte (Auckland, Bennie Greyling)	●
Far North Housing Limited**	Deloitte (Auckland, Bennie Greyling)	●
Far North Skincare Limited#	Deloitte (Auckland, Bennie Greyling)	●
Kaikohe Berryfruit##	Deloitte (Auckland, Bennie Greyling)	●
Pou Herenga Tai Twin Coast Cycle Trail Charitable Trust ¹	Deloitte (Auckland, Bennie Greyling)	●
Te Ahu Charitable Trust ¹	Deloitte (Auckland, Bennie Greyling)	●
Northland Inc. ##	Deloitte (Auckland, Bennie Greyling)	●

* 100% Council Controlled Organisation

** Wholly owned subsidiaries

50% equity shareholding of joint venture

Investment in associate

¹ Council controlled organisation

Scope legend



Financially significant, subject to full scope audit



Significant due to risk, subject to audit of specified account balances



Non-significant, subject to analytical procedures, specific procedures or review

3C: Independence and fees

We are still working through the proposed fees with management and the OAG. and are also reviewing what is considered a fair rate per hour. We will update you on our progress at the meeting

List of Services	FY23 fees (\$'000)	FY22 fees per APL (\$'000)
Fees payable for the audit of the Group financial statements (excluding disbursements)	TBD	187
Total audit fees for financial statements		187
Other assurance services	TBD	
- Trustee Reporting	-	5
Total audit related and other assurance fees		192
Fees payable for the audit of the Group financial statements (excluding disbursements)	TBD	187



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?cid=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 IPSAS 41 Financial Instruments	1 January 2022
PBE IFRS 17 Insurance Contracts	1 January 2023

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.

In addition, disclosure is required in the financial statements prior to the effective date of the new standards. Disclosure should outline:

- how the key concepts will be implemented and how this differs to current practice,
- the timeline for implementation and expected use of any transition options, and
- quantitative/qualitative information on the magnitude of the expected impact.

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

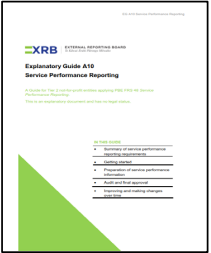
Determine the impact on covenants & regulatory capital requirements, tax, dividends & employee incentive schemes



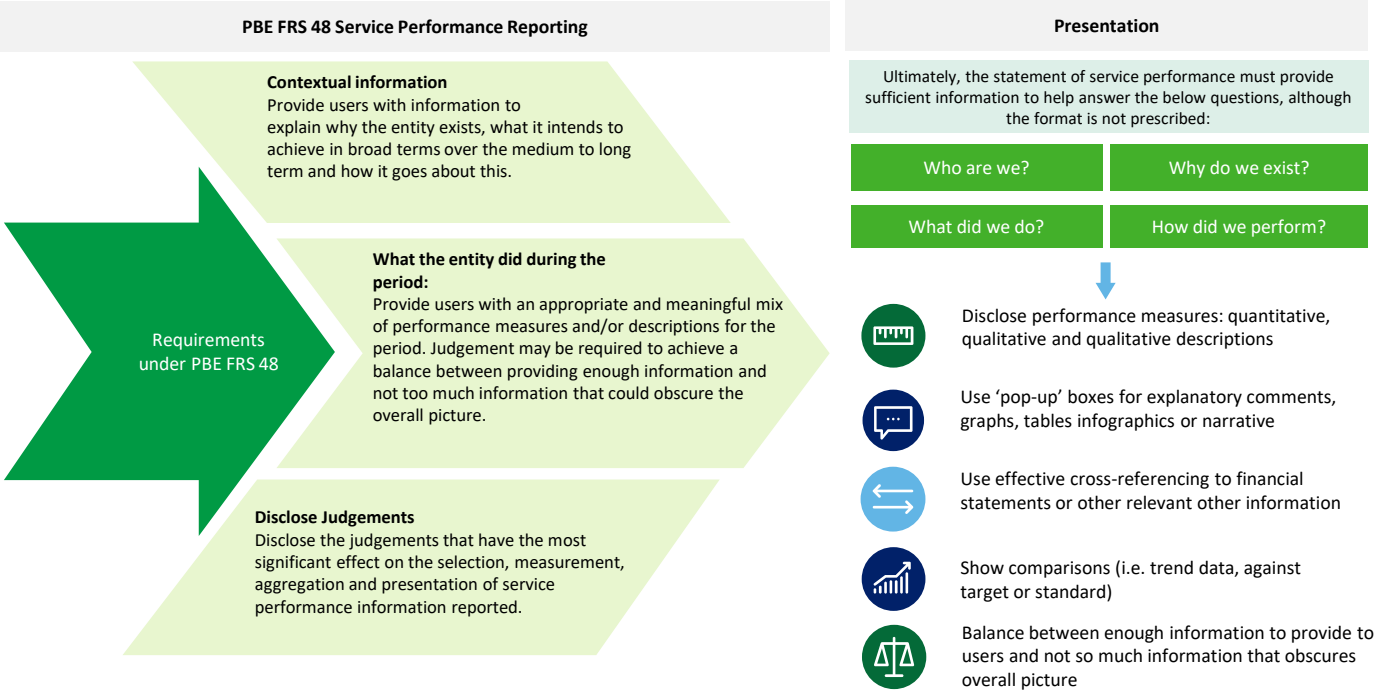
Developments in financial reporting – PBE FRS 48 *Service Performance Reporting*

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.



Explanatory guidance available in the XRB’s website



Developments in financial reporting – PBE Interest Rate Benchmark Reform (Amendments to PBE IPSAS 41, PBE IFRS 9, PBE IPSAS 29 and PBE IPSAS 30)

In a nutshell

- Interbank offered rates (IBORs) are interest reference rates, such as LIBOR, EURIBOR and TIBOR, that represent the cost of obtaining unsecured funding, in a particular combination of currency and maturity and in a particular interbank term lending market. Recent market developments have brought into question the long-term viability of those benchmarks.
- The amendments deal with issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative interest rate and address the implications for specific hedge accounting requirements in PBE IPSAS 29 *Financial Instruments: Recognition and Measurement*, or PBE IPSAS 41/PBE IFRS 9 *Financial Instruments* which require forward-looking analysis. There are also amendments to PBE IPSAS 30 *Financial Instruments: Disclosures* regarding additional disclosures around uncertainty arising from the interest rate benchmark reform.
- The changes in Interest Rate Benchmark Reform
 - modify specific hedge accounting requirements so that entities would apply those hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform;
 - are mandatory for all hedging relationships that are directly affected by the interest rate benchmark reform;
 - are not intended to provide relief from any other consequences arising from interest rate benchmark reform (if a hedging relationship no longer meets the requirements for hedge accounting for reasons other than those specified by the amendments, discontinuation of hedge accounting is required); and
 - require specific disclosures about the extent to which the entities' hedging relationships are affected by the amendments.

Effective date

The amendments are effective for annual periods beginning on or after 1 January 2020 and must be applied retrospectively. Early application is permitted.

Developments in financial reporting – PBE Interest Rate Benchmark Reform (Phase 2) (*Amendments to PBE IPSAS 41, PBE IFRS 9, PBE IPSAS 29 and PBE IPSAS 30*)

In a nutshell

- The amendments address issues that might affect financial reporting after the reform of an interest rate benchmark ('IBOR reform'), including its replacement with alternative benchmark rates. The changes relate to the modification of financial assets, financial liabilities, specific hedge accounting requirements, and disclosure requirements to accompany the amendments regarding modifications and hedge accounting.
- **Modification of financial assets, financial liabilities and lease liabilities.** The amendments introduce a practical expedient for modifications required by the IBOR reform (modifications required as a direct consequence of the reform and made on an economically equivalent basis). These modifications are accounted for by updating the effective interest rate. All other modifications are accounted for using the existing requirements.
- **Hedge accounting requirements.** Under the amendments, hedge accounting is not discontinued solely because of the IBOR reform. Hedging relationships (and related documentation) must be amended to reflect modifications to the hedged item, hedging instrument and hedged risk. Amended hedging relationships should meet all qualifying criteria to apply hedge accounting, including effectiveness requirements.
- **Disclosures.** In order to allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition, the amendments require that an entity discloses information about:
 - how the transition from interest rate benchmarks to alternative benchmark rates is managed, the progress made at the reporting date, and the risks arising from the transition;
 - quantitative information about non-derivative financial assets, non-derivative financial liabilities and derivatives that continue to reference interest rate benchmarks subject to the reform, disaggregated by significant interest rate benchmark;
 - to the extent that the IBOR reform has resulted in changes to an entity's risk management strategy, a description of these changes and how is the entity managing those risks.

Effective date

The amendments are effective for annual periods beginning on or after 1 January 2021. Earlier application is permitted. In some cases where the amendments relate to standards that are not yet effective, the amendments are effective from 1 January 2021 or when an entity applies those standards.

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 style="list-style-type: none"> 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) 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) 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 all other instruments (including all derivatives) are measured at fair value through profit or loss
Classification and measurement of financial liabilities	<ul style="list-style-type: none"> 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
Embedded derivatives	<ul style="list-style-type: none"> 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)
Impairment	<ul style="list-style-type: none"> change to expected loss model whereby it is no longer necessary for a credit event to have occurred before credit losses are recognised
Hedge Accounting (HA)	<ul style="list-style-type: none"> a broadening of the risks eligible for hedge accounting changes in the way forward contracts and derivative options are accounted for when in a hedge accounting relationship, which reduces profit or loss volatility the effectiveness test has been replaced with the principle of an “economic relationship” enhanced disclosures regarding an entity’s risk management activities

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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 [here](#).



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?
- 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?

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.



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 '[Controlling sensitive expenditure: Guide for public organisations](#)' 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"





Managing conflicts of interest involving council employees

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6.4 REVENUE RECOVERY REPORT AS AT 30 JUNE 2023

File Number: A4305340

Author: Zena Tango, Revenue Recovery Officer

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 final 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 30 June 2023.

TĀHUHU KŌRERO / BACKGROUND

This document has been prepared to outline the arrears balances for rates, water, and Sundry debt as of 30 June 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

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 1st of July 2022, the General Title rates total arrears balance has been reduced by 41% and water rates by 61%.

BACKGROUND

This document has been prepared to outline the arrears balances for rates, water, and Sundry debt as of 30 June 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 1st of July 2022, the General Title rates total arrears balance has been reduced by 41% and water rates by 61%.

General Title rates and water debt

Key actions since the last report:

- Mortgage demand process was completed, and final demand issued to all banks and financial institutions for all rate accounts with an outstanding arrears balance and no payment arrangement.

- Final mortgage demand payment from one bank was received post rating year end. (89 properties, \$369,148.85) Efficiencies have been put in place for future demands.
- Statutory demand proceedings have started against the properties owned by organizations with Law North.
- Law North are working on financial assessment applications for properties where judgment was received but no payments been made.
- Recruitment of a revenue recovery officer was completed. The new officer started 10 July 2023.

Next actions:

- Complete reporting for all properties with mortgages and commence pre-mortgage demand calling.
- Prepare and issue mortgage demand to the 5 major banks after the 1st of August 2023 once pre-mortgage demand has been completed.

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.
- Financial institutions discharged properties during the Mortgage demand process.
- 30.8% of properties only have last year's rates in arrears and 17.14% have 2 years of arrears. Revenue Recovery will be contacting these owners by phone, email, or letter. Any water arrears will be picked up at the same time.
- 13.5% 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 or external to commence legal proceedings.

Maori Freehold Land rates and water debt

The rates debt has reduced by 11% since the start of the year of which 6.29% was for Maori Freehold land remissions. The water rates were reduced by 8.93% 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.

The 90-to-90-day+ debt has seen an increase and we are in the process of completing analysis to understand what is driving this increase.

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.

ĀPITI HANGA / ATTACHMENTS

1. **Revenue recovery report attachment as at 30 June 2023 - A4305334**  

General Title Rates 2022-2023							
General Title Rates - 30 June 2023	2021-2022	2020-2021	2019-2020	2018-2019	2017+	Total	# accounts
Abandoned Land	59,587.05	55,061.46	56,093.70	55,460.30	112,841.44	339,044	40
Payment Arrangement	15,809.21	12,322.08	6,868.72	1,372.09	2,411.61	38,784	9
Deceased Rate Payer	85,017.52	74,509.99	68,193.58	62,697.16	105,943.52	396,362	47
Mortgage Run 2022-23	309,190.83	137,629.99	53,591.82	38,516.17	45,360.24	584,289	222
Legal Action Commenced (external)	100,557.44	91,270.74	86,898.70	63,034.85	187,307.44	529,069	51
Legal Action Commenced (FNDC)	14,789.38	14,096.78	14,617.47	11,045.01	20,471.11	75,020	7
Liquidation	2,073.96	1,937.91	1,966.13	1,892.19	171.19	8,041	2
Direct Debit	85,236.55	35,880.01	19,274.90	7,045.41	3,418.46	150,855	57
Debt recovery action to commence	1,292,520.09	949,844.65	619,618.15	484,405.97	672,237.41	4,018,626	737
Rates Total	1,964,782	1,372,554	927,123	725,469	1,150,162	6,140,090	1,172

Water Arrears 2022-2023

General Title Water 30 June 2023	2021-2022	2020-2021	2019-2020	2018-2019	2017+	Total	# accounts
Abandoned Land	-	-	-	-	-	-	-
Payment Arrangement	263.98	-	-	-	-	264	1
Deceased Rate Payer	8,601.01	11,689.48	26,763.44	21,266.14	19,697.79	88,018	10
Mortgage Run 2022-2023	82,737.39	36,386.30	30,949.81	46,208.36	17,114.70	213,397	188
Legal Action Commenced (external)	9,547.75	4,944.57	4,949.21	7,187.14	16,778.94	43,408	8
Legal Action Commenced (FNDC)	6,074.05	4,037.80	4,859.68	3,408.84	7,466.03	25,846	2
Liquidation	-	-	-	-	-	-	-
Direct Debit	29,814.25	13,533.08	3,554.34	2,255.04	254.59	49,411	59
Debt recovery action to commence	136,847.40	127,027.89	48,549.36	28,090.34	43,755.26	384,270	194
Water Total	273,886	197,619	119,626	108,416	105,067	804,614	462

Sundry Debtors Aged Period Report as at 30 June 2023						
Category	30 Days	60 Days	90 Days	90 Days +	Total	% Debt
Sundry	16,150	20,015	7,544	120,986	164,695	12%
Bookings	80	-	4,855	2,908	7,843	1%
Septage	-	7,114	-	109	7,223	1%
Refuse	-	-	-	3,030	3,030	0%
Building	40,514	25,786	26,153	306,941	399,394	28%
Resource	138,017	36,958	65,451	456,100	696,526	49%
Liquor	13,093	3,082	1,000	2,579	19,753	1%
Health	7,117	1,783	7,285	99,252	115,436	8%
Total	214,971	94,737	112,288	991,904	1,413,900	100%

6.5 SWEETWATER - COMMISSIONING OF WATER SUPPLY

File Number: A4311400

Author: Janice Smith, Group Manager - Corporate Services

Authoriser: Guy Holroyd, Chief Executive Officer

TAKE PŪRONGO / PURPOSE OF THE REPORT

To update the Committee on the potential risk to the supply of water in Kaitaia

WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY

- The Sweetwater pipeline was completed in September 2022
- The project was for the construction of the pipeline and the timeframe did not include a commissioning phase.
- The water is sourced from two bores and the water from these bores differs in quality
- The water contains silica and even after running to ground, silica remains in minute form
- Options analysis is underway to determine the optimum use of the supply from the Awanui River and the Sweetwater bores.
- The risk is that the supply from Sweetwater will not be in a usable form prior for the summer season and this may be further impacted by the withdrawal from the Kauri Dam

TŪTOHUNGA / RECOMMENDATION

That the Te Miromiro - Assurance, Risk and Finance Committee receive the report Sweetwater - Commissioning of water supply.

TĀHUHU KŌRERO / BACKGROUND

The Sweetwater project was focused on building a pipeline from the bore site to the treatment plant in Kaitaia. The pipeline was not connected to the pipeline at handover of the project and a commissioning plan was not in place. The operations team were not involved in the design of the bores or the pipeline, and a plan to commission and treat the water only started once the pipeline was approaching completion.

The team have “discovered” several issues along the way that have stalled or delayed the ability to maintain water supply from the bores.

MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND NEXT STEPS

Bore 1 pump failure

The failed pump was removed and replaced with a new unit. The removed pump was repaired and has since been installed into Bore 2, as the motor on this pump also failed. The screen was found to have been damaged so a replacement smaller screen was installed within the existing screen (so as to not disturb the bore hole itself drastically - Potential bore collapse). The new lining was provided with a rated flow of 97m³/hr. Testing of Bore 1 has shown it has a long time to run before it is clean enough to be sent to the treatment plant for Treatment (Direct Filtration requires water to have less the 1NTU before reaching the filters as per the NZ Drinking Water Standard).

Run to clean time of bores

Bore 1 takes anywhere from 2.5 to 5 hours to reach the 1NTU threshold, it does drop down to around 4NTU quickly, but it is slow from there to reach the 1 NTU Drinking Water Standard requirement. Bore 2 is clean within 25 to 30 minutes.

The operators have met onsite with the landowners downstream of the flushing lines, as with the extended flushing from these bores it had flooded their land. FNW has been given approval by the owners to cross their land and clean the land drains so as to allow the flushing water to be discharged and flow directly to the lake. This has been priced and machinery can be onsite within a short period of time to start the clearing works.

Run time and recovery timeframes

Bore 1 has the ability to run long periods once clean - to date longest is 6 days, and the bore level on the probe dropped to approx. 10mtrs of water (when not in use the level sits in the mid-40s), yet it does still show signs of dropping slowly dropping over this period.

Bore 2 over the same period and flowrate (75m³/hr) dropped to 3.6mtrs and this is only 600mm away from the must turn off safety stop level to protect the pump. When this pump is run at a lower flowrate (70m³/hr - The lowest this pump is allowed to run) the level is better but does continue to drop meaning eventually the bore needs to stop running and allow the ground to recover. Based on the runs that have been completed - this recovery time is around 1 hour to be back up to 45mtrs above the bores.

Silica in the water

With the silica in the sand the water can't be treated in the same way as the Awanui river water. The Silica provides the wrong type of charge, so the chemical used to coagulate will not work to ensure we maintain a good filtering blanket in the clarifiers. The need to treat the water in a different manner is not how the plant was designed to operate. The other issue that comes with this is the level of Iron and Manganese which need to be treated out either at the plant, or at the source (at the source would be the recommendation, so the new pipeline is kept as clean as possible).

Current levels of Iron etc are not measured as there were never any instruments installed to test for this as part of the construction phase.

Silica will cause scaling within the towns hot water cylinders and would pose a large cost to the JNL mill if this was to make it to their boilers - notification of this would need to occur to JNL so they could alter their onsite water treatment.

Water blending

Blending of the 2 raw water supplies is currently not possible with the equipment that is installed. The Te Maire site cannot run slow enough to mix properly (current pump is due for replacement with a couple of Multistage pumps, which should make this a possibility). These pumps are due to be ordered and installed but we need to have a reliable source to use while this is done.

The static mixer installed for the Sweetwater supply was never made with a chlorine dosing point and that needs to be added to start the treatment process.

Risk to supply

This is a great unknown as we have already seen the levels in the bores drop with use during wet seasonal conditions. Given the use from the aquifer by orchardists and farmers, plus our use and the immature pine trees also in the vicinity of this aquifer, the resulting risk from water taken from this aquifer is going to be something we need to keep an eye on and manage. The ability of this supply to meet the summer requirement has not been proven to meet the needs of Kaitia by running it through the treatment plant. If the available water from this site was reduced to below 140m³/hr we would start to lose ground against the demands of the town.

Another risk that must be addressed is the fact that the Sweetwater site currently only has the ability to run one bore (Bore2) and the transfer pumps in the event of a power cut. The supplied trailer mounted generator does not have an automatic change over switch and was supplied as part of the construction as a tow to site option if required. We would need to source another generator for Bore 1 and have both of these fitted permanently and covered, automatic changeovers installed or run a power cable from Production Site to Bore 1, if we were to rely on Sweet water as a sole source of supply for any amount of time. The onsite communications installed were also via Cellular service and given the power situation this becomes an issue when

there is no power on site. To address this a fibre data connection between the two bore sites is also needed for the resilience of this site.

The operations team continue to work through the issues to achieve a supplemental supply for Kaitaia. The latest project report is attached for information.

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

The current operational assessment work to enable the treatment of the water has been around \$16k to date.


ĀPITI HANGA / ATTACHMENTS

1. Project Report Sweetwater #8 - A4320226 [↓](#) 


Sweetwater Commissioning


Monthly progress report – 26th July 2023

MILESTONES

Milestone 1 – Sustainable flow rate at BH2 with current quality levels 

Milestone 2 – Replace Pump and Screen in BH1 for additional resilience 

Milestone 3 – Permanent Solution to fix water turbidity 

Milestone 4 – Fix to address H2S (sulphur smell) 

Milestone 5 - Operational Handover 

PROJECT PROGRESS AND INDICATORS

Major Activities	Target	Actual	Indicator
Planning			
• Handover of 'Build Project'	30/09/22	28/09/22	100%
• Post-handover review (assessment of operational readiness)	16/09/22	16/09/22	100%
• Define 'Commissioning Project' (including financials)	14/10/22	14/10/22	100%
• Detailed design from WSP to address turbidity	25/11/22	N/A	100%
• Detailed design from WSP to address H2S	25/11/22		15%
• Engage contractors	14/10/23	14/10/22	100%
Physical Works			
• Replace air injection equipment, as a temporary solution, to improve water quality from BH2	19/10/22	19/10/22	100%
• Replace pump at BH1 with new pump/screen	18/11/22	18/11/22	100%
• Construct turbidity diversion and addition instrumentation	17/02/23	27/04/2023	100%
• Installation of permanent solution for H2S Treatment	27/01/23		15%
Operational Activities			
• Implement correct flowrates and shutdown procedure	18/11/22		80%
• Reconfigure SCADA so plants can operate remotely	24/02/23	27/04/2023	100%
• Test and commissioning of full system (incl. treatment plant)	17/03/23		70%
• Update As-builts and Operational Procedures	17/03/23		0%
Project Completion	17/03/23		0%

HIGHLIGHTS

Achieved in past period	Planned for next period
<p>Milestones 1, 2, & 3 are complete for both bores.</p> <p>Water has been passed through the plant successfully in small batches, under operator supervision.</p>	<p>1. Cleaning of the flush outlet drain (approx. 1km long through neighbours' properties) must be done as the volumes of water needed to get turbidity below 1ntu is very high (approx. 400m3) each time it starts. This causes flooding to farm land.</p> <p>2. Have had one of the turbidity bypass actuators fail – Replacements ordered and will be installed as soon as they arrive.</p> <p>3. Post Reservoir online monitoring to provide treatment analysis and compliance to be installed – Equipment is in with project team awaiting installation. This provides continuous monitoring to the Drinking Water Standards that must be in place.</p> <p>4. Tomata Arawai water Assy to be completed once we can flush water again, this is so we can assure Drinking Water Standards.</p> <p>5. Connect NTU, Conductivity and Ph sensors at bore sites into Historian and Water outlook for compliance.</p>

INTERNAL

Still to resolve
<p>Generator Automatic start to be purchased and installed. The supplied generator is only able to run Bore 2 and the Transfer pump. Bore 1 Electrical circuit is entirely separate and off a different feed. Voltage drop if cabled from Bore 2 site, is expected to cause the bore to not run at Bore 1. Need to confirm if there was a VA for the Generator ATS?</p> <p>Automation of the plant needs to be resolved, will require a PLC replacement and delivery for these items are very long. Also as part of this the H2S design and work still needs to be finished.</p> <p>Another consideration is the MoH flouridisation works, this will require full automation works as well, along with many other plant changes, a membrane plant could resolve these issues as it has the automation, ability to treat both sources of water and assist with the Flouradisation works. Decision to put one at either the Kaitaia plant itself or one at both sites would need to be confirmed.</p> <p>Investigation as part of the plants filter media change out has identified that the blowers installed are 1/3 the correct size for the filters we have, and we will need to upgrade this. This work would need to be done even if Sweetwater was not involved, to put the filter backwash efficiency back to correct levels.</p> <p>A flush mechanism after the UV will need to be fitted, to enable water to be diverted away from the Reservoirs if the monitoring shows a breach in the treatment process. This will be relatively simple to install and source parts for.</p>

PROJECT TEAM

Project Sponsor: Karl Schenker / Peter Oliver **Project: Manager:** Mike Hayes **Senior Engineer:** Burkhardt Glaser

Overall Status



INTERNAL

6.6 PEOPLE AND CAPABILITY QUARTERLY UPDATE: 1 APRIL - 30 JUNE 2023

File Number: A4311099

Author: Mia Haywood, People and Capability Data and Systems Specialist

Authoriser: Jill Coyle, Group Manager - People & Transformation

TAKE PŪRONGO / PURPOSE OF THE REPORT

The purpose of this report is to present the Te Miromiro - Assurance, Risk and Finance Committee with the quarterly update for People and Capability.

WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY

Included in the report is information on:

- Exit Interviews and Analysis.
- Personal Grievances; and
- Disciplinary Actions and Costs.

TŪTOHUNGA / RECOMMENDATION

That the Te Miromiro - Assurance, Risk and Finance Committee receive the report People and Capability Quarterly Update: 1 April - 30 June 2023

TĀHUHU KŌRERO / BACKGROUND

This report will be presented to the Te Miromiro - Assurance, Risk and Finance Committee on a quarterly basis.

MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND NEXT STEPS

This report is Information only.

ĀPITI HANGA / ATTACHMENTS

1. People Capability Report Q4 2023 - A4311109 [↓](#) 

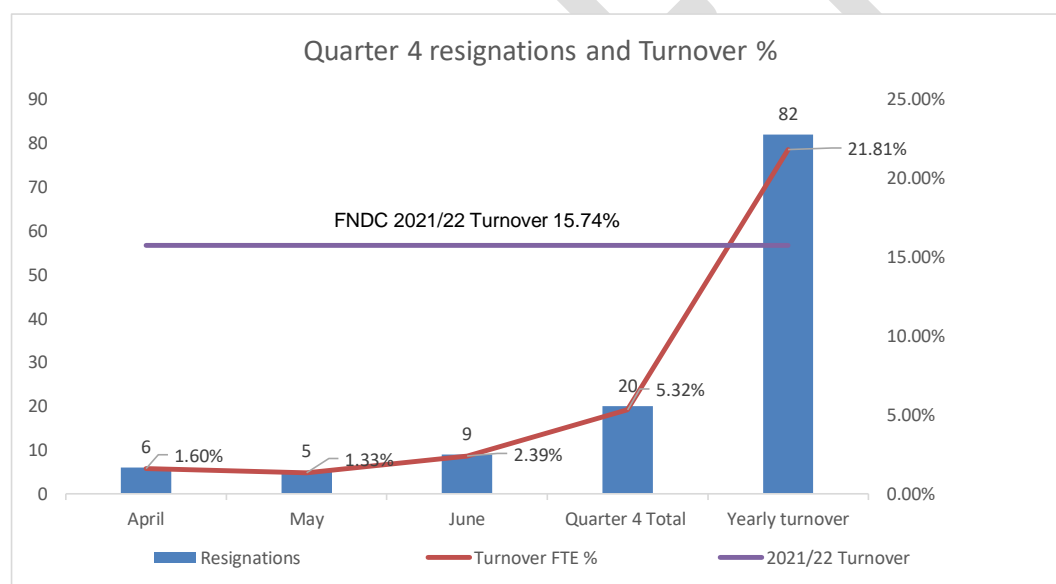
People and Capability Report to Assurance, Risk and Finance Committee Period 1 April – 30 June 2023

Staff Turnover

During quarter four, twenty staff have left Far North District Council. This has resulted in a quarterly turnover rate of 5.32%.

Our 2022-2023 turnover rate has concluded at 21.30%, comprised of 82 staff having left Far North District Council. For comparison, our 2021/2022 turnover rate was 15.75%, which was not dissimilar to other Councils around New Zealand, with many of them reaching over 20%.

During quarters three and four Far North District Council undertook a council wide realignment which resulted in 23 staff members being disestablished (9 of which have now left and fourteen who have been successfully redeployed into other positions within Council).



People Leaders are working alongside People and Capability to help retain staff by identifying high risk roles and undertaking succession planning. There has also been a council wide engagement survey completed during quarter four, the results from this will help identify areas for improvement across council to help retain and attract staff.

Exit Interviews and Analysis

The total number of survey responses completed for this financial year is thirty-nine. Reviewing the Exit Survey responses provides us with valuable information on why staff are choosing to leave and highlights areas where we need to direct attention.

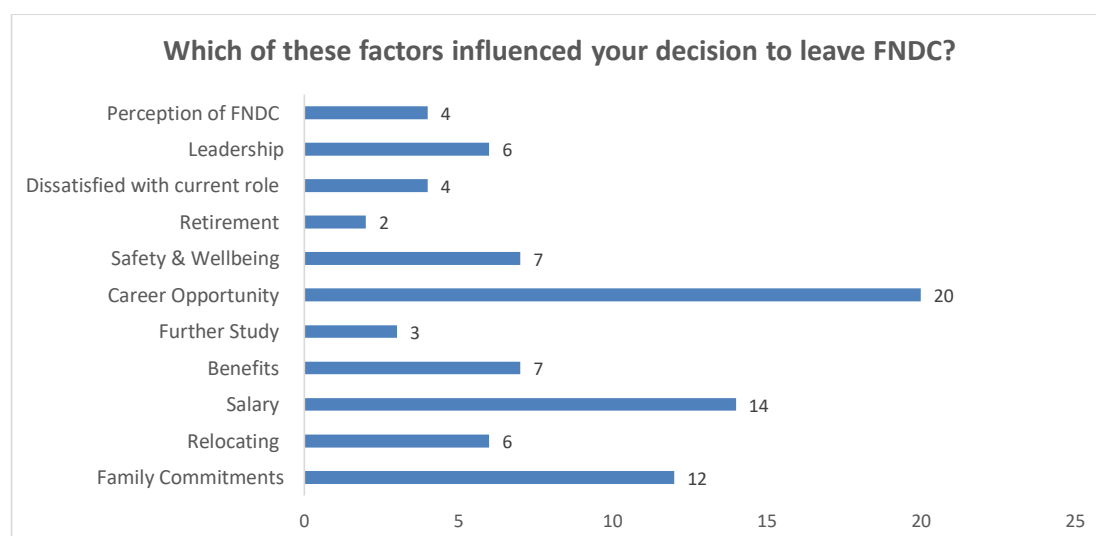
The following findings have been identified:

What staff liked most about working at FNDC:

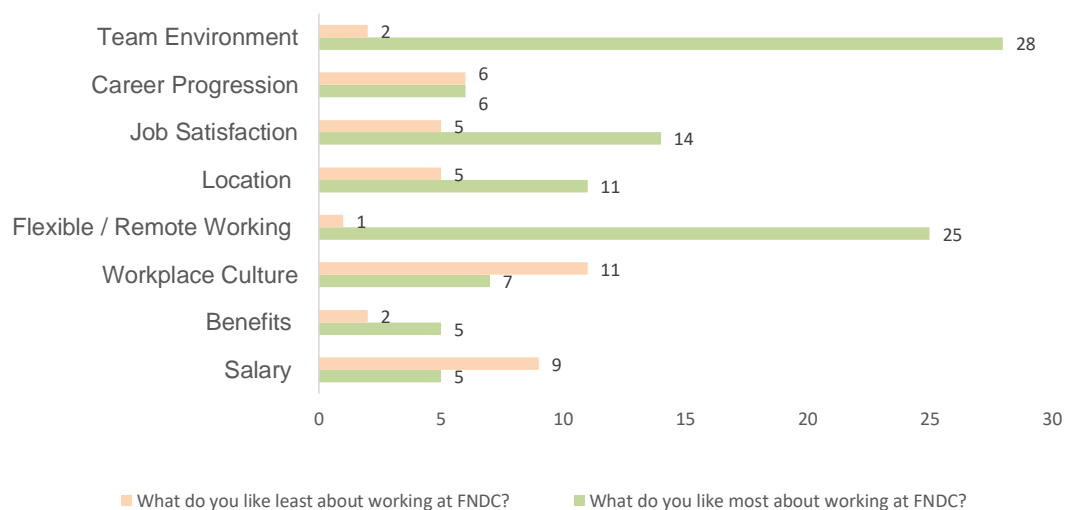
- Team Environment
- Flexible/Remote Working
- Job Satisfaction

Top reasons to leave FNDC;

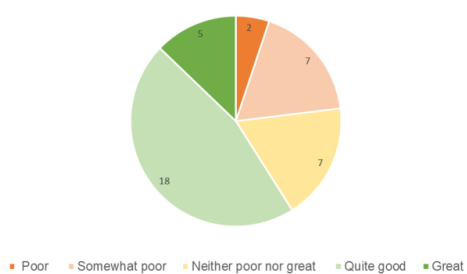
- Other Career Opportunity
- Salary
- Family Commitments



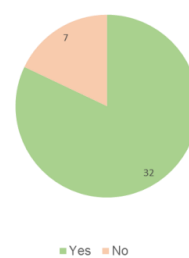
What do you like least and most about working at FNDC?



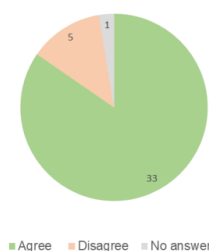
How would you overall rate the culture at FNDC?



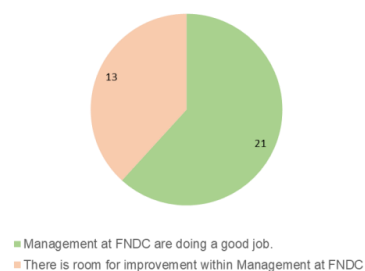
Would you recommend FNDC as an employer of choice?



You had the resources that you needed to be able to do your job?



How would you rate the overall Management at FNDC?



Personal Grievances

We have 3 personal grievances which are currently being worked through.

Retention and Recruitment Issues

Not unique to the Far North, there are some serious concerns regarding recruitment and retention of talent within Council.

While the nation-wide struggle for recruiting within the consents and planning spaces is showing no change, we have recently engaged an recruitment agency to take a more direct targeted approach to fill these significant vacancies, with interviews in the Resource Consents teams (for various roles) already underway. The other proposals are imminent for the Planning and Policy group.

We are also looking at holding a recruitment expo and developing a graduate programme so we can grow our talent.

Disciplinary Actions and Costs

During this period there have been no formal disciplinary processes.

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
7.1 - 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
7.2 - Far North Holdings Ltd Risk Register and Risk Report, May 2023	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)(c)(i) - the withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied	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
7.3 - FNDC Current Legal Action 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

8 KARAKIA WHAKAMUTUNGA / CLOSING PRAYER

9 TE KAPINGA HUI / MEETING CLOSE