



**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 Tāmami Rākena
Cr Felicity Foy
Cr Babe Kapa
Cr Mate Radich

 <p>Far North District Council Te Kaunihera o Tai Tokerau ki te Raki</p>	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

Tāmami 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.

UNCONFIRMED

**MINUTES OF FAR NORTH DISTRICT COUNCIL
ORDINARY TE MIROMIRO - ASSURANCE, RISK AND FINANCE COMMITTEE MEETING
HELD AT THE COUNCIL CHAMBERS, MEMORIAL AVENUE, KAIKOHE
ON 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 Tāmari 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.

UNCONFIRMED

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

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.

WHAKARĀPOPOTO 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

ĀPITIHINGA / 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.

ĀPITIHINGA / ATTACHMENTS

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

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** [↓](#) 

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

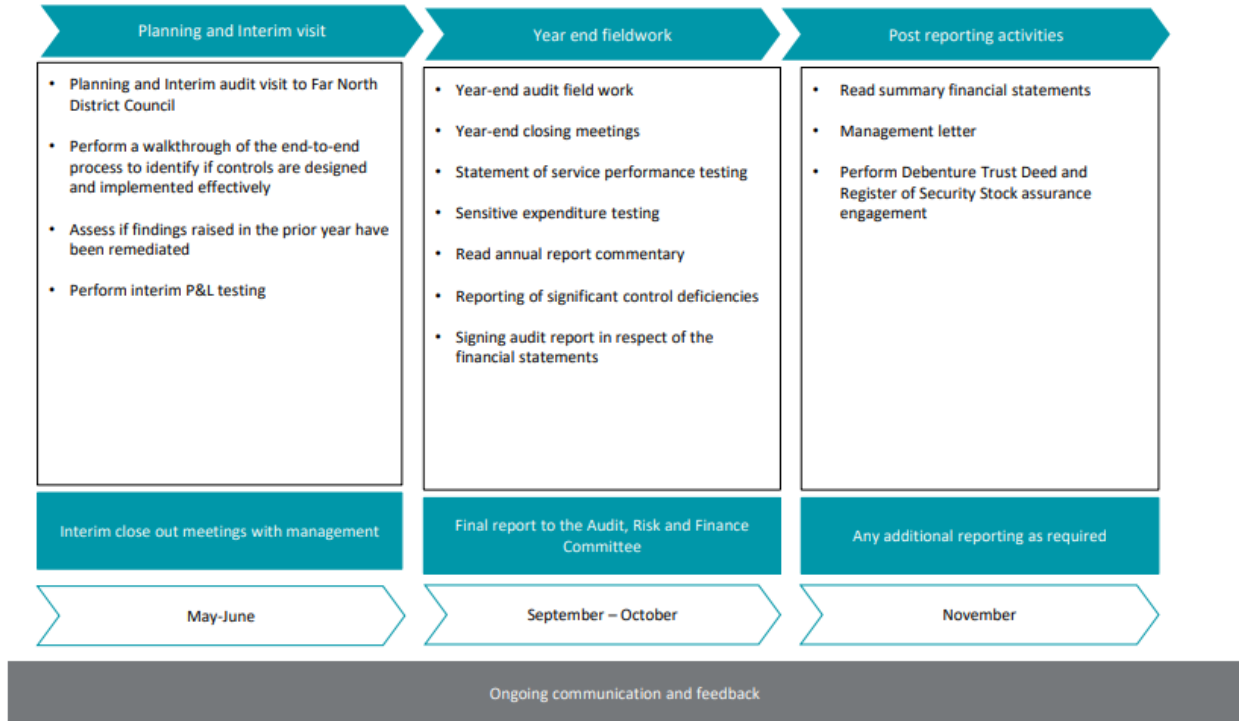


The columns “Significant Risk” and “Fraud Risk” are used by Deloitte to establish their work programme, they do not mean that these are areas of concern at Council, just areas they will focus on to ensure controls are in place.

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 [↓](#) 

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.

ĀPITIHINGA / ATTACHMENTS

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

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 Kaitaia 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.

ĀPITIHINGA / ATTACHMENTS

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

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** [↓](#) 

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