



**Far North
District Council**



Te Kaunihera o Te Hku o te Ika

AGENDA


Te Miromiro - Assurance, Risk and Finance Committee Meeting

Wednesday, 22 May 2024

Time: 10.00
Location: Council Chamber
5 Memorial Avenue
Kaikohe 0405

Membership:

Mr Graeme McGlinn - Chairperson
Deputy Chairperson John Vujcich
Kahika - Mayor Moko Tepania
Kōwhai - Deputy Mayor Kelly Stratford
Cr Ann Court
Cr Penetaui Kleskovic
Cr Steve McNally

 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.

Mr Graeme McGlinn – Chairperson and Independent Member

John Vujcich – Deputy Chairperson

Kahika - Moko Tepania

Kōwhai - Kelly Stratford

Ann Court

Penetaui Kleskovic

Steve McNally

Quorum

The quorum at a meeting of the Committee is 4 members.

Frequency of Meetings

The Committee shall meet six weekly.

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 Chamber, 5 Memorial Avenue, Kaikohe 0405 on:
Wednesday 22 May 2024 at 10.00am

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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: A4692742

Author: Fleur Beresford, Democracy Advisor

Authoriser: Casey Gannon, Manager - Democracy Services

TAKE PŪRONGO / 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.

TŪTOHUNGA / RECOMMENDATION

That Te Miromiro - Assurance, Risk and Finance Committee confirm the minutes of the Extraordinary meeting held 28 February 2024 are true and correct.

1) TĀHUHU KŌRERO / 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) MATAPAKI ME NGĀ KŌWHIRINGA / 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.

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

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

ĀPITI HANGA / ATTACHMENTS

- 2024-02-28 Te Miromiro - Assurance, Risk and Finance Committee Minutes [A4592258]**
- A4592258  

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	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. State the possible implications and how this report aligns with Te Tiriti o Waitangi / The Treaty of Waitangi.	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.

Te Miromiro - Assurance, Risk and Finance Committee Meeting Minutes

28 February 2024

**MINUTES OF FAR NORTH DISTRICT COUNCIL
TE MIROMIRO - ASSURANCE, RISK AND FINANCE COMMITTEE MEETING
HELD AT THE COUNCIL CHAMBER, 5 MEMORIAL AVENUE, KAIKOHE 0405
ON WEDNESDAY, 28 FEBRUARY 2024 AT 10.00**

- PRESENT:** Mr Graeme McGlinn, Deputy Chairperson John Vujcich (Virtually), Kōwhai - Deputy Mayor Kelly Stratford, Cr Ann Court, Cr Penetaui Kleskovic (Virtually), Cr Steve McNally.
- IN ATTENDANCE:** Virtually: Cr Felicity Foy, Cr Mate Radich, Adele Gardner (Chairperson - Kaikohe-Hokianga Community Board). *NOTE: apology from Cr Babe Kapa.*
- STAFF PRESENT:** Guy Holroyd (Chief Executive), Margriet Veenstra (Group Manager Corporate Services), Jonathan Slavich (Chief Financial Officer), Emma Healy (Executive Officer), Zena Tango (Team Leader – Transaction Services), Ian Wilson (Manager – Health Safety & Wellbeing), Jacine Warmington (Group Manager – Strategic Relationships), Roger Ackers (Group Manager – Planning and Policy), Tanya Proctor – (Head of Infrastructure Strategy), Ruben Garcia (Group Manager – Community & Engagement), Angie Thomas (Team Leader – Accounting Services), Esther Powell (Climate Action & Resilience), Zena Tango (Team Leader – Transaction Services), Elbie Serfontein (Executive Assistant to Group Manager - Corporate Services), Joshna Panday (Risk & Assurance Specialist), Casey Gannon (Manager - Democracy Services), Imrie Dunn (Democracy Advisor - Democracy Services), Fleur Beresford (Democracy Advisor - Democracy Services).

1 KARAKIA TIMATANGA / OPENING PRAYER

At 10.00am Kowhai Deputy Mayor Kelly Stratford opened the meeting with a prayer.

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

RESOLUTION 2024/1

Moved: Mr Graeme McGlinn

Seconded: Kōwhai - Deputy Mayor Kelly Stratford

That the apology received from Kahika Mayor Moko Tepania be accepted and leave of absence granted.

CARRIED

2 NGĀ TONO KŌRERO / DEPUTATION

Nil

Te Miromiro - Assurance, Risk and Finance Committee Meeting Minutes

28 February 2024

4 TE WHAKAAETANGA O NGĀ MENETI O MUA / CONFIRMATION OF PREVIOUS MINUTES**4.1 CONFIRMATION OF PREVIOUS MINUTES**

Agenda item 4.1 document number A4570975, pages 8 - 12 refers.

RESOLUTION 2024/2

Moved: Deputy Chairperson John Vujcich
Seconded: Cr Ann Court

That Te Miromiro - Assurance, Risk and Finance Committee confirm the minutes of the Extraordinary meeting held 4 December 2023 are true and correct.

CARRIED**5 NGĀ PŪRONGO TAIPITOPITO / INFORMATION REPORTS****5.1 TOP 10 ORGANISATIONAL RISK UPDATE**

Agenda item 5.1 document number A4567041, pages 13 - 34 refers.

RESOLUTION 2024/3

Moved: Cr Ann Court
Seconded: Cr Steve McNally

That Te Miromiro - Assurance, Risk and Finance Committee receive the report Top 10 Organisational Risk Update.

CARRIED**5.2 PEOPLE AND CAPABILITY REPORT FOR PERIOD 1 OCT - 31 DEC 2023**

Agenda item 5.2 document number A4568888, pages 35 - 39 refers.

RESOLUTION 2024/4

Moved: Cr Steve McNally
Seconded: Deputy Chairperson John Vujcich

That Te Miromiro - Assurance, Risk and Finance Committee receive the report People and Capability Report – Period 1 October to 31 December 2023.

CARRIED

At 11.13am Chairperson Graeme McGlinn paused the meeting for a short break.

At 11.27am Chairperson Graeme McGlinn reconvened the meeting.

At 11.31am Cr Steve McNally returned to the meeting.

5.3 REVENUE RECOVERY REPORT AS AT 31 DECEMBER 2023

Agenda item 5.3 document number A4570848, pages 40 - 44 refers.

RESOLUTION 2024/5

Moved: Cr Ann Court
Seconded: Cr Steve McNally

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28 February 2024

That Te Miromiro - Assurance, Risk and Finance Committee receive the Revenue Recovery Report as at 31 December 2023.**CARRIED****5.4 LEVEL OF SERVICE KPI QUARTER 2 PERFORMANCE REPORT FOR 2023-2024**

Agenda item 5.4 document number A4570924, pages 45 - 74 refers.

RESOLUTION 2024/6

Moved: Kōwhai - Deputy Mayor Kelly Stratford

Seconded: Cr Ann Court

That Te Miromiro - Assurance, Risk and Finance Committee receive the Level of Service KPI Quarter 2 Performance Report for 2023.**CARRIED**

At 12.06pm CE Guy Holroyd left the meeting.

At 12.10pm CE Guy Holroyd joined the meeting.

At 12.15pm Cr Penetaui Kleskovic left the meeting to prepare for another hui.

5.5 HEALTH SAFETY AND WELLBEING REPORT - QUARTER 2 - 2023-2024

Agenda item 5.5 document number A4569052, pages 75 - 83 refers.

RESOLUTION 2024/7

Moved: Kōwhai - Deputy Mayor Kelly Stratford

Seconded: Cr Steve McNally

That Te Miromiro - Assurance, Risk and Finance Committee:

- a) accept the format of the HSW Report; and**
- b) agree with the improvement suggestions made in the report for Q3 to reduce HSW risk to Council.**

CARRIED

6 TE WĀHANGA TŪMATAITI / PUBLIC EXCLUDED**RESOLUTION TO EXCLUDE THE PUBLIC****RESOLUTION 2024/8**

Moved: Mr Graeme McGlinn

Seconded: Cr Steve McNally

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
6.1 - Confirmation of Previous Minutes Public Excluded	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
6.2 - 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
6.3 - 2022/23 Final Audit Report Recommendations Update	s7(2)(c)(ii) - 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 otherwise to damage the public interest s7(2)(f)(i) - free and frank expression of opinions by or between or to members or officers or employees of any local authority	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

Against: Cr Ann Court**CARRIED**

Te Miromiro - Assurance, Risk and Finance Committee Meeting Minutes

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The meeting returned from Public Excluded at 2.21pm

7 KARAKIA WHAKAMUTUNGA / CLOSING PRAYER

Chairperson Graeme McGlinn closed the meeting with a prayer.

8 MEETING CLOSE

The meeting closed 2.22pm.

The minutes of this meeting will be confirmed at the Te Miromiro - Assurance, Risk and Finance Committee Meeting held on 3 April 2024.

.....
CHAIRPERSON

5 NGĀ PŪRONGO TAIPITOPITO / INFORMATION REPORTS

5.1 RISK UPDATE REPORT - MAY 2024

File Number: A4691141

Author: Joshna Panday, Risk & Assurance Specialist

Authoriser: Charlie Billington, Group Manager - Corporate Services

TAKE PŪRONGO / PURPOSE OF THE REPORT

To provide Te Miromiro – Assurance, Risk & Finance Committee (the Committee) with a progress update of ongoing risk development at Council.

WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY

- Council is currently undergoing a risk reset that provides for a more transparent and attentive approach to risk.
- Risk updates are essential to provide assurance that the Committee is fully informed of Council's progress in the evolutionary process to increase its risk maturity levels.

TŪTOHUNGA / RECOMMENDATION

That Te Miromiro - Assurance, Risk and Finance Committee receive the Risk Update Report - May 2024.

TĀHUHU KŌRERO / BACKGROUND

Governance Top 10 Organisational Risks

The Council has identified that as part of the risk reset, governance will identify the Top 10 Organisational Risks for further review.

To distinguish these organisational risks, the Committee has requested that the Senior Leadership Team (SLT) provide 20 significant operational and strategic risks.

Since receiving this request, the SLT have deliberated over the Council's broader risks and have compiled a list of significant 20 risks to present to the Committee.

A workshop for the Committee to consider these risks is scheduled for 22 May 2024.

Other ongoing risk updates include:

Camms Risk Software	Camms Risk Software continues to be rolled out across Council.
Risk roles & responsibilities	Training on the roles and responsibilities around risks is ongoing.
Risk Framework	Council's risk framework was adopted in October 2023, and as an iterative document, is reviewed regularly in light of ongoing risk developments.

MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND NEXT STEPS

The report is for information only and no discussion is required.

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

Nil

ĀPITI HANGA / ATTACHMENTS

Nil

5.2 HEALTH, SAFETY AND WELLBEING REPORT - MARCH-APRIL 2024**File Number:** A4691614**Author:** Ian Wilson, Manager - Health, Safety and Well Being**Authoriser:** Jacine Warmington, Group Manager - Strategic Relationships**TAKE PŪRONGO / PURPOSE OF THE REPORT**

To highlight the health, safety and wellbeing risk to Council during Q3.

WHAKARĀPOOTO MATUA / EXECUTIVE SUMMARY

This report discusses Council's health, safety and wellbeing (HSW) risk for March-April of 2024.

TŪTOHUNGA / RECOMMENDATION

That Te Miromiro - Assurance, Risk and Finance Committee receive the Health, Safety and Wellbeing Report - March-April 2024.

TĀHUHU KŌRERO / BACKGROUND

Analysis of the critical risks to Council and proposed actions to mitigate them.

MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND NEXT STEPS

Follow work plan detailed in attached report.

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

N/A

ĀPITIHINGA / ATTACHMENTS

1. Health, Safety and Wellbeing Report - March-April 24 - A4695828 [↓](#) 

1. Introduction

This is the Mar-Apr 2024 Health, Safety and Wellbeing report to the Assurance, Risk and Finance (ARF) Committee of the Far North District Council (FNDC). The report uses data from various sources to demonstrate how the main critical risks to Council are identified and managed as well as how wellbeing is monitored. The report will identify health, safety and wellbeing risk to FNDC, how those risks are managed, and areas for improvement.

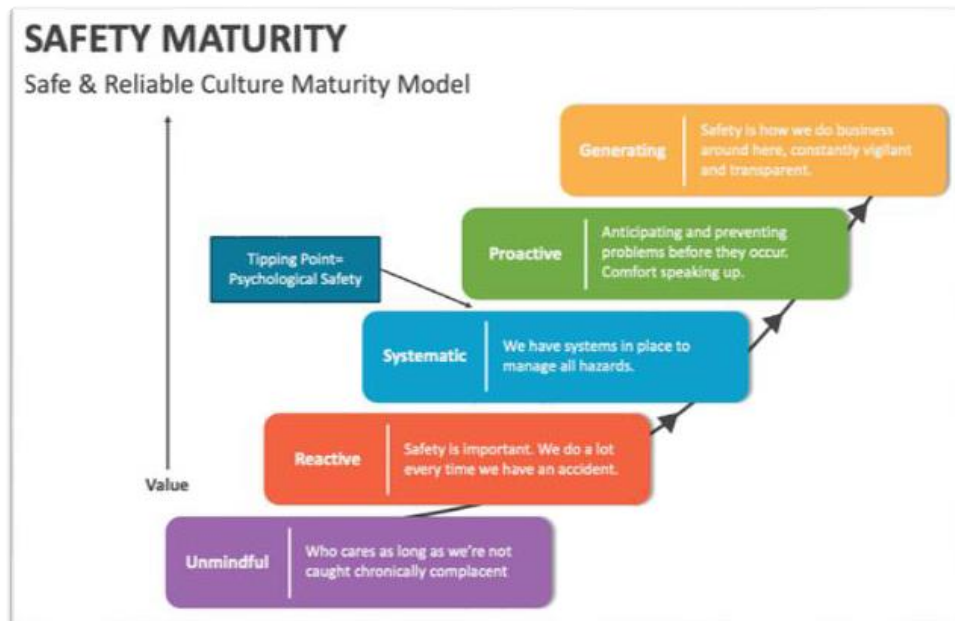


Figure 1 The graph above represents how safety systems mature over time when managed well. The HSW team believe the FNDC H&S system maturity currently sits past reactive but not quite fully systematic.

2. Executive Summary

These are key items that Elected Members (EMs) should note as important from this report: ‘

- This report discusses Council’s health, safety and wellbeing (HSW) risk for Mar-Apr of 2024.
- The H&S policy was reviewed and signed by the CEO in accordance with ISO 45001 (see **Appendix 1**).
- The Senior Leadership Team (SLT) reviewed and signed a new H&S pledge to staff (see **Appendix 2**).
- A new Mental Wellbeing policy was reviewed and signed by the CEO (see **Appendix 3**).
- Fourteen critical risk workshops were held across the organisation with 150 staff attending in total (see **Table 1**).

3. Critical risk management

Risks to health, safety and wellbeing arise from people being exposed to hazards.

- A hazard is anything that could cause harm (mental, emotional, physical, environmental and organisational).
- Risk has two components: the likelihood that it will occur, and the consequences (degree of harm) if it happens.

The highest risks, and therefore the highest priority, are called 'critical risks'. A critical risk is one that could result in one or more workers:

- Being killed.
- Being seriously injured (physically or psychologically).
- Developing a serious illness

Table 1 Critical risk workshops held during Mar-Apr

Date	Topic	Presenter	Team	No. of Attendees	
5/03/2024	Site visits	KTHA	Building Consents team	6	Team workshop
5/03/2024	Site visits	KTHA	Building Compliance team (HR)	5	Team workshop
6/03/2024	Critical Risks for leaders	IW	All T4 & T3	6	Leadership workshop
6/03/2024	Site visits	KTHA	Technical Operations	6	Team workshop
7/03/2024	Site visits	KTHA	Resource Consents team	5	Team workshop
8/03/2024	PeopleSafe	IW	All staff	29	Staff training
14/03/2024	PeopleSafe	IW	All staff	33	Staff training
15/03/2024	Critical Risks for leaders	IW	All T4 & T3	14	Leadership workshop
15/03/2024	ISO New H&S policy & pledge	IW	SLT	8	SLT workshop
21/03/2024	Critical Risks for leaders	IW	All T4 & T3	12	Leadership workshop
26/03/2024	Critical Risks for leaders	IW	All T4 & T3	8	Leadership workshop
27/03/2024	Site visits	KTHA	Resource Consents team	5	Team workshop
27/03/2024	Site visits	KTHA	Resource Consents team	5	Team workshop
27/03/2024	Site visits	KTHA	Building Inspections team	8	Team workshop

Table 2: State of critical risks to Council, the controls in place and remaining, or residual, risk at Q2, 2023-4.

Critical risk	Critical controls	Residual risk to Council	Q3 workplans	Update
Contractor management	<ol style="list-style-type: none"> Contractor management standard operating procedure (SOP). Contractor prequalification system (SiteWise). In house workshops. Internal audits. 	<p>High – auditing has shown that the contractor management SOP is not being followed fully by staff engaging contractors. The SOP was reviewed and condensed end of 2022, and a series of workshops have been held during 2023. Further work is needed to embed the process.</p> <p>There is currently a gap in FNDC's records regarding FNDC's responsibilities around overlapping duties with other Persons Conducting a Business or Undertaking (PCBUs). There is no recorded overlapping duties framework in place that clearly shows what level of duty each PCBU holds under HSAWA.</p> <p>There is no current FNDC contractor management policy, and no FNWA contractor management policy.</p> <p>Many areas of FNDC are not following the H&S contractor management process Contractor Management - a critical risk (sharepoint.com), which represents a high risk to Council.</p>	<ol style="list-style-type: none"> Conduct workshops with all teams involved in engaging contractors to embed the contractor management process. Specifically: <ol style="list-style-type: none"> Far North Waters Alliance (FNWA). Infrastructure Accelerated Fund & Externally Funded Major Projects. Property & Facilities Management. Review the draft FNDC contractor management policy. Start an analysis of FNDC facilities and contractors with a view of building a documented overlapping duties framework to clarify risk level to Council. For example, Far North Holdings Ltd, swimming pools, wastewater treatment plants etc. Reference these documents: 	<ol style="list-style-type: none"> Contractor management process is currently being written to conform with ISO45001. A project work group membership list is being collated. A project proposal has been submitted to SLT for review prior to the project commencing.
Lone working	<ol style="list-style-type: none"> Working alone policy. Working alone SOP. Lone working job safety analysis (JSA). Provision of lone worker devices. 24/7 device monitoring In house workshops Internal audits 	<p>High – auditing has shown that the policy, SOP, and JSA are not being followed completely by staff. Lone worker devices are not being used in accordance with the policy.</p>	<ol style="list-style-type: none"> Review policy. Review SOP. Workshops. Audits. 	<p>This review has not started to date. The discontinuation of 3G phone services will require a review of the lone worker process.</p>

Driving on Council business	<ol style="list-style-type: none"> 1. Motor vehicle policy 2. Driving on Council business JSA 3. Eroad tracking device 4. Online driver training 5. 4x4 training 	Low – audits have shown there is a good uptake on safe driving. Nine members of staff attended 4x4 training in Nov. '23.	<ol style="list-style-type: none"> 1. Leaders to be mentored in the reporting capacity of Eroad. 	Monthly eRoad report sent out to managers.
Site inspections	<ol style="list-style-type: none"> 1. Site inspections JSA 2. Situational safety and tactical communications (SSTC) training 3. Working in road corridor training 	<p>Moderate – there are always many unknowns to sites visits, particularly unannounced ones conducted by enforcement staff.</p> <ul style="list-style-type: none"> • Front counter safety training was held in Nov. '23 with 32 staff attending. • Situational safety and tactical communications training was held in Nov. '23 with 30 staff attending. 	<ol style="list-style-type: none"> 1. New SOPs to be written in collaboration with respective teams. 2. JSA to be reviewed. 3. Audits. 	<ol style="list-style-type: none"> 1. Seven site inspection workshops were held during March to review the JSA. 2. The following teams were consulted: Building Consents team, Building Compliance team (HR), Technical Operations, Resource Consents team, Building Inspections team 3. Forty staff attended. 4. Revised JSAs have been produced for site visits in accordance with ISO 45001.
Psychosocial hazards	<ol style="list-style-type: none"> 1. My Everyday Wellbeing 2. Wellbeing Advocates 3. EAP service 	High – comments from the last staff survey indicate that wellbeing across the organisation has been affected by the recent realignment, change of CEO and overall workload. The CEO has requested a wellbeing drive to include workshops and tools for leaders and staff.	<ol style="list-style-type: none"> 1. HSW team to be included as a stakeholder in organisational change. 	This review has not started to date. A full review is planned for Q4.
Threatening behaviour	<ol style="list-style-type: none"> 1. Antisocial behaviours reference guide 2023 2. Evacuation/lock down plans 3. Libraries and museums JSA 4. Situational safety and tactical communications (SSTC) training 5. Front counter safety training 6. Staff Warning Flags 7. Trespass notices 	<p>High - threatening behaviour incidents were the highest reported during Q2. Libraries are experiencing anti-social behaviour issues. Kaikohe library has used security over key times.</p> <ul style="list-style-type: none"> • Front counter safety training was held in Nov. '23 with 32 staff attending. • Situational safety and tactical communications training was held in Nov. '23 with 30 staff attending. 	<ol style="list-style-type: none"> 1. HSW team to visit libraries and service centres to meet with staff. 	<ol style="list-style-type: none"> 1. Security review is underway. Recommendations include increased use of CCTV, fencing of vulnerable areas, and increase security presence. 2. Paihia iSite and library were visited for H&S reviews in Mar.

5. Incidents

All health, safety and wellbeing incidents reported by staff and contractors are recorded in PeopleSafe as “stories”.

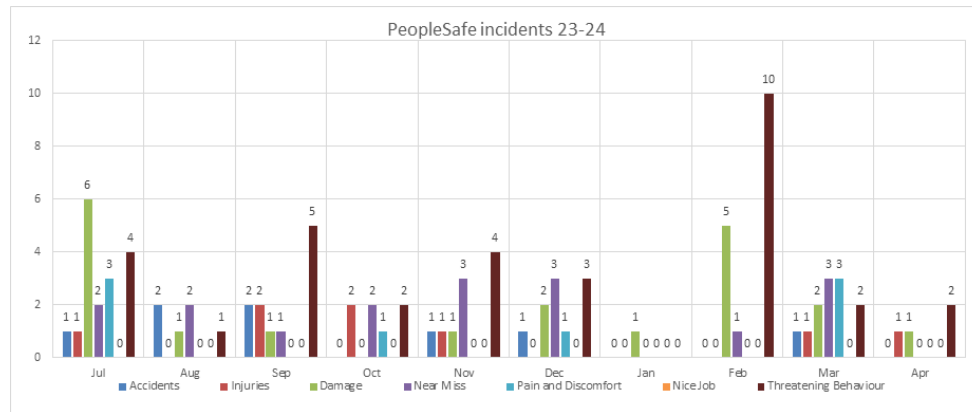


Figure 2: Data used in the graph above was obtained from PeopleSafe, FNDC's incident management software. All incidents are investigated by the HSW team, and any improvements required implemented. All serious incidents are reported directly to SLT at the time of occurrence and are subsequently investigated.

Driving

Driving on Council business is considered a critical risk. Staff, who are regular drivers, are provided with online driver training and face to face off road driving training. FNDC currently has 80 vehicles in its fleet, of which 30 are fitted with an eRoad device that provides location and speed information.

No driving incidents were reported during Mar-Apr 2024.

Lone Working

Lone working is considered a critical risk. The risk is managed through the provision of various lone worker devices.

There were no specific alerts related to the use of lone working devices during Mar-Apr 2024 that resulted in an incident.

Threatening Behaviour

Threatening behaviour is considered a critical risk.

Table 3 gives details of all incidents reported during Mar-Apr that are considered threatening and a cause of stress to staff.

Table 3: Threatening incidents Mar-Apr 2024

Story Type	What happened	Where
Threatening Behaviour	Customer who had booked ticket on intercity came into the i-site complaining that the bus had not turned up. He began shouting and swearing in foul manner then started banging on the counter screen. There were 2 girls alone in the office and they feared for their safety. If he had come around to our side of the counter they would have been trapped. In the end they had to ring for a taxi to take him to Kerikeri and the i-site covered the cost.	Paihia i-Site
Near miss	Air conditioning contractor preparing to work on the roof of HQ without any safety precautions in place.	Service Centre - Kaikohe
Pain & Discomfort	Our team was made to feel culturally unsafe during our work due to time pressures on other teams. We were pressured into completing a piece of work against our better judgement.	Kaikohe (Memorial Avenue - Main Office)
Threatening Behavior	Was shouted at.	Te Hiku Ward
Threatening Behavior	A library visitor verbally abused and threatened another library patron.	Kerikeri Proctor Library
Injury	Passenger (school student) slipped on concrete ferry ramp. Northern ramp, called the Narrows.	Kaikohe-Hokianga Ward
Near miss	Came up the stairs to the second floor in JBC and tripped on the strip between the hard floor of the stairwell and the carpet.	Kerikeri (John Butler Centre)
Damage	The bracket on the floor of the glass wall panel entering the Annex Kitchen has come apart and is not supported in the lower RH corner, but the other brackets seem to be holding.	Kaikohe (Memorial Avenue - Main Office)
Pain & Discomfort	Hygiene (toilet/hand basin) - In Annex building men's toilet near kitchen - jammed hand between the hand basin and toilet door.	Kaikohe (Memorial Avenue - Main Office)
Damage	The visibility strip has lifted on steps.	Car Park - John Butler Centre
Near miss	Customer from a cruise ship walking down the stairs inside the library missed the last step and fell onto the floor.	Paihia i-site
Accident	Slipped down the first set of stairs going from Level 2 of JBC to Level 1. This resulted in me scraping my knee on the stairs and took off some skin on my forearm.	Kerikeri (John Butler Centre)
Pain & Discomfort	Issues in the workplace between employee and manager. Mental and physical health affected. Employee receiving treatment and advice from medical practitioner and EAP services. Managing with team leader oversight.	FNDC workplace

Threatening Behavior	2 young boys brought a BB gun into the Te Ahu Centre. They shot pellets inside the complex.	Kaitaia (Te Ahu Centre)
Threatening Behavior	Young boy came in with fake gun - was not being threatening but just unaware of how that was inappropriate in a public space.	Kaitaia (Te Ahu Centre)
Injury	Preparing to leave home and drive to work at KHO HQ and picked up my laptop to place it in the case when it slipped out of my hand and dropped onto my right foot.	Home (Remote Working)
Damage	When drilling the 300mm diameter x 600mm deep holes for the installation of new Bollards the drill struck a waterpipe supplying one of the properties. Service providers asked to mark out services. This waterpipe was not indicated within any of the drawings. This could have been more severe if a watermain supply was hit but was kept within control by the contractor on site by applying a make-shift temporary closure of the water supply.	Ventia facility or asset


Staff Warning Flags

Staff warning flags (SWFs) are an alert system managed in our Pathway system across all applications when either a property or member of public has been identified as threatening and require safety controls to ensure the safety of our field staff prior to visiting a person or site as part of their work activities i.e. visit two up or with police assistance. SWFs are reviewed by the approving management as to whether they will be renewed for another twelve months or whether the SWF is to be removed.

Trespass Noticeboard

Trespass notices where members of the public have been restricted from entering Council buildings are displayed on our TK3 Trespass Noticeboard. There is one active trespass notice restricting an individual from the Kaeo Service Centre. This is currently in force until November 2025.

Appendix 1



**Te Kaunihera
o Te Hiku o Te Ika**
Far North District Council

HE ARA TĀMATA
CREATING GREAT PLACES
Supporting our people

Clause 5 Leadership and worker participation

Clause 5.2 Health and Safety Policy

Revision	03
Effective date	15 Mar 2024
Document no.	POL.C.5.2.001

Far North District Council (FNDC) is an organisation that places high value on its employees and recognises that the productivity and loyalty of its employees are linked to their overall wellness.

FNDC will commit to a Health and Safety Management System through the implementation of the best operating practices and standards at all its facilities and operations, thereby ensuring:

- Commitment to provide safe and healthy working conditions to prevent work related injury and ill health.
- Identifying opportunities to enhance the Health and Safety Management System.
- Compliance with health and safety legislation requirements and any other requirements that apply to the business.
- Close working relationships with Government agencies, business partners and other concerned organisations to promote Health and Safety practices.
- Communicating the Health and Safety Policy to all its employees, contractors, volunteers, and visitors.
- Make the Health and Safety Policy available to all interested parties on request.
- Displaying the Health and Safety Policy in highly visible areas.
- Identifying health and safety hazards and risks and how these risks can be managed.
- Ensuring that the necessary actions are promptly taken to mitigate any critical or significant health and safety risk.
- The commitment to consult and participate with workers and, where they exist, worker representatives.

FNDC will measure and review the Health and Safety Management System's progress on the following indicators: -

- Incident management.
- Training and awareness programs.
- The level of continual improvement to the Health and Safety Management System.
- Achievement of annual health and safety objectives.

FNDC senior management considers the Health and Safety Management System important and is committed to a continual improvement philosophy.


Signed by:

Date: 4th April 2024



Guy Holroyd
Chief Executive Officer

Appendix 2



Te Kaitiaki o Te Hiku o Te Ika
For North District Council

HE ARA TĀMATA
CREATING GREAT PLACES
Supporting our people

Clause 5 Leadership and worker participation

Clause 5.1 Leadership and Commitment

Revision 03

Effective date 4 April 2024

Document no. POL.C.5.1

Strategic Leadership Team, involve the Health and Safety Management System and Commitment to the Pledge

The Strategic Leadership Team (SLT) shall demonstrate leadership and commitment with respect to the Health and Safety Management System by:

1. Ensuring overall responsibility and accountability for the prevention of work-related injury and ill health, as well as the provision of safe and healthy workplaces and activities.
 2. Ensuring that the Health and Safety Policy and related operational health and safety objectives are established and are compatible with the strategic direction of the organisation.
 3. Ensuring the integration of the Health and Safety Management System requirements into the organisation's business processes.
 4. Ensuring that the resources needed to establish, implement, maintain and improve the Health and Safety Management System are available.
 5. Communicating the importance of effective health and safety management and information to the Health and Safety Management System requirements.
 6. Ensuring that the Health and Safety Management System achieves its intended outcomes.
 7. Directing and supporting persons to contribute to the effectiveness of the Health and Safety Management System.
 8. Ensuring and promoting continual improvement of the Health and Safety Management System.
 9. Supporting other relevant management roles to demonstrate their leadership and applies to, their areas of responsibility.
 10. Developing, leading and promoting a culture in the organisation that supports the intended outcomes of the Health and Safety Management System.
 11. Protecting workers from reprisals when reporting incidents, hazards, risks and opportunities.
 12. Ensuring the organisation establishes and implements a process(es) for consultation and participation of workers.
- B. Supporting the establishment and functioning of health and safety committees.

	Position/Title		
Guy Holroyd	Chief Executive Officer	4 April 2024	
Tanya Proctor	Head of Internal Systems	4 April 2024	
Jacine Warrington	Group Manager - Strategic Relationships	4 April 2024	
Margriet Veenstra	Group Manager - Corporate Services (Acting)	4 April 2024	
Emma Healy	Operations Manager	4 April 2024	
Kevin Johnson	Group Manager - Delivery and Operations	4 April 2024	
Roger Ackers	Group Manager - Planning and Policy	4 April 2024	
Ruben Garcia	Group Manager - Community and Engagement	4 April 2024	

Appendix 3



To Kōwhiri o Te Hiku o Te Ika
Far North District Council

HE ARA TĀMATA
CREATING GREAT PLACES
Supporting our people

Clause 5 Leadership and worker participation

Clause 5.2 Wellbeing Policy

Revision	03
Effective date	15 Apr 2024
Document no.	POL.C.5.2.002

RNDC has a legal, and moral obligation to [ts workers' mental health and wellbeing. Poor mental health and wellbeing are costly for the work area and their families as it is associated with increased sick leave, workplace conflict, cardiovascular disease, back pain and other injuries.

FINDC commits itself to promoting and nurturing its workers' mental health and wellbeing positively impacting engagement, presence, absenteeism, and return to work.

FINDC mental health and wellbeing policy is founded on the following principles:

- Create an environment that allows our people to flourish and achieve the full potential for the benefit of themselves and the organisation.
- Ensure all reasonably practicable steps are taken to remove all hazards and mitigate all work-related risks that have the potential to cause harm to the health and wellbeing of our people.
- FINDC will provide actions and services that are proven to prevent the risk of lifestyle-related health conditions and to improve wellbeing within the workforce.
- FINDC commits to supporting their workers to live and maintain the resilience to cope with life and work challenges and empower them to live their life at optimum health.
- FINDC adopts a zero-tolerance stance towards workplace bullying and harassment by staff and by external members.
- FINDC will strive to be seen as a kind organisation while working towards its goals namely:
 - To increase our workers' overall health and wellbeing
 - To focus on initiatives that aim to prevent injury and illness and are likely to have the most significant benefit for our workers.
 - To be able to provide strategies to build resilience and general health of our workers both mentally and physically.
 - Manage and monitor all critical risk areas through the risk management framework.

FINDC will ensure it collaborates, works, operates and coordinates with its workers on health and wellbeing matters, ensuring continuous improvement in the organisation's offerings and performance.

Signed by:

Date: 15th April 2024



Guy Holroyd
Chief Executive Officer

5.3 AUDIT PLAN, AUDIT PROPOSAL LETTER AND AUDIT ENGAGEMENT LETTER

File Number: A4692339

Author: Jonathan Slavich, Chief Financial Officer

Authoriser: Charlie Billington, Group Manager - Corporate Services

TAKE PŪRONGO / PURPOSE OF THE REPORT

This report presents the external audit plan, audit proposal letter and audit engagement letter from Deloitte.

WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY

Far North District Council is required to be audited by the auditor appointed by the Office of the Auditor General, which for Far North District Council is Deloitte.

TŪTOHUNGA / RECOMMENDATION

That the Te Miromiro - Assurance, Risk and Finance Committee receive the report Audit Plan, Audit Proposal Letter and Audit Engagement letter.

TĀHUHU KŌRERO / BACKGROUND

Far North District Council, in compliance with the Local Government Act 2002, prepares an Annual Report at the end of each financial year. This is required to be audited by the appointed Auditor, which for Far North District Council is Deloitte. The schedule of dates agreed with Deloitte for the financial year 2023/2024, are as follows:

- o Interim Audit – 24 June, 29 July (2 weeks)
- o Final Audit – 26 August, 30 September




MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND NEXT STEPS

Attached to this report is the proposed audit engagement letter.

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

This report presents the external audit plan, audit proposal letter and audit engagement letter from Deloitte.

ĀPITI HANGA / ATTACHMENTS

1. FNDC Planning report to the Audit Risk and Finance Committee - A4706286 [↓](#) 
2. FNDC Audit Proposal Letter 2024 - A4706285 [↓](#) 
3. FNDC FY24 Engagement Letter - A4706284 [↓](#) 



Far North District Council audit plan

Year ending 30 June 2024

May 2024



Purpose of report

This report has been prepared for Far North District Council’s Audit, Risk and Finance Committee (“the Committee”) and is part of our ongoing discussions as auditor in accordance with our engagement letter and master terms of business and as required by New Zealand auditing standards.

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

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

Responsibility statement

We are responsible for conducting an audit of Far North District Council (“the Council”) for the year ended 30 June 2024 in accordance with auditing standards issued by the Auditor-General that incorporate the New Zealand auditing standards issued by the NZ Auditing and Assurance Standards Board. Our audit is performed pursuant to the requirements of the Public Audit Act 2001, the Crown Entities Act 2004 and the Financial Reporting Act 2013, with the objective of forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of the Council. 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 the 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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Planning report

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Introduction

Dear Audit, Risk and Finance Committee members

We are pleased to provide you with our planning report for the audit of Far North District Council for the year ending 30 June 2024. We understand our responsibility to you, and we have developed a tailored audit plan that summarises the key aspects of our audit scope and approach, our planned communications with you, and our team structure.

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

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



Bennie Greyling, Partner
for Deloitte Limited
Appointed Auditor on behalf of the Auditor-General
Auckland | May 2024





Areas of audit focus

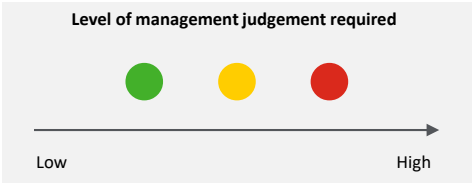
Financial statements dashboard

Area of audit focus	Significant risk	Fraud risk	Control testing planned	Level of management judgement	Area of focus status
Valuation of infrastructural assets	✓	✗	D	●	🔄
Management’s ability to override controls	✓	✓	D	N/A	🔄
Revenue recognition	✗	✗	D	●	🔄
Statement of Service Performance	✗	✗	D	●	🔄
ESG and Climate Change	✗	✗	N/A	●	🔄
Matters raised by the OAG	✗	✗	N/A	●	🔄

Control testing planned

D: Evaluate whether control design manages risk appropriately

OE: Planning to test if controls were operating effectively and can be relied upon



🔄 Continuing area of focus



Areas of audit focus

Area of audit focus	Our approach
<p>Valuation of infrastructure assets</p> <p>The Council has a significant asset base with infrastructural assets carried at fair value and accounts for revaluations of infrastructure assets on a class of asset basis. The asset classes include sewerage, water, refuse, stormwater and roading assets.</p> <p>The fair value assessment of infrastructure assets is an area that continues to receive increased focus in the sector. This is especially critical for the current year with the current market conditions and high inflation rates which may cause material movements in valuations, and it is possible that classes of assets that are not due to be revalued would be required to be revalued.</p> <p>Management have adopted a rotational plan for revaluing the asset classes, so the valuations are not all completed in the one year. Assets that are exposed to significant changes in fair value are revalued outside the rotational plan.</p> <p>The Council plans to engage independent third-party valuation experts to undertake the valuation of asset classes expected to be revalued. For the other asset classes, management are required to perform an assessment to determine whether the carrying value of these assets still approximate fair value as at 30 June 2024. The assessment to determine whether the carrying value of these assets still approximate fair value, requires a degree of judgement and consideration of different assumptions. Input into these assumptions may come from in-house or independent experts. Where there are indicators that the carrying value is materially different to the fair value a revaluation is required to be undertaken.</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>For infrastructural assets carried at fair value but not revalued in the current year, we plan to:</p> <ul style="list-style-type: none">• Obtain management’s assessment of the indicative movement in fair value for all assets classes carried at fair value;• Obtain supporting evidence from independent valuers supporting the indicative fair value movement (if applicable); and• Review the key assumptions applied in determining the indicative fair value, assess and challenge management’s overall conclusions. <p>For infrastructure assets carried at fair value and revalued in the current year, we plan to:</p> <ul style="list-style-type: none">• Obtain the revaluation of infrastructure class(es);• Obtain representation directly from the independent valuer confirming their methodology;• Reviewing and testing the key underlying assumptions used to ensure these assumptions are reasonable and in line with Public Benefit Entity International Public Sector Accounting Standards (“PBE IPSAS”); and• Ensure the revaluation transaction is correctly accounted for and disclosed in the financial statements in order to comply with PBE IPSAS. <p><i>The fair value assessment of infrastructure assets is an area that continues to receive increased focus in the sector and Management and the Committee will need to work to ensure a robust and timely review is performed.</i></p> <p><i>To ensure that there are no delays in the FY24 audit, it is crucial that there is ownership over the fixed asset reconciliation process and both the finance and infrastructure asset teams need to complete the following procedures including but not limited to, before our August visit:</i></p> <ul style="list-style-type: none">• Prepare a reconciliation between the general ledgers and fixed asset registers as at 30 June 2024;• Ensure that construction and renewal information have been updated in the underlying fixed asset databases;• Prepare a reconciliation between the opening, additions, disposal and closing balances in the valuation reports and the underlying financials and RAAM data;• Management to review the valuation reports and challenge the assumptions and statements made by the external valuers; and• Provide updates to the audit team on the recommendations made by external valuers and peer reviewers from the prior year valuations and reviews performed.



Areas of audit focus

Area of audit focus	Our approach
<p>Management override of controls</p> <p>The auditor’s responsibility to consider fraud in an audit of financial statements (ISA (NZ) 240) requires us to presume there are risks of fraud in management’s ability to override controls and therefore this is a focus area for the audit.</p> <p>We are required to design and perform audit procedures to respond to the risk of management’s override of controls.</p> <p>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.</p> <p>It has a potential impact to the wider financial statements and is therefore a significant risk for our audit.</p>	<p>As part of our audit process, we will:</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 selected 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 biases that could result in material misstatement due to fraud, including assessing whether the judgements and decisions made, even if individually reasonable, indicate a possible bias on the part of management.;• Perform a retrospective review of management’s judgements and assumptions relating to significant estimates reflected in last year’s financial statements; and• 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 Council and its environment.



Areas of audit focus

Area of audit focus	Our approach
<p>Revenue recognition</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>As part of our audit process, we will:</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;• 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>



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 annual plan/long-term plan. This is line with the requirements of <i>PBE FRS 48 Service Performance Reporting</i>.</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>Our audit opinion considers 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>As part of our audit process, we will:</p> <ul style="list-style-type: none">• Review Council’s SSP against legislative requirements and good practice. This will include checking consistency with the performance framework included in the 2021-2031 LTP and 2023/2024 annual plan;• Audit a sample of the reported performance measures, with a focus on the more significant groups of activities; and• 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”.
<p>ESG and Climate Change</p> <p>Matters related to climate and the broader Environment, Social and Governance (ESG) landscape are rapidly evolving. Stakeholders are increasingly asking entities to provide transparent disclosures about climate-related risks, and the New Zealand Government is taking action to reduce our emissions profile which over time will impact most entities.</p> <p>ESG and climate related matters will likely create physical and transitional risks and opportunities for the Council and these matters could lead to potential impacts on the financial statements.</p>	<p>As part of the audit process, we will consider ESG and climate-related risks and their potential impact on the Council’s financial statements. We will consider the Councils’ consideration of ESG and climate risks and tailor our audit approach as required.</p>



Areas of audit focus

Matters raised by the Office of the Auditor General

Area of audit focus	Our approach
<p>Effectiveness, efficiency, waste and probity</p> <p>Good practice involves the establishment of policies and controls to ensure that expenses have a justifiable business purpose; preserve impartiality; have been made with integrity; are moderate and conservative; have regard to the circumstances; have been made transparently; and are appropriate in all respects.</p>	<p>We are required to remain alert for issues of effectiveness and efficiency, waste, and a lack of probity or financial prudence throughout the audit. We also plan to:</p> <ul style="list-style-type: none">• Assess policies and procedures in place for expenses and procurement processes, and• Test a sample of expenses for appropriateness against good practice and other guidance issued as relevant for the Council. Our tests will focus primarily on sensitive expenditure such as Councillors and senior management pay, travel and expenses; large contract tenders; related party transactions; and payments to offshore locations.
<p>Government reviews and proposals</p> <p>There continues to be change in the sector with newly introduced or changes to regulatory requirements (new and updated national policy statements), 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>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 Council, where necessary, will consider them within our audit approach; and• Maintain close communication with the Office of the Auditor-General, if there are any other areas that requires further consideration.
<p>Stimulus Spending</p> <p>If applicable, the Council may have received funding from central government. It is important that Council is accounting for this funding in accordance with PBE accounting standards, are being transparent with communities and meeting any obligations.</p>	<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>We will assess whether any stimulus spending received has been appropriately accounted for in accordance with PBE accounting standards and appropriately disclosed in the financial statements and service performance information where applicable.</p>



An elevated focus on the Council's control environment

We continue to increase our focus on internal controls as a core element of our audit as a strong control environment is core to both reliable financial reporting and business resilience

The economic environment is challenging. Increasing operational, regulatory and financial complexity, renders businesses more exposed than ever to fraud and error. In addition, reflecting macroeconomic volatility – entities are having to identify and respond to new risks more frequently than ever before.

As a result, stakeholders globally, not just the financial markets and regulators, but also government and wider society are expecting higher standards of corporate and financial governance.

In today's economic climate, it is critical for a company to be able to effectively identify and then respond to risks and challenges on a timely basis. Strong governance and control are essential in this regard.

Robust processes and controls are fundamental to financial resilience, with internal controls being the foundation that enables a company protects itself and builds stakeholder trust and confidence. Whilst controls cannot predict the future, they can be a good indicator as to whether a company is prepared for uncertainty, change, and risk.

The benefits of investing in strong governance, a robust finance function and internal control environment will extend far beyond just compliance and may be the difference between a company's success and failure.

When designed and implemented appropriately, a robust internal control environment:



Reduces risk – through fraud and error prevention and detection, safeguarding of company assets and ensuring compliance with laws and regulations;



Increases financial resilience – by enabling transparency, accountability, viability and increased reliability and integrity of financial information; and



Optimises returns – by establishing a foundation to support growth, including easier access to markets and funding.

An effective, robust control environment is particularly important in times of uncertainty, where risks arise, and the company needs to identify them quickly and respond confidently.

Key information and data that is reliable and accurate is integral for decision-makers for analysis and evaluation in real-time, allowing companies to achieve its commercial objectives with a grounded understanding of the risks associated with its decisions.

Today, the risks entities face continuously evolve, pulling the finance function and existing internal control environment in multiple directions. Every change made to a business model likely requires a corresponding change to internal controls which is often overlooked, resulting in increased exposure to risk as a result of a disconnected finance function and internal control environment.

Given the factors noted we are looking to elevate the transparency of our evaluation of your control environment and thematic observations on where strengthening would support business resilience and financial reporting reliability.

Our approach to controls for areas of audit focus was outlined on the earlier pages.





A focus on the IT control environment

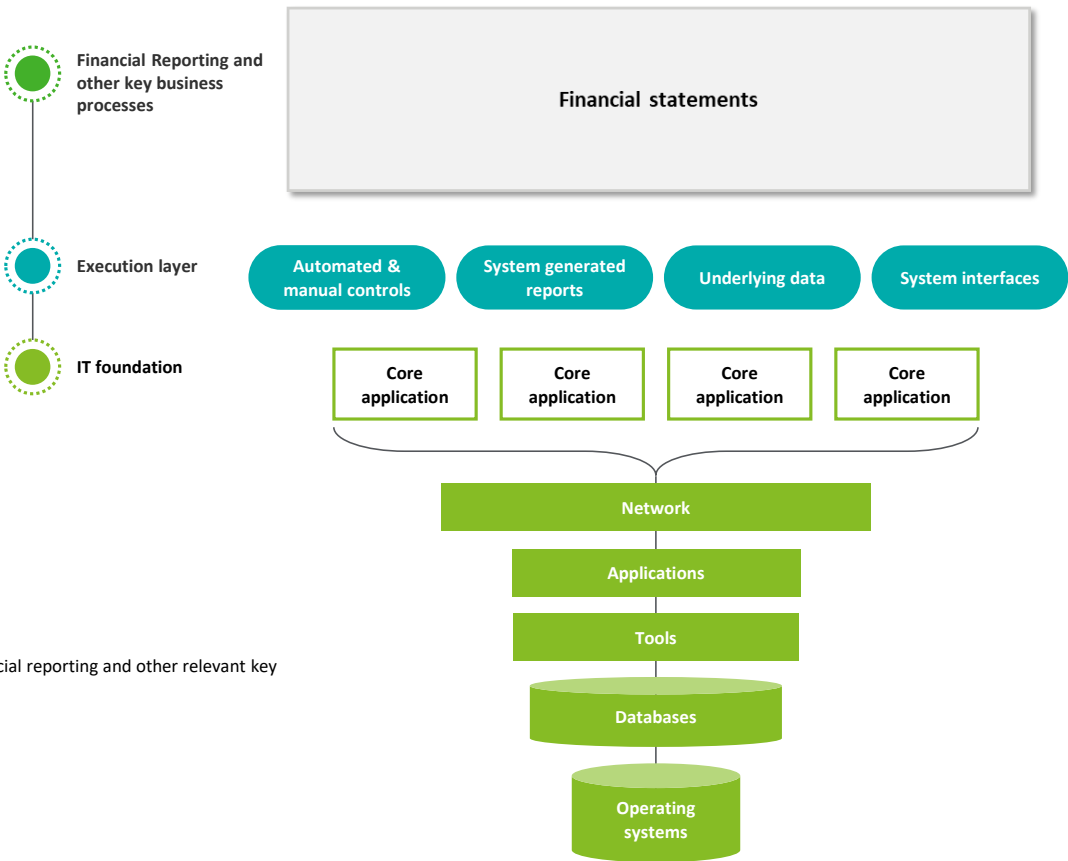
The importance of the IT environment which underpins financial reporting

A specific focus on foundational technology controls
Technology plays a substantial and increasingly important role in the overall system of internal controls. Manual controls in the form of approvals, reviews and reconciliations typically rely on information produced by IT systems. A myriad of fully automated controls are also baked into modern systems to enhance the integrity of information and protect data and assets. All of these depend, in turn, on effective general IT controls to ensure that access to information is protected, that people are able to fulfill their responsibilities but not bypass any of the controls, and that IT systems continue to operate effectively and evolve to meet ever-changing business needs and the ever-changing risk landscape.

Internal controls over financial reporting are a subset of the overall system of internal controls, and where you have invested in technology based internal controls it allows the Committee greater confidence in the accuracy of financial reporting and an opportunity for us to leverage your systems in our audit approach. This starts with identification of the most attractive automated and partially automated controls, as well as the underlying and pervasive general IT controls on which they depend. Where effective, reliance on these IT controls provides tremendous benefits in the efficiency and effectiveness of our audit, and allows us to provide feedback, insights and opportunities for improvement in critical business risk areas such as cyber risk and technology change.

We will focus our efforts on the following key systems which support financial reporting and other relevant key business processes:

- Technology One
- Ci Anywhere
- Pathway





Technical update

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Developments in financial reporting

Public benefit entities

The following table provides a high level summary of the major new accounting standards, interpretations and amendments that are relevant to the Council. A full list of the standards on issue but not yet effective is released quarterly and is available here: https://www2.deloitte.com/nz/en/pages/audit/articles/accounting-alert.html?icid=top_accounting-alert

Major new standard, interpretation or amendment	Effective date (periods beginning on or after)
PBE IFRS 17 Insurance Contracts/ Amendments to PBE IFRS 17/ Initial Application of PBE IFRS 17 and PBE IPSAS 41 – Comparative information	1 January 2023
Public Sector Specific Financial Instruments (Non-Authoritative Amendments to PBE IPSAS 41)	1 January 2023
Disclosure of Fees for Audit Firms’ Services (Amendments to PBE IPSAS 1)	1 January 2024

Early implementation efforts recommended

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

Steps for implementation

Determine extent of impact & develop implementation plan

Monitor progress and take action where milestones are not met

Identify required changes to systems, processes, and internal controls

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



Climate and carbon reporting update

Recent developments to be aware of

New Zealand activity

Climate-related disclosures (CRD)

In October 2021, the Financial Sector (Climate-related Disclosures and Other Matters) Amendment Bill was passed and received Royal Assent. Climate-related disclosures are now **mandatory** in relation to **reporting periods commencing on or after 1 January 2023** for:

- large listed companies with a market capitalisation of more than \$60 million;
- large licensed insurers,
- registered banks,
- credit unions,
- building societies and managers of investment schemes with more than \$1 billion in assets; and
- some Crown financial institutions (via letters of expectation).

In December 2022, the External Reporting Board (XRB) issued the standards that set out the framework for reporting, these are the [Aotearoa New Zealand Climate Standards](#).

Carbon Neutral Government Programme (CNGP)

In December 2020, the New Zealand Government launched the CNGP to make a number of organisations within the public sector carbon neutral from 2025. This impacts on:

- **Tranche 1 organisations:** Government departments, departmental agencies, and executive branch **are mandated to comply with requirements**
- **Tranche 2 organisations:** Crown agents **are mandated via a whole of government direction to comply**
- **Tranche 3 organisations:** Certain tertiary institutions, legislative branch, offices of parliament, and state owned enterprises **are encouraged to comply**

A full list of CNGP participants is located [here](#).

International activity

The International Financial Reporting Standards (IFRS) Foundation created the International Sustainability Standards Board (ISSB). The ISSB will deliver a global baseline of sustainability disclosures to meet the needs of capital providers.

In March 2022, the ISSB published its first [two exposure drafts](#) which drew heavily from the existing Taskforce on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB) frameworks.

The International Organisation of Securities Commissions (IOSCO), the Australian Securities and Investment Commission (ASIC) and the Australian Accounting Standards Board (AASB) have supported the publication of the two exposure drafts. The ISSB have committed to publishing these two standards by June 2023.

The XRB in New Zealand is closely monitoring these international standard setting developments.

In Europe, the European Financial Reporting Advisory Group (EFRAG) released the final version of the [Corporate Sustainability Reporting Directive \(CSRD\)](#) in December 2022 which has far-reaching implications for companies beyond the EU. Climate is one aspect of these standards which otherwise cover wider Environmental, Social, and Governance (ESG) areas.

How does this affect your organisation?

Organisations that do not fall under the mandatory CRD regime or the CNGP can still expect the ripple effects of these key mandates through their suppliers and customers who are captured. International developments might also mean that international customers and suppliers captured by international mandates will also request information in relation to Environmental, Social, Governance (ESG) issues and/or Greenhouse Gas (GHG) emissions.

Suppliers and customers may request and eventually require (through updated procurement policies) that organisations they deal with measure emissions and have targets in place to reduce them. They may also eventually request confirmation that organisations have built in resilience to climate change into their overall strategy and financial decision making.



Climate and carbon reporting update

What could you be doing to prepare?

Organisations should:

- Begin measuring and reporting emissions in accordance with internationally recognised standards such as the GHG Protocol.
- Begin conducting data and reporting quality assessments over emissions and ensure that reporting and measurement of emissions are robust.
- Consider whether to obtain external assurance over the emissions.
- Start setting targets for emissions reduction using assured baselines/baselines where the Committee are comfortable as to the robustness of data.
- Start identifying emissions abatement options and incorporate these into your investment planning.
- Undertake a climate risk assessment and identify any customers or suppliers captured in the mandate to understand whether they have identified risks that lie within your operational sphere of control.
- Compare the outputs of your climate risk assessment with stakeholders in your value chain to determine whether you can collaboratively resolve any climate hazard-related issues.

Assurance can enhance stakeholder confidence in the information provided, and in the case of sustainable finance, may help with access to broader economically viable finance options.

If the Committee are seeking assurance, we note that there are synergies, efficiencies, and benefits from aligning your financial auditor and GHG assurance provider.

This is due to the knowledge already built up as financial auditor in relation to:

- the business processes, activities, operations, organisational structure, and ownership structure
- the control environment and IT systems in place, and
- the financial systems from which a large amount of emissions activity data (e.g. fuel purchase invoices, electricity invoices/statements) are obtained.



Appendices

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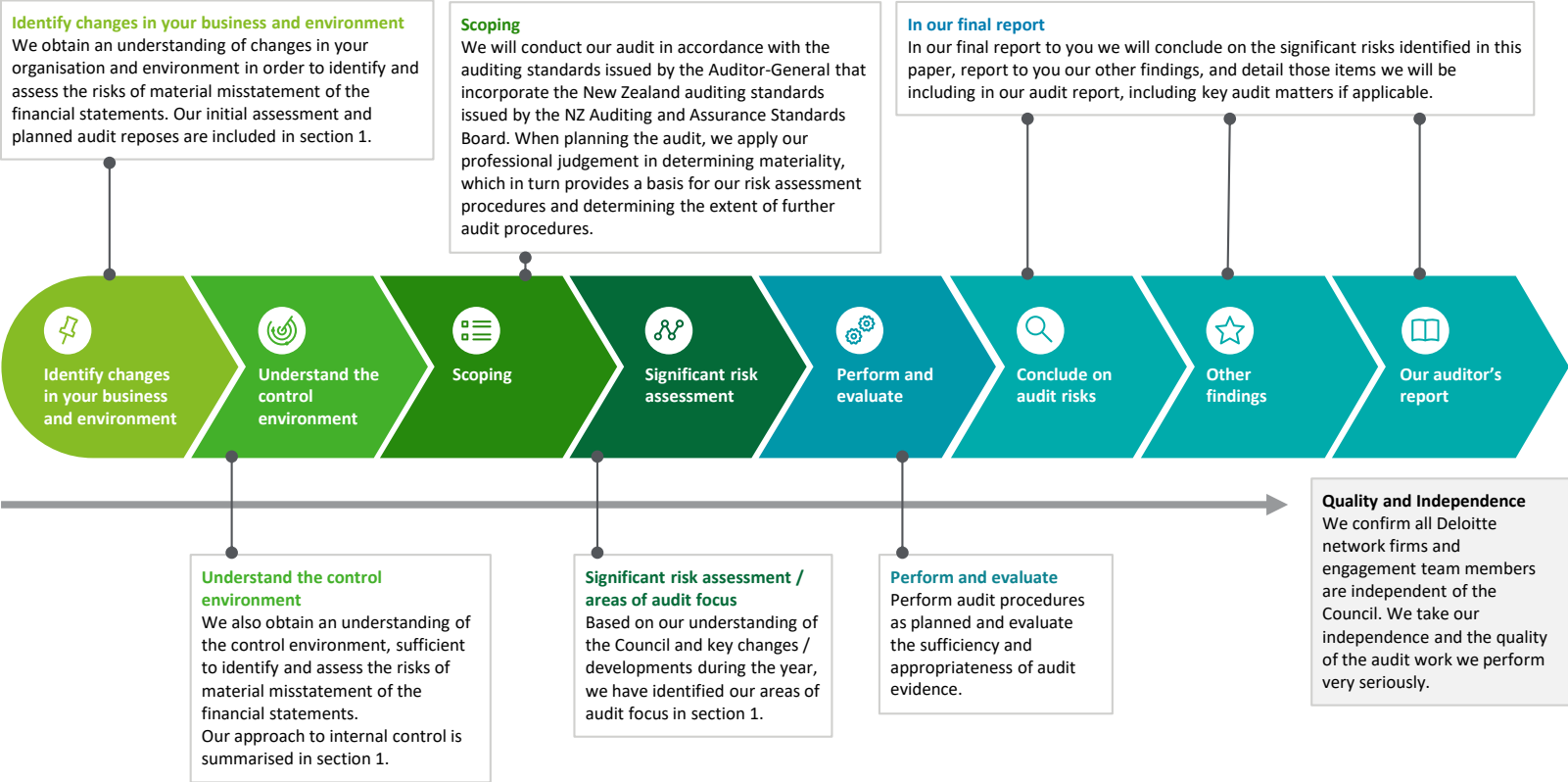
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Our audit explained

We tailor our audit to your business and your strategy





Materiality

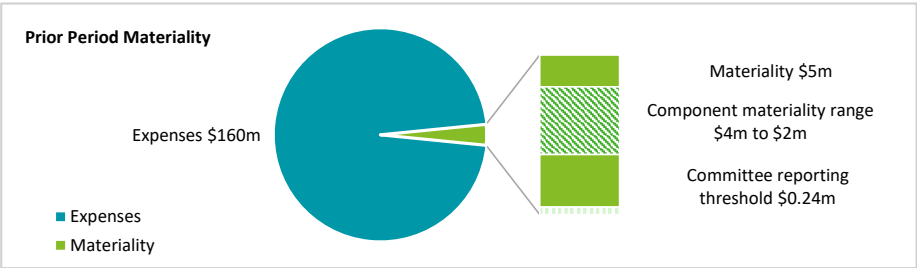
Our approach to materiality

Establishing an appropriate materiality level

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 quantitative materiality for the 2024 audit will be based on expected expenditure in line with prior periods as 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.

The extent of our procedures is not based on materiality alone but also on local considerations of the quality of systems and controls in preventing material misstatement in the financial statements, and the level at which known and likely misstatements are tolerated by you in the preparation of the consolidated financial statements.



Although materiality is the judgement of the audit partner, the Committee must satisfy themselves that the level of materiality chosen is appropriate for the scope of the audit.



Other compliance matters

There are a range of matters we are required to report to you as part of our communications to management and the Committee.

Related Party Transaction Disclosures

- The Council is required to Identify, account and disclose related party relationships and transactions in accordance with the applicable financial reporting framework.
- We will perform procedures to obtain an understanding of the controls, if any, that the Council has established around identifying, accounting for, and disclosing related party relationships and transactions in accordance with the applicable financial reporting framework; as well as the authorisations and approvals process for significant transactions and arrangements with related parties or those outside the normal course of business.
- We will also identify and assess the risks of material misstatement associated with related party relationships and transactions, including determining whether any of those risks are fraud or significant risks, and design and perform further audit procedures to obtain sufficient appropriate audit evidence.

Compliance with Laws and Regulations

- The Council is also required to ensure that its operations are conducted in accordance with the provisions of laws and regulations, including compliance with the provisions of laws and regulations that determine the reported amounts and disclosures in the financial statements.
- We are required to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to understand its nature, and evaluate the effect on the financial statements.

Fraud Characteristics

- In relation to fraud, the primary responsibility for the prevention and detection of fraud rests with management and the Committee, including establishing and maintaining internal controls over the reliability of financial reporting.
- We will obtain an understanding of how the Committee exercise oversight of the Council’s processes for identifying and responding to the risks of fraud and the internal controls that have been established to mitigate these risks, as well as making enquiries of management and the Committee to determine whether you have knowledge of any actual, suspected or alleged fraud affecting the Council.

Written Representations

We will request a number of written representations in a representation letter, relating to each of these areas, including that appropriate disclosure of all matters has been made to the auditor.



Independence and fees

Fees

The proposed audit fee for the 2024 audit is in the process of being reviewed by the Office of the Auditor General. The Office of the Auditor General is responsible for monitoring audit fees to ensure that fees are based on realistic hours (that is, hours that reflect the nature and extent of work required), an appropriate audit team mix and charge-out rates that are in line with market rates.

Once the Auditor General has approved the proposed audit fee for negotiation, this will be presented to Management and the Committee for consideration.

	CY (\$'000)	PY (\$'000)
Fees payable for the audit of the financial statements <i>These exclude estimated disbursement and technology charges</i>	245*	341
Scope extension	-	-
Total audit fees for financial statements	245	320
Other assurance services		
- Trustee Reporting	8	8
Total audit related and other assurance fees	253	328

* - Please note that the CY fee is currently under discussion with the OAG and excludes the OAG Audit Standards and Quality Support charge.



Prior year unadjusted differences

Financial differences

We take this opportunity to remind you of the unadjusted differences identified in the prior year. The current year effect of these is summarised below.

	(Credit)/ Charge to the income statement \$'000	Increase/ (Decrease) in net assets \$'000	(Increase)/ Decrease in retained earnings \$'000
Prior period misstatements			
Equity accounted gain in investment in associate not recorded (Factual)	667	-	(667)
Under-provision for overdue rates (Judgemental)	(1,500)	-	1,500
Total	(833)	-	833

We obtained written representations from the Councilors confirming that after considering all these uncorrected items, both individually and in aggregate, in the context of the consolidated financial statements taken as a whole, no adjustments were required.

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



Prior year unadjusted differences

Disclosures

Omitted disclosures
No material unadjusted disclosure differences were identified during the course of our prior year audit:

Disclosure	Summary of disclosure requirement	Quantitative or qualitative consideration
N/A		

Other disclosure recommendations
Although the omission of the following disclosures in the prior year did not materially impact the financial statements, we drew the omitted disclosures to your attention because we believed it would improve the financial statements to include them or because you could have been subject to challenge from regulators or other stakeholders as to why they were not included.

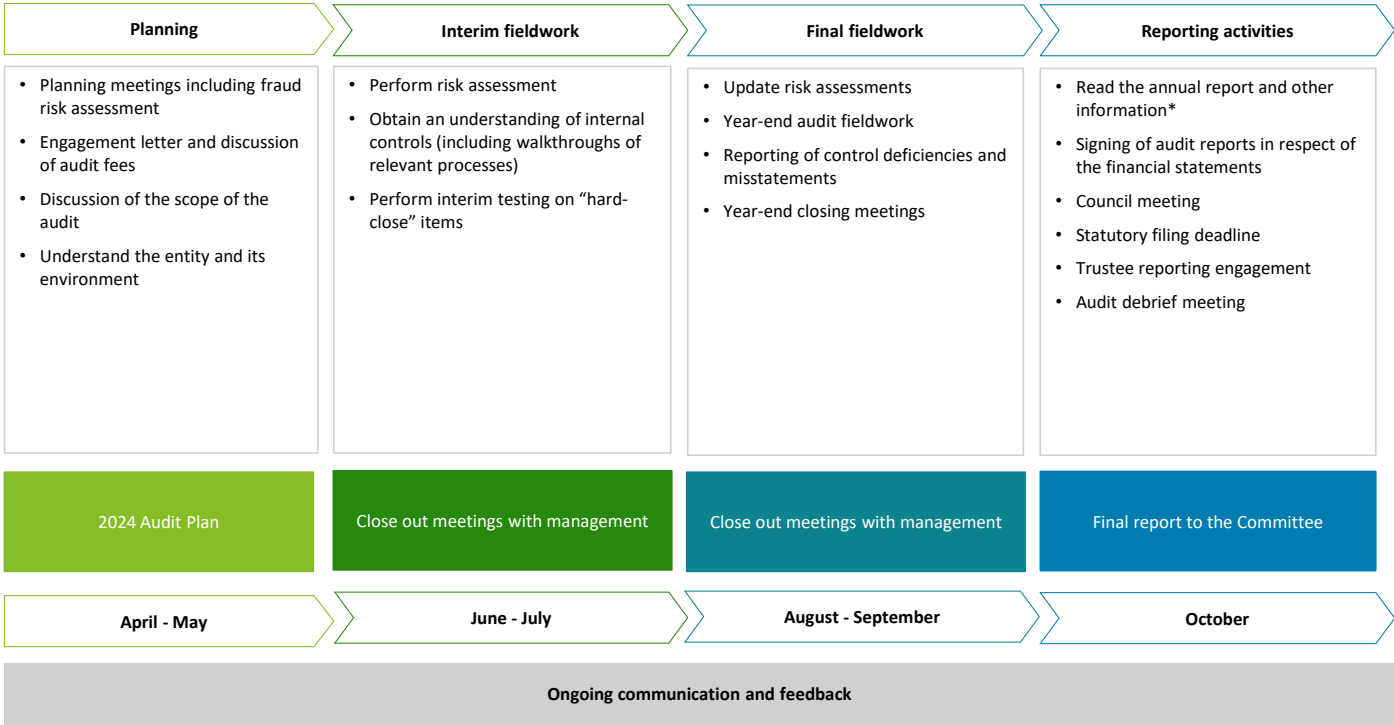
Disclosure	Summary of disclosure requirement	Quantitative or qualitative consideration
Classification of cost and recoveries from NTA		
Expenses and cost recoveries to and from NTA are presented on different income/expense lines in the P&L. As some of these costs are effectively “passed through” and recovered from NTA and vice versa the amounts should be presented on a net-basis.	N/A	Management assessed the likely outcome to be both quantitatively and qualitatively immaterial to the financial statements.
Various immaterial reclassification and categorisation items in the financial statements	N/A	Management assessed the likely outcome to be both quantitatively and qualitatively immaterial to the financial statements.



Continuous communication and reporting

Planned timing of the audit



As the audit plan is executed throughout the year, 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.



* We are required to read the other information to consider if there are any material inconsistencies which we are obliged to report on. We will need sufficient time to perform the review.



Your client service team

Team member		Role
	Bennie Greyling Audit Engagement Partner +64 93064354 bengreyling@deloitte.co.nz	<ul style="list-style-type: none">• Responsible for overseeing the service delivery to the Council• Responsible for the development and execution of our Audit Plan• Key point of contact for the Council Executives
	Darren Naicker Audit Associate Director +64 93064498 dnaicker@deloitte.co.nz	<ul style="list-style-type: none">• Responsible for overseeing our response to technical accounting issues• Responsible for the day-to-day execution of the audit process and activities• Key point of contact for the finance team



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14 May 2024

Ref.: EN/LCA/3-0009

Jonathan Slavich
Chief Financial Officer
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 on behalf of the Auditor-General for the 2024 and 2025 financial year.

1. Introduction

The Auditor-General proposes to appoint me to carry out the audit of your organisation for the next three financial years. As required by the Office of the Auditor-General (OAG), I set out below information relating to the audit for the next financial year ending 30 June 2024. The proposed fees for the 30 June 2025 financial year 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 fee for the audit for the financial year ending 30 June 2024 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.

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14 May 2024
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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”.

Fees for audits of public entities are set by the Auditor-General under section 42 of the Public Audit Act 2001. However, your Councillors 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

The hours and fee included in this proposal relate solely to the audit of Far North District Council.

4. Key members of the audit team

Appointed Auditor	Bennie Greyling
Quality Control Reviewer	Bryce Henderson
Audit Manager	Darren Naicker

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	2023 Budget	2023 Actual	2024 Budget
Appointed Auditor	90	170	100
Quality Control Review Partner	20	15	20
Audit Manager	150	49	160
Other CA qualified staff	200	340	360
Non-CA qualified staff	625	1421	485
Specialists	15	301	50
Total audit hours	1,100	2,296*	1,175

Note (*) - actual hours were 2,296 for the year ended 30 June 2023. Budgeted hours for the year ending 30 June 2024 have been based on a revised assessment of required hours assuming that the issues described below that led to significant inefficiencies in 2023 are adequately resolved.



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Far North District Council
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Actual hours for the year ended 30 June 2023 were significantly higher than budgeted primarily due to the following:

- Given the delays in audit deliverables, manager capacity was significantly reduced due to the timing when information was ultimately received. This resulted in increased appointed auditor and staff time.
- Council's legacy systems required a substantial amount of manual intervention and processes to deliver information for audit purposes. These limitations limited the ability to employ more sophisticated data driven audit techniques to drive efficiencies which required considerably more staff hours.
- Due to the number of complexities and the nature of issues encountered during the audit, appointed auditor time was significantly higher.
- There were additional specialists utilised in response to specific issues identified by management which required a specialist audit response.
- Given the limitations within the financial reporting system, data-analytic specialists were required to sanitise and retrieve the data required for audit testing purposes in relation to journal entries.
- Risk assessment procedures performed in relation to the IT environment revealed the increased need for IT specialist involvement.

a. Reasons for changes in audit hours

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:	2024
Increase in core audit team hours due to ongoing complexities(as described above) and additional senior staff experience required.	40
Increase in specialist hours incurred in 2023 for work that would be repetitive in 2024 including audit efficiencies achieved.	35
Total increase (decrease) in audit hours	75



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6. Proposed audit fees

Our proposed fees for year ending 30 June 2024 (compared to budgeted and actual data from the previous financial year) are:

Structure of audit fees	2023 budget fees \$	2023 actual fees charged \$	2024 budget fees \$
Net audit fee (excluding OAG Audit Standards and Quality Support charge and disbursements)	220,000	220,000	245,000
Additional audit effort due to additional audit hours– refer above	N/A	100,000	N/A
OAG Audit Standards and Quality Support charge	20,922	20,922	23,347
Total audit fee (excluding disbursements)	240,922	340,922	268,347
Estimated Disbursements, including technology charge (2%)	29,000	33,534	35,000
Total billable audit fees and charges	269,922	374,456	303,347
GST	40,488	56,168	45,502
Total (including GST)	310,410	430,624	348,849

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.

a. Reasons for changes in audit fees

The main changes in cost components for future audits are:

Reasons for increased or (decreased) audit fees compared to previous period <u>budgeted</u> fees.	2024
Inflationary increase of 4% (including staff costs)	10,000
Increase in core audit team and specialist hours described in 5a above.	15,000
Total increase (decrease) in audit fees	25,000

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.



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Far North District Council
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- 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 is no work to be performed in relation to climate disclosures or measures included within the annual report. Any work required over climate disclosures or measures will be considered a change in scope.
- 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.



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Far North District Council
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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

A handwritten signature in blue ink, appearing to be "B. Greyling".

Bennie Greyling
Partner
for Deloitte Limited



14 May 2024
Far North District Council
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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



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14 May 2024

Moko Tepania
Mayor
Far North District Council
Private Bag 752
Kaikohe 0405
New Zealand

Dear Moko

Audit Engagement Letter

This audit engagement letter is sent to you on behalf of the Auditor-General who is the auditor of all “public entities”, including Far North District Council, under section 14 of the Public Audit Act 2001 (the Act). The Auditor-General has appointed me, Bennie Greyling, using the staff and resources of Deloitte Limited, under section 32 and 33 of the Act, to carry out the annual audit of the Council’s financial statements and performance information. We will be carrying out these annual audits on the Auditor-General’s behalf, for the year ending 30 June 2024.

This letter outlines:

- the terms of the audit engagement and the nature, and limitations, of the annual audit; and
- the respective responsibilities of the Mayor and Councillors (“Council”) and me, as the Appointed Auditor, for the financial statements and performance information.

The objectives of the annual audit are:

- to provide an independent opinion on the Council’s financial statements and performance information; and
- to report on other matters that come to our attention as part of the annual audit. Typically, those matters will relate to issues of financial management and accountability.

We will carry out the audit 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 New Zealand Auditing and Assurance Standards Board (collectively the Auditing Standards). The Auditing Standards require that we comply with ethical requirements, and plan and perform the annual audit to obtain reasonable assurance about whether Far North District Council’s financial statements and performance information are free from material misstatement. The Auditing Standards also require that we remain alert to issues of concern to the Auditor-General. Such issues tend to relate to matters of financial management and accountability.

Your responsibilities

Our audit will be carried out on the basis that the Council acknowledges that it has responsibility for:

- preparing the financial statements and performance information in accordance with any applicable legal requirements and financial reporting standards;
- having such internal control as determined necessary to enable the preparation of financial statements and performance information that are free from material misstatement, whether due to fraud or error; and
- providing us with:
 - access to all information relevant to preparing the financial statements and performance information such as records, documentation, and other information;

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14 May 2024
Far North District Council
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- all other information, in addition to the financial statements and performance information, to be included in the annual report;
- additional information that we may request from Far North District Council for the purpose of the audit;
- unrestricted access to Council members and employees that we consider necessary; and
- written confirmation concerning representations made to us in connection with the audit.

In addition, the Council is responsible:

- for the preparation of the summary financial statements and summary performance information;
- for making the audited summary financial statements and summary performance information readily available to the intended users of that information; and
- for including our audit report on the summary financial statements and summary performance information in any document that contains that information and that indicates that we have reported on that information.

The Council's responsibilities extend to all resources, activities, and entities under its control. We expect that the Council will ensure:

- the resources, activities, and entities under its control have been operating effectively and efficiently;
- it has complied with its statutory obligations including laws, regulations, and contractual requirements;
- it has carried out its decisions and actions with due regard to minimising waste;
- it has met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector in that it has carried out its decisions and actions with due regard to probity; and
- its decisions and actions have been taken with due regard to financial prudence.

We expect the Council and/or the individuals within Far North District Council with delegated authority, to immediately inform us of any suspected fraud, where there is a reasonable basis that suspected fraud has occurred - regardless of the amount involved. Suspected fraud also includes instances of bribery and/or corruption.

The Council has certain responsibilities relating to the preparation of the financial statements and performance information and in respect of financial management and accountability matters. These specific responsibilities are set out in Annex 1. Annex 2 contains some additional responsibilities relating to the health and safety of audit staff. We expect the Council to be familiar with those responsibilities and, where necessary, have obtained advice about them.

The Council should have documented policies and procedures to support its responsibilities. It should also regularly monitor performance against its objectives.

Our responsibilities

Carrying out the audit

We are responsible for forming an independent opinion on whether the financial statements of Far North District Council:

- present fairly, in all material respects:
 - its financial position as at 30 June 2024; and
 - its financial performance and cash flows for the year then ended;
- comply with generally accepted accounting practice in New Zealand in accordance with [the applicable financial reporting framework].

We are also responsible for forming an independent opinion on whether the performance information of Far North District Council:

- presents fairly, in all material respects, the performance for the year ended 30 June 2024, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved; and
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service.
- complies with generally accepted accounting practice in New Zealand.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements and performance information. How we obtain this information depends on our judgement, including our assessment of the risks of material misstatement of the financial statements and performance information, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements and performance information.



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We do not examine every transaction, nor do we guarantee complete accuracy of the financial statements and performance information. Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with the Auditing Standards.

During the audit, we obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal controls. However, we will communicate to you in writing about any significant deficiencies in internal control relevant to the audit of the financial statements and performance information that we identify during the audit.

During the audit, the audit team will:

- be alert for issues of effectiveness and efficiency – in particular, how the Council and Far North District Council have carried out their activities;
- consider laws and regulations relevant to the audit;
- be alert for issues of waste – in particular, whether the Council obtained and applied the resources of Far North District Council in an economical manner, and whether any resources are being wasted;
- be alert for issues of a lack of probity – in particular, whether the Council and Far North District Council have met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector; and
- be alert for issues of a lack of financial prudence.

Our independence

It is essential that the audit team and Deloitte Limited remain both economically and attitudinally independent of Far North District Council, including being independent of management personnel and the Council. This involves being, and appearing to be, free of any interest that might be regarded, whatever its actual effect, as being incompatible with the objectivity of the audit team and Deloitte Limited.

To protect our independence, specific limitations are placed on us in accepting engagements with the Council other than the annual audit. We may accept certain types of other engagements, subject to the requirements of the Auditing Standards. Any other engagements must be the subject of a separate written arrangement between the Council and myself or Deloitte Limited.

Reporting

We will issue an independent audit report that will be attached to the financial statements and performance information. This report contains our opinion on the fair presentation of the financial statements and performance information and whether they comply with the applicable reporting requirements. The audit report may also include comment on other financial management and accountability matters that we consider may be of interest to the addressee of the audit report. . In addition, we will issue an audit report that will be attached to the summary financial statements and summary performance information. This audit report will contain an opinion that provides the same level of assurance as the audit report on the full financial statements and full performance information.

We will also issue a management letter that will be sent to the Council. This letter communicates any matters that come to our attention during the audit that, in our opinion, are relevant to the Council. Typically, those matters will relate to issues of financial management and accountability. We may also provide other management letters to Far North District Council from time to time. We will inform the Council of any other management letters we have issued.

Please note that the Auditor-General may publicly report matters that are identified in the annual audit, in keeping with section 21 of the Public Audit Act 2001.

Audit tools

You agree that, for the purpose of providing the services covered by this letter, we may use third parties, wherever located, to store and process information received from you or your agents; provided that such third parties are bound by confidentiality obligations similar to those contained in the Code of Conduct. For example, Deloitte Limited uses a cloud services platform (currently Microsoft Azure), to host an integrated suite of audit tools which may be used as part of our engagement with you.

Use of audit staff based overseas

In the delivery of services, we may engage other Deloitte Network Firms to assist with certain aspects of this engagement. We will always remain responsible for the work undertaken in the delivery of those services to you.



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Next steps

Please acknowledge receipt of this letter and the terms of the audit engagement by signing the enclosed copy of the letter in the space provided and returning it to me. The terms will remain effective until a new Audit Engagement Letter is issued.

If you have any questions about the audit generally, or have any concerns about the quality of the audit, you should contact me as soon as possible. If after contacting me you still have concerns, you should contact the Director of Auditor Appointments at the Office of the Auditor-General on (04) 917 1500.

If you require any further information, or wish to discuss the terms of the audit engagement further before replying, please do not hesitate to contact me.

Yours faithfully

A handwritten signature in blue ink, appearing to be "B. Greyling".

Bennie Greyling
Appointed Auditor
On behalf of the Auditor-General

Enclosure: Annex 1: Respective specific responsibilities of the Council and the Appointed Auditor
 Annex 2: Health and safety of audit staff



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I acknowledge the terms of this engagement and that I have the required authority on behalf of the Council.

Signature:

Name:

Title:

Date:



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Annex 1 – Respective specific responsibilities of the Council and the Appointed Auditor

Responsibilities for the financial statements and performance information	
Responsibilities of the Council	Responsibilities of the Appointed Auditor
<p>You are required by legislation to prepare financial statements and performance information in accordance with legal requirements and financial reporting standards.</p> <p>You must also ensure that any accompanying information in the annual report is consistent with that reported in the audited financial statements and performance information.</p> <p>You are required by legislation to prepare the financial statements and performance information and provide that information to us before the statutory reporting deadline. It is normal practice for you to set your own timetable to comply with statutory reporting deadlines. To meet the reporting deadlines, we are dependent on receiving the financial statements and performance information ready for audit and in enough time to enable the audit to be completed. "Ready for audit" means that the financial statements and performance information have been prepared in accordance with legal requirements and financial reporting standards and are supported by proper accounting records and complete evidential documentation.</p>	<p>We are responsible for carrying out an annual audit, on behalf of the Auditor-General. We are responsible for forming an independent opinion on whether the financial statements:</p> <ul style="list-style-type: none"> - present fairly, in all material respects: <ul style="list-style-type: none"> - the financial position as at 30 June 2024; and - the financial performance and cash flows for the year then ended; - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards. <p>We are also responsible for forming an independent opinion on whether the performance information:</p> <ul style="list-style-type: none"> - presents fairly, in all material respects, the performance for the year ended 30 June 2024, including: <ul style="list-style-type: none"> - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved; and - the reasons for any significant variation between the levels of service achieved and the intended levels of service. - complies with generally accepted accounting practice in New Zealand. <p>We will also read the other information accompanying the financial statements and performance information and consider whether there are material inconsistencies with the audited financial statements and performance information.</p> <p>Materiality is one of the main factors affecting our judgement on the areas to be tested and on the timing, nature, and extent of the tests and procedures performed during the audit. In planning and performing the annual audit, we aim to obtain reasonable assurance that the financial statements and performance information do not have material misstatements caused by either fraud or error. Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence the audit report addressee's overall understanding of the financial statements and performance information.</p> <p>If we find material misstatements that are not corrected, they will be referred to in the audit opinion. The Auditor-General's preference is for you to correct any material misstatements and avoid the need for them to be referred to in the audit opinion.</p> <p>An audit also involves evaluating:</p> <ul style="list-style-type: none"> - the appropriateness of accounting policies used and whether they have been consistently applied;



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	<ul style="list-style-type: none"> - the reasonableness of the significant accounting estimates and judgements made by those charged with governance; - the appropriateness of the content and measures in any performance information; - the adequacy of the disclosures in the financial statements and performance information; and - the overall presentation of the financial statements and performance information. <p>We will ask you for written confirmation of representations made about the financial statements and performance information. In particular, we will seek confirmation that:</p> <ul style="list-style-type: none"> - the adoption of the going concern basis of accounting is appropriate; - all material transactions have been recorded and are reflected in the financial statements and performance information; - all instances of non-compliance or suspected non-compliance with laws and regulations have been disclosed to us; and - uncorrected misstatements noted during the audit are immaterial to the financial statements and performance information. <p>Any representation made does not in any way reduce our responsibility to perform appropriate audit procedures and enquiries.</p> <p>We will ensure that the annual audit is completed by the reporting deadline or, if that is not practicable because of the non-receipt or condition of the financial statements and performance information, or for some other reason beyond our control, as soon as possible after that.</p> <p>The work papers that we produce in carrying out the audit are the property of the Auditor-General. Work papers are confidential to the Auditor-General and subject to the disclosure provisions in section 30 of the Public Audit Act 2001.</p>
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Responsibilities for the accounting records	
Responsibilities of the Council	Responsibilities of the Appointed Auditor
<p>You are responsible for maintaining accounting and other records that:</p> <ul style="list-style-type: none"> - correctly record and explain the transactions of the public entity; - enable you to monitor the resources, activities, and entities under your control; - enable the public entity's financial position to be determined with reasonable accuracy at any time; - enable you to prepare financial statements and performance information that comply with legislation (and that allow the financial statements and performance information to be readily and properly audited); and - are in keeping with the requirements of the Commissioner of Inland Revenue. 	<p>We will perform sufficient tests to obtain reasonable assurance as to whether the underlying records are reliable and adequate as a basis for preparing the financial statements and performance information.</p> <p>If, in our opinion, the records are not reliable or accurate enough to enable the preparation of the financial statements and performance information and the necessary evidence cannot be obtained by other means, we will need to consider the effect on the audit opinion.</p>



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Responsibilities for accounting and internal control systems	
Responsibilities of the Council	Responsibilities of the Appointed Auditor
You are responsible for establishing and maintaining accounting and internal control systems (appropriate to the size of the public entity), supported by written policies and procedures, designed to provide reasonable assurance as to the integrity and reliability of financial and - where applicable - performance information reporting.	<p>The annual audit is not designed to identify all significant weaknesses in your accounting and internal control systems. We will review the accounting and internal control systems only to the extent required to express an opinion on the financial statements and performance information.</p> <p>We will report to you separately, on any significant weaknesses in the accounting and internal control systems that come to our notice and that we consider may be relevant to you. Any such report will provide constructive recommendations to assist you to address those weaknesses.</p>

Responsibilities for preventing and detecting fraud and error	
Responsibilities of the Council	Responsibilities of the Appointed Auditor
<p>The responsibility for the prevention and detection of fraud and error rests with you, through the implementation and continued operation of adequate internal control systems (appropriate to the size of the public entity) supported by written policies and procedures.</p> <p>We expect you to formally address the matter of fraud, and formulate an appropriate policy on how to minimise it and (if it occurs) how it will be dealt with. Fraud also includes bribery and corruption.</p> <p>We expect you to consider reporting all instances of actual, suspected, or alleged fraud to the appropriate law enforcement agency, which will decide whether proceedings for a criminal offence should be instituted. We expect you to immediately inform us of any suspected fraud where you, and/or any individuals within Far North District Council with delegated authority have a reasonable basis that suspected fraud has occurred - regardless of the amount involved.</p>	<p>We design our audit to obtain reasonable, but not absolute, assurance of detecting fraud or error that would have a material effect on the financial statements and performance information. We will review the accounting and internal control systems only to the extent required for them to express an opinion on the financial statements and performance information, but we will:</p> <ul style="list-style-type: none"> - obtain an understanding of internal control and assess its ability for preventing and detecting material fraud and error; and - report to you any significant weaknesses in internal control that come to our notice. <p>We are required to immediately advise the Office of the Auditor-General of all instances of actual, suspected, or alleged fraud.</p> <p>As part of the audit, you will be asked for written confirmation that you have disclosed all known instances of actual, suspected, or alleged fraud to us.</p> <p>If we become aware of the possible existence of fraud, whether through applying audit procedures, advice from you, or management, or by any other means, we will communicate this to you with the expectation that you will consider whether it is appropriate to report the fraud to the appropriate law enforcement agency. In the event that you do not report the fraud to the appropriate law enforcement agency, the Auditor-General will consider doing so, if it is appropriate for the purposes of protecting the interests of the public.</p>



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Responsibilities for compliance with laws and regulations	
Responsibilities of the Council	Responsibilities of the Appointed Auditor
<p>You are responsible for ensuring that the public entity has systems, policies, and procedures (appropriate to the size of the public entity) to ensure that all applicable legislative, regulatory, and contractual requirements that apply to the activities and functions of the public entity are complied with. Such systems, policies, and procedures should be documented.</p>	<p>We will obtain an understanding of the systems, policies, and procedures put in place for the purpose of ensuring compliance with those legislative and regulatory requirements that are relevant to the audit. Our consideration of specific laws and regulations will depend on a number of factors, including:</p> <ul style="list-style-type: none"> - the relevance of the law or regulation to the audit; - our assessment of the risk of non-compliance; - the impact of non-compliance for the addressee of the audit report. <p>The way in which we will report instances of non-compliance that come to our attention will depend on considerations of materiality or significance. We will report to you and to the Auditor-General all material and significant instances of non-compliance.</p> <p>We will also report to you any significant weaknesses that we observe in internal control systems, policies, and procedures for monitoring compliance with laws and regulations.</p>

Responsibilities to establish and maintain appropriate standards of conduct and personal integrity	
Responsibilities of the Council	Responsibilities of the Appointed Auditor
<p>You should at all times take all practicable steps to ensure that your members and employees maintain high standards of conduct and personal integrity. You should document your expected standards of conduct and personal integrity in a "Code of Conduct" and, where applicable, support the "Code of Conduct" with policies and procedures.</p> <p>The expected standards of conduct and personal integrity should be determined by reference to accepted "Codes of Conduct" that apply to the public sector.</p>	<p>We will have regard to whether you maintain high standards of conduct and personal integrity – particularly in matters relating to financial management and accountability. Specifically, we will be alert for significant instances where members and employees of the public entity may not have acted in accordance with the standards of conduct and personal integrity expected of them.</p> <p>The way in which we will report instances that come to our attention will depend on significance. We will report to you and to the Auditor-General all significant departures from expected standards of conduct and personal integrity that come to our attention during the audit.</p> <p>The Auditor-General, on receiving a report from us, may, at his discretion and with consideration of its significance, decide to conduct a performance audit of, or an inquiry into, the matters raised. The performance audit or inquiry will be subject to specific terms of reference, in consultation with you. Alternatively, the Auditor-General may decide to publicly report the matter without carrying out a performance audit or inquiry.</p>

Responsibilities for conflicts of interest and related parties	
Responsibilities of the Council	Responsibilities of the Appointed Auditor
<p>You should have policies and procedures to ensure that your members and employees carry out their duties free from bias.</p> <p>You should maintain a full and complete record of related parties and their interests. It is your responsibility to record and disclose related-party transactions in the financial</p>	<p>To help determine whether your members and employees have carried out their duties free from bias, we will review information provided by you that identifies related parties and will be alert for other material related-party transactions. Depending on the circumstances, we may enquire whether you have complied with any statutory requirements for conflicts of</p>



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statements and performance information in accordance with generally accepted accounting practice.	interest and whether these transactions have been properly recorded and disclosed in the financial statements and performance information.
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Responsibilities for publishing the audited financial statements on a website	
Responsibilities of the Council	Responsibilities of the Appointed Auditor
<p>You are responsible for the electronic presentation of the financial statements and performance information on the public entity's website. This includes ensuring that there are enough security and controls over information on the website to maintain the integrity of the data presented.</p> <p>If the audit report is reproduced in any medium, you should present the complete financial statements, including notes, accounting policies, and any other accountability statements.</p>	<p>Examining the controls over the electronic presentation of audited financial statements and performance information, and the associated audit report, on your website is beyond the scope of the annual audit.</p>



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Annex 2 – Health and safety of audit staff

The Auditor-General and Audit Service Providers take seriously their responsibility to provide a safe working environment for audit staff. Under the Health and Safety at Work Act 2015 we need to make arrangements with you to keep our audit staff safe while they are working at your premises. We expect you to provide a safe work environment for our audit staff. This includes providing adequate lighting and ventilation, suitable desks and chairs, and safety equipment, where required. We also expect you to provide them with all information or training necessary to protect them from any risks they may be exposed to at your premises. This includes advising them of emergency evacuation procedures and how to report any health and safety issues.

5.4 REVENUE RECOVERY REPORT 31 MARCH 2024

File Number: A4696494

Author: Zena Tango, Team Leader - Transaction Services

Authoriser: Jonathan Slavich, Chief Financial Officer

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 third report for the financial year 2023-24 and provides information on actions to be 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 31 March 2024.

TĀHUHU KŌRERO / BACKGROUND

This document has been prepared to outline the arrears balances for rates, water, and Sundry debt as of 31 March 2024 and the actions taken by the Revenue Recovery 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 2023, the General Title rates total arrears balance has decreased by 30% and the water rates has decreased by 40% (See footnote A.1 in attachments)

General Title rates and water debt

Key actions since the last report:

- Completed reporting for all properties with mortgages and completed pre-mortgage demand calling.
- Prepared and issued mortgage demand to three major banks.
- Statutory demand proceedings have been lodged against the properties owned by organisations with Law North.
- Law North have submitted applications with the Courts for financial assessments for properties where judgment was received but no payments have been made.
- The wider Transaction services team vacancy has been filled. Revenue recovery team will be at full capacity going forward.

Next actions:

- Complete statutory demand proceedings against properties owned by organisations with Law North.

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.
- 44% of properties only have last year's rates in arrears and 19% 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.
- 15% 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.

Māori Freehold Land rates and water debt

The rates debt has decreased by 2% since the start of the year of which 11% was for Māori Freehold land remissions. The water rates were reduced by 14% since the start of the year. (See footnote A.2 in attachments)

Sundry debtors debt

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

Since the prior report, the building debt and resource debt has dropped. The revenue recovery team is still collaborating with both teams.

Due to a rise in 90-to-90-day+ debt, Revenue Recovery will devote resources to debt reduction.

(See footnote A.3 in attachments)

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 Māori 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. Footnote A.1 General Title Rates and Water arrears comparison - A4706672 [↓](#) 
2. Footnote A.2 Maori Freehold Land Rates and Water - A4706681 [↓](#) 
3. Footnote A.3 Sundry Debtors - A4706684 [↓](#) 

Footnote A.1 General Title Rates and Water arrears comparison

Third quarter report 2023-2024 Financial Year General Title Rates

General Title Rates 2023-2024							
General Title Rates - 31 March 2024	2022-2023	2021-2022	2020-2021	2019-2020	2018+	Total	# accounts
Abandoned Land	65,618	57,751	53,948	54,955	112,438	344,711	39
Payment Arrangement	24,694	10,923	5,324	5,643	7,585	54,169	20
Deceased Rate Payer	86,528	72,696	64,666	63,565	111,849	399,304	47
Mortgage Run 2023-2024	1,514,811	509,659	376,490	282,216	440,461	3,123,638	796
Legal Action Commenced (external)	106,218	88,520	81,697	75,907	238,493	590,834	50
Legal Action Commenced (FNDC)	31,709	30,190	28,286	22,453	36,461	149,110	12
Liquidation	2,183	2,074	1,938	1,966	2,063	10,225	2
Direct Debit	134,752	39,998	16,566	9,039	9,162	209,518	96
Debt recovery action to commence	1,018,911	696,906	554,510	312,680	411,501	2,994,507	591
Rates Total	2,985,423.45	1,508,716	1,183,426	828,437	1,370,014	7,876,016	1,653

Comparison to the Third quarter report 2022-2023 Financial Year General Title Rates

General Title Rates and Water Arrears 2022-2023							
General Title Rates - 31 March 2023	2021-2022	2020-2021	2019-2020	2018-2019	2017+	Total	# accounts
Abandoned Land	59,666	55,903	56,094	55,460	161,384	388,507	40
Payment Arrangement	38,242	23,451	17,742	10,429	24,337	114,200	22
Deceased Rate Payer	89,518	78,234	68,949	64,052	157,138	457,891	49
Mortgage Run 2022-23	794,943	285,989	54,643	35,998	39,198	1,210,771	481
Legal Action Commenced (external)	101,762	94,576	89,872	64,953	195,067	546,230	52
Legal Action Commenced (FNDC)	14,789	14,097	14,617	11,045	29,845	84,393	7
Liquidation	2,074	1,938	1,966	1,892	171	8,041	2
Direct Debit	117,850	39,409	21,294	10,245	2,527	191,324	80
Debt recovery action to commence	1,445,025	1,006,982	648,384	501,033	920,184	4,519,588	822
Rates Total	2,663,869	1,600,579	971,541	755,107	1,529,851	7,520,947	1,555

Third quarter report 2023-2024 Financial Year General Title Water

General Water Arrears 2023-2024							
General Title Water 31 March 2024	2022-2023	2021-2022	2020-2021	2019-2020	2018+	Total	# accounts
Abandoned Land	-	-	-	-	-	-	-
Payment Arrangement	3,011	3,302	1,850	798	-	8,961	2
Deceased Rate Payer	12,161	8,502	11,689	26,763	33,357	92,473	10
Mortgage Run 2023-2024	250,695	75,179	47,252	39,238	39,068	451,432	318
Legal Action Commenced (external)	6,395	9,316	4,736	4,744	23,966	49,156	8
Legal Action Commenced (FNDC)	6,116	7,140	4,038	4,860	10,725	32,879	6
Liquidation	-	-	-	-	-	-	-
Direct Debit	59,049	11,508	7,389	1,455	3,798	83,200	83
Debt recovery action to commence	96,987	59,607	63,435	2,713	46,126	268,868	203
Water Total	434,415	174,554	140,389	80,570	157,040	986,968	630

Comparison to the Third quarter report 2022-2023 Financial Year General Title water

General Title Water Arrears 2022-2023							
General Title Water 31 March 2023	2021-2022	2020-2021	2019-2020	2018-2019	2017+	Total	# accounts
Abandoned Land	-	-	-	-	-	-	-
Payment Arrangement	5,039	2,591	1,334	377	5,083	14,424	7
Deceased Rate Payer	9,101	11,689	26,763	21,266	23,592	92,412	10
Mortgage Run 2021-2022	142,732	68,407	47,921	35,365	18,848	313,273	275
Legal Action Commenced (external)	9,700	5,660	4,996	7,187	16,779	44,323	9
Legal Action Commenced (FNDC)	6,074	4,038	4,860	3,409	7,816	26,196	2
Liquidation	-	-	-	-	-	-	-
Direct Debit	46,747	22,920	15,534	3,482	11,159	99,842	79
Debt recovery action to commence	177,420	154,246	61,354	57,469	73,557	524,045	236
Water Total	396,814	269,551	162,763	128,555	156,833	1,114,515	618

Footnote A.2 ~~Maori~~ Freehold Land Rates and WaterThird quarter report 2023-2024 Financial Year ~~Maori~~ Freehold Land Rates

MFL Rates Arrears 2023-2024							
MFL Rates 31 March 2024	2022-2023	2021-2022	2020-2021	2019-2020	2018+	Total	# accounts
Payment Arrangement	11,121.62	7,619.35	6,684.72	6,823.07	-	32,249	6
Deceased ratepayer	20,008.08	19,076.49	18,407.47	18,761.73	12,140.34	88,394	10
Direct debit	33,909	27,503	27,822	23,544	34,988	147,766	14
Abandoned Land	1,194.06	1,138.67	1,066.55	1,093.94	2,222.28	6,716	1
Debt recovery action to commence	2,024,987.18	1,928,440.74	1,874,229.03	1,815,072.97	1,485,314.95	9,128,045	1,155
Rates Total	2,091,220	1,983,778	1,928,210	1,865,296	1,534,666	9,403,170	1,186

Comparison to the Third quarter report 2022-2023 Financial Year ~~Maori~~ Freehold Land Rates

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

Third quarter report 2023-2024 Financial Year ~~Maori~~ Freehold Water

MFL Water Arrears 2023-2024							
MFL Water 31 March 2024	2022-2023	2021-2022	2020-2021	2019-2020	2018+	Total	# accounts
Payment Arrangement	-	-	-	-	-	-	-
Direct Debit	7,024.47	4,691.61	-	-	-	11,716	2
Debt recovery action to commence	41,867.85	42,525.23	55,489.45	34,441.27	70,273.17	244,597	38
Water total	48,892	47,217	55,489	34,441	70,273	256,313	40

Comparison to the Third quarter report 2022-2023 Financial Year ~~Maori~~ Freehold Land Water

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

Footnote A.3 Sundry Debtors

Third quarter report 2023-2024 Financial Year Sundry Debtors

Sundry Debtors Aged Period Report as at 31 March 2024						
Category	30 Days	60 Days	90 Days	90 Days +	Total	% Debt
Sundry	25,896	25,388	-	212,276	770,587	27%
Bookings	-	750	-	6,943	11,381	0%
Septage	6,567	33	-	208	11,879	0%
Refuse	-	-	-	3,030	3,030	0%
Building	35,546	28,477	4,592	572,017	769,620	27%
Resource	77,763	45,791	480	837,530	1,103,159	39%
Liquor	-	-	184	3,475	14,288	1%
Health	5,883	4,145	1,240	134,913	164,616	6%
Total	151,654	104,585	6,496	1,770,393	2,848,560	100%

Comparison to the Third quarter report 2022-2023 Financial Year Sundry Debtors

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

5.5 PEOPLE AND CAPABILITY REPORT - JANUARY - MARCH 2024**File Number: A4696651****Author: Kerry Brett, Systems Support Officer****Authoriser: Emma Healy, Chief of Staff****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 on People and Capability activities.

WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY

Included in the report is information on:

- Exit Interviews and Analysis.
- Recruitment activity; and
- Employment Relations.

TŪTOHUNGA / RECOMMENDATION

That the Te Miromiro - Assurance, Risk and Finance Committee receive the People and Capability Report - January - March 2024 .

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.

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

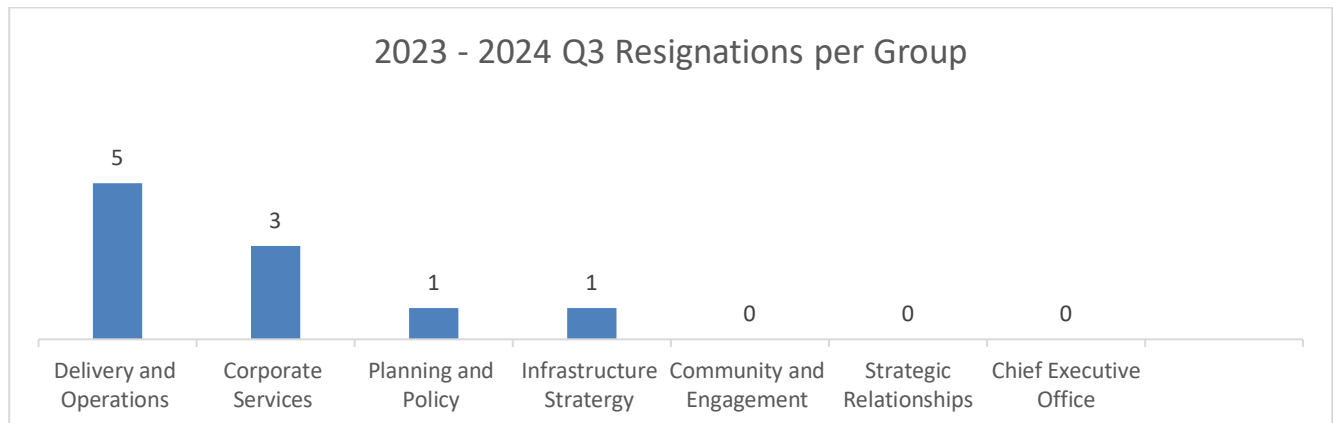
Nil

ĀPITIHINGA / ATTACHMENTS

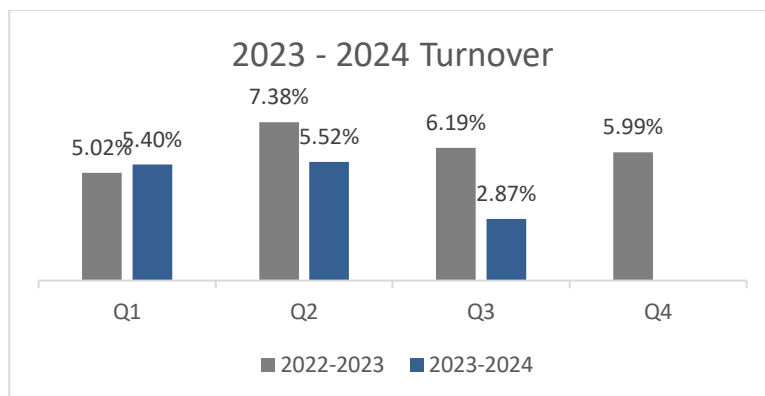
Nil

Turnover Quarter Three (Jan – Mar 2024)

10 employees left FNDC in Quarter 3.



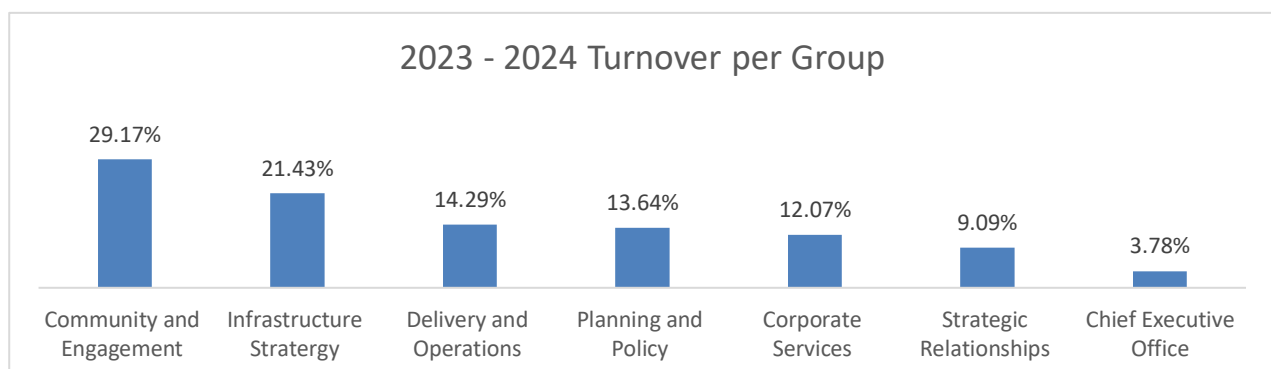
The turnover rate for this quarter is 2.87% (compared to 6.19% for the same quarter last year).



7 exit interviews were completed.

Turnover Year to Date (July 2023 – Mar 2024)

49 employees have left the organisation.

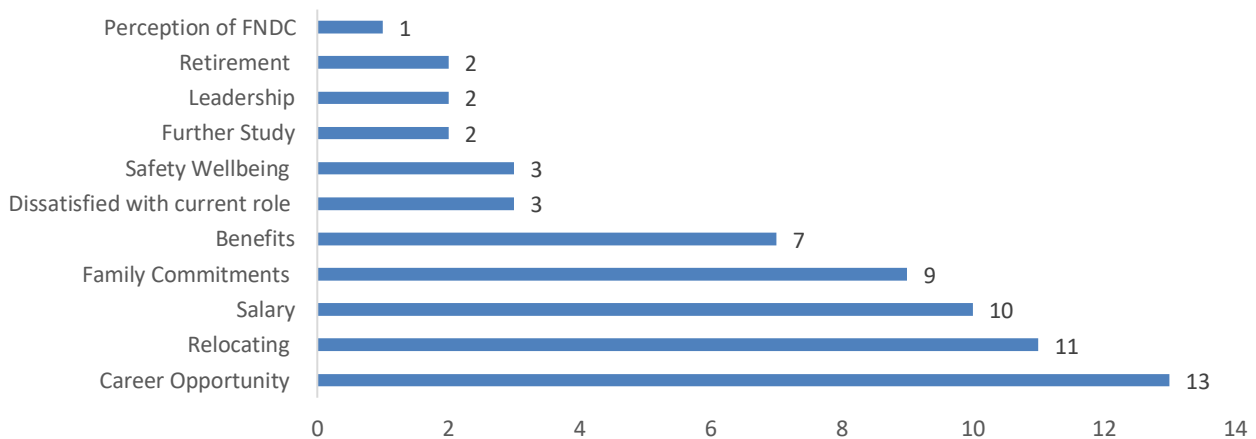


The turnover rate for the year to date is 13.79% (compared to 18.59% for the same period the previous year).

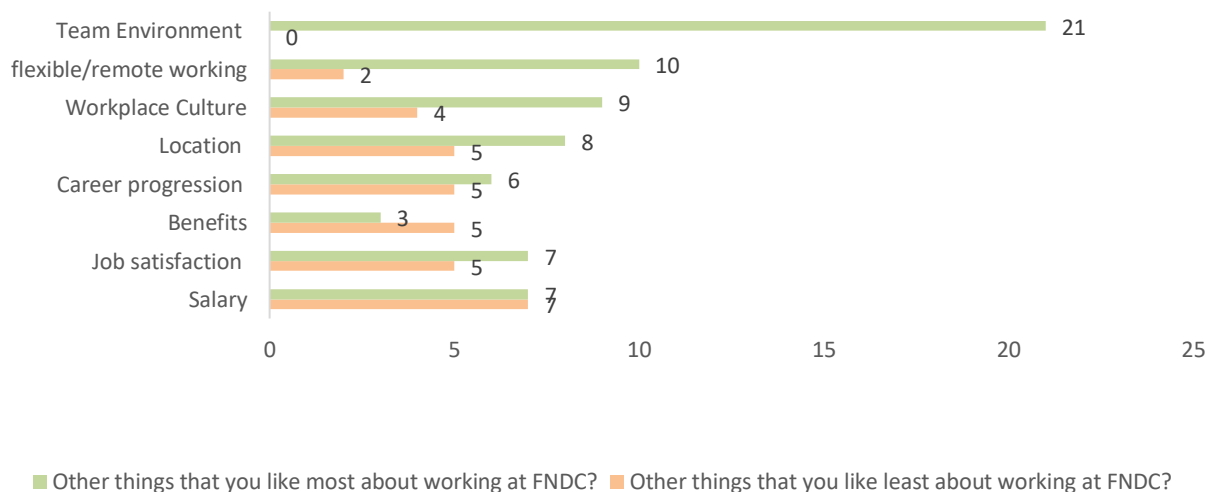
27 exit interviews have been completed, and the main themes are:

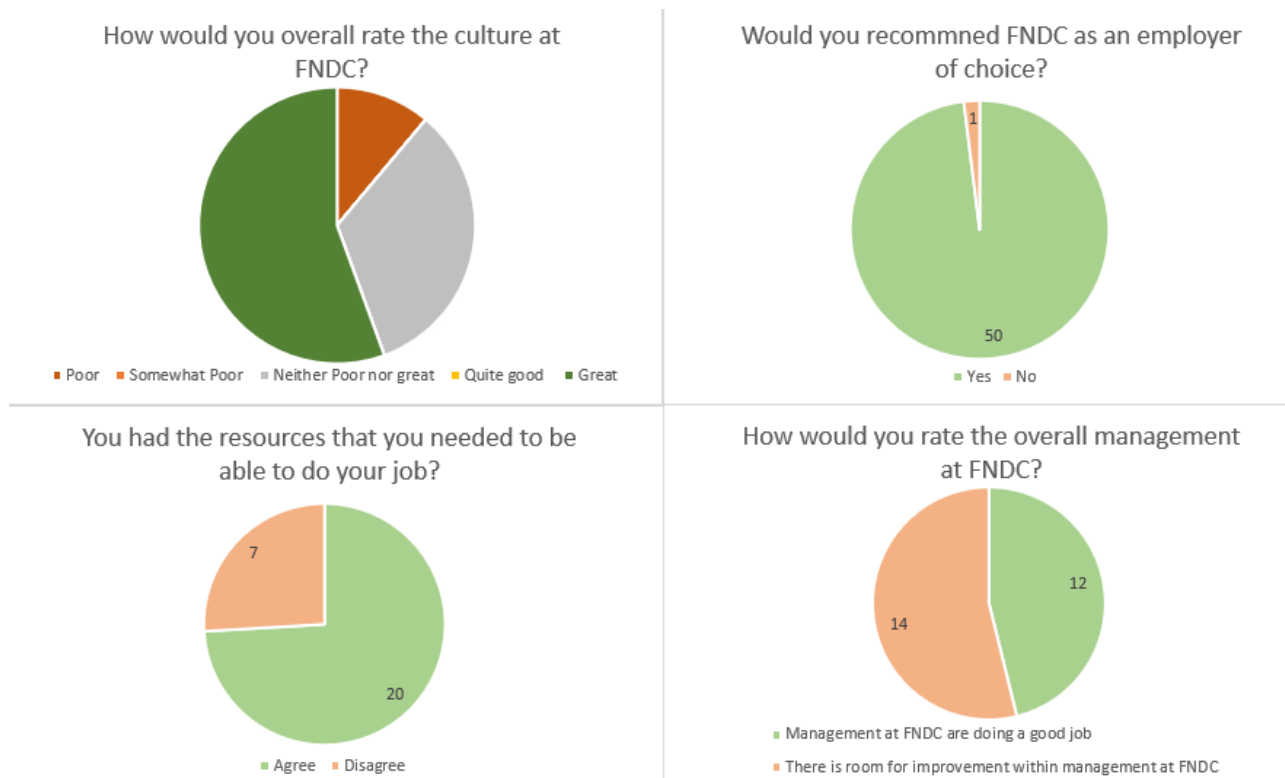
- What staff liked most about working at FNDC:
 - Team Environment
 - Flexible/Remote Working
 - Workplace Culture
- Top reasons to leave FNDC:
 - Salary
 - Job Satisfaction, Career Progression, Benefits

Other Factors that influenced your decision to leave FNDC



Other things that you like most and least about working at FNDC?





Response to Exit Interview Analysis

What staff liked most about working at FNDC:

- Team environment – This is consistent with the top-scoring question in the engagement survey. To maintain this, the CE workshops have been gauging areas for improvement. Staff are also being encouraged to spend more time in the office to build peer relationships and the team environment.
- Flexible/Remote working – This has allowed us to recruit talent for specialist roles outside of the district, effectively widening our talent pool and allow the flexibility to manage work/life balance. A 'business first, digitally supported' philosophy is promoted to strike the right balance of flexibility in how work is delivered.
- Workplace culture – This has been a focus over the last six months.

Top Reasons to Leave FNDC:

- Salary & job satisfaction – When required roles are reviewed to ensure that they are still fit for purpose. Job satisfaction is personal to the individual and the CE workshops have focused in on giving staff time with the CE to hear and understand first-hand what's going well and areas for improvement.
- Career progression & benefits – Twice yearly succession planning is being undertaken to identify potential internal successors and target development and career planning. The next

round of succession planning will take place in August. FNDC does offer employee benefits and work will be done to communicate and expand this offering.

Recruitment Activity

During this quarter 34 positions have been filled. While recruitment over the past 12 months has proven difficult, progress has been made with some key leadership roles this past quarter. Consideration to the final Team Leader Resource Consents appointment is underway, as well as the new Manager Contact Centre (Community and Engagement Group) and Team Leader District Plan (Planning and Policy Group) both starting on Monday 15 April.

We have continued to use external recruitment agencies with success, which have enabled us to hire hard to fill roles. This approach to find specialists combined with our hybrid working model has seen a rise in appointments in the last quarter.

The 2024 Job Explore in Kaikohe and Kaitaia were important events for FNDC to not only talk to prospective new employees, but to raise awareness of the variety of opportunity that Council has available. We attended both days, speaking not only with our local rangitahi but more senior members of the community who wanted to engage with us in meaningful ways and explore possible career pathways.

We have also undergone training in the new functionalities with our main online recruitment platform (Seek) which allows us to take a more direct approach and match with prospective job seekers, in addition to further conversations with LinkedIn as to the types of targeted recruitment marketing that is available.

Finally we have recently established further connections with local high school gateway educators as well as Te Pūtahi-Nui-o-Rehua Charitable Trust, based in Kaikohe, on what we can look at regarding possible placement and upskilling in council.

Culture

Quarterly Celebration – This took place Monday, 29 April in Chambers. This celebration welcomes our New Starters over the past Quarter with a powhiri and combines with FNDC's Love Your Work awards and Long Service recognition. This quarter eight recipients received a Love Your Work Award and four staff were recognised for serving FNDC and their community for 30 plus years. Certificates were also awarded to staff who participated in our Kapa Haka group who competed in the Te Tai Tokerau Senior Kapa Haka Regional Competition, 23 March in Whangarei at McKay Stadium.

Staff engagement – The final month of 2023 saw the completion of the latest staff engagement survey. Participation in this survey was at 77%, compared to the previous survey in June 2023 which was 67%. Participation in the survey increased markedly, with 2772 comments made by staff – an increase of 60% - which indicates we can have confidence in the results of the survey. The overall engagement score itself did not significantly improve, which has meant a focus on responding to the themes of the survey.

Some engagement drivers did show improved scores from the previous survey; 'Growth', 'Diversity & Inclusion', 'Health & Wellbeing' and 'Freedom of Opinions'. SLT has agreed on three priority areas

highlighted in the results: Strategy, Support and Equality. The next survey is scheduled for May 2024.

Organisational strategy - One of the lowest scoring sections of the staff engagement survey related to strategic direction of the organisation. In response to this, an organisational strategy is under development with an initial Mission, Vision, Values and Purpose drafted by SLT. A working group made up of individuals across groups has further developed this and engaged with all People Leaders. This work will continue with wider engagement across the organisation anticipated, with a final organisational strategy due for completion by Q2 2024/5.

Succession Planning – The past 6 months has seen a targeted focus on succession planning. This strategic focus allows for People Leaders to identify and develop their team members to fill the key roles that are critical to the business, with an action plan ready when these roles become vacant. This process allows not only for business continuity in times of change and uncertainty, but it allows for opportunity and growth within our team members, strengthening our Employer Value Proposition and desire to be an employer of choice.

Staff retention - The aforementioned engagement survey and succession planning and talent identification are key to help mitigate this risk. Stay Interviews are undertaken for teams that may be unsettled. Team Management Profiling has also been provided to a number of teams to give insights on how people prefer to work and interact with others in the workplace and build high levels of trust and confidence within teams. The end of this financial year will also be the first round of the newly implemented Performance Recognition Framework. This framework was developed in response to staff survey feedback.

CE Team Workshops - The CE has been meeting each of the 40 teams across council in a workshop format to share the organisational strategy direct and give the opportunity to brainstorm improvement ideas and initiatives. To date 18 teams have had their workshops which has resulted in 391 ideas being generated (some of which are duplicates) but it has already shown a unified voice from staff in some areas, and some actions have already been taken on board and implemented. The Projects team undertaking this work and developing the associated Service Improvement Programme to work through the resulting ideas. The remaining 22 teams are scheduled to be met with in the coming months.

Employment Relations

	Quarter Three (Jan – Mar 2024)	Financial Year to Date (Jul 2023 – Mar 2024)
Number of personal grievances	0	3 <i>Note: These were a result of the April 2023 restructure</i>
Negotiated exits & medical retirements	1	8

FNDC has a solid relationship with the PSA representative and the delegates within council. Recently the long-standing representative has stepped aside to focus on the Health sector, with a new delegate taking on that role as of April 2024.

Negotiations for the upcoming renewal of the Collective Employment Agreement will be taking place in May. Pre-negotiation discussions have been positive, with both PSA delegates and FNDC representatives having the same focus of supporting our people.

5.6 FNHL QUARTERLY REPORT - MARCH 2024**File Number:** A4696812**Author:** Jonathan Slavich, Chief Financial Officer**Authoriser:** Charlie Billington, Group Manager - Corporate Services**TAKE PŪRONGO / PURPOSE OF THE REPORT**

Present Far North Holdings Limited's (FNHL) March 2024 quarterly report.

WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY

To provide FNHL's March 2024 quarterly report, issued in accordance with Part 5, Section 67 of the Local Government Act.

TŪTOHUNGA / RECOMMENDATION

That the Te Miromiro - Assurance, Risk and Finance Committee receive FNHL Quarterly Report - March 2024 .

TĀHUHU KŌRERO / BACKGROUND

In accordance with Part 5, Section 67 of the Local Government Act 2002 and FNHL Statement of Intent, FNHL submit a quarterly report to Council on the activities of the Group - Far North Holdings Limited, Bay of Islands Marina Limited and Housing Limited.

MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND NEXT STEPS

The purpose of this quarterly report is for the Board to provide Council with:

- an update on key achievements and activities during the quarter;
- quarterly performance and progress against key SOI targets;
- unaudited financial results for the quarter; and
- specific Health & Safety reporting as required by the SOI.

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

There are no financial implications for this update report.

ĀPITIHINGA / ATTACHMENTS

1. 24_05 March 2024 Report to Shareholder - A4707524 [↓](#) 



FNDC

Quarterly Report to Shareholder

Issued in accordance with Part 5, Section 67 of the Local Government Act 2002

May 2024

Contents

1. Purpose
2. Quarterly Overview
3. Performance against Key SOI Targets
4. Financial Performance
5. Health & Safety Report



QUARTERLY REPORT

Purpose

In accordance with Part 5, Section 67 of the Local Government Act 2002 and Far North Holdings Limited Statement of Intent for the three years to June 2026, we submit the report on the activities of Far North Holdings Limited, Bay of Islands Marina Limited and Housing Limited (the Group) for the nine months from 1 July 2023 to 31 March 2024.

The purpose of this quarterly report is for the Board to provide our shareholder with:

- an update on key achievements and activities during the quarter;
- quarterly performance and progress against key SOI targets;
- unaudited financial results for the quarter; and
- specific Health & Safety reporting as required by the SOI.

QUARTERLY REPORT

Business Overview

The Group is reporting net operating profit for the nine months ended 31 March 2024 of \$0.86m compared to a budget of \$0.76m and \$0.78m for the same period last year. While the Group result reflects mixed performance year-to-date, we remain on track to meet our SOI operating profit of \$1.0m and a minimum dividend of \$0.5m. However, we acknowledge FNDC's request to deliver additional dividend returns and will continue to investigate opportunities to deliver greater returns, especially where realising capital gains on property divestments or developments. For completeness, we note our FY24 result also includes non-operating items of the gain on sale of the Paihia Maritime Building and write-off of development costs associated with potential community housing projects which did not proceed following community consultation.

Economic headwinds continue to impact the business with high interest rates impacting our bottom-line profit. Interest rates remain high and have not fallen as the government struggle with inflationary measures. With FNDC support, we have applied for LGFA funding which has been approved and the company, working through Chapman Tripp, are looking to have a facility in place by the year end which in itself will add a forecast \$1m in interest rate savings.

This year sees FNHL on a pathway to improved profitability with the sale of those assets fully developed and to which the company cannot add any further value. The combination of LGFA finance and the sale of assets will significantly improve the company's financial position and ability to continue to invest in growing the district.

In terms of Ngawha Innovation & Enterprise Park another significant milestone was achieved with Corrections securing PC on the 26th of January. This is a significant for the company not only in term of the lease being executed and the property generating revenue, but equally as important is what the facility means for Ngawha. Ngawha is synonymous with the prison and Corrections are hoping the new house building facility at the Park will help go some-way to address this by providing out of the wire job training for inmates. Allowing re-integration to occur in a normal working environment, qualifying inmates in a trades training skill that they are being paid for and in doing so building houses that we hope to use locally.

QUARTERLY REPORT

Business Overview cont.

Other key areas of business growth have been, firstly in the cruise ship season which has had a very strong quarter this year, after last years very poor weather and high cancellation rate. 82 cruise ships had visited to the end of March with a further 6 due in April, making for a total 88 cruise ships and approx. 130,000 passengers passing across Waitangi and Paihia Wharfs to visit numerous attractions/businesses across our district contributing to our local tourism economy.

Secondly, work has progressed through Far North Housing Ltd on a number of sites. After the completion Stage 1 of the Kaikohe housing project in December, when 10 homes were delivered to THOON, Stage 2 and 3 have largely completed with the final paperwork having been issued for PC. This will provide for 26 x 1-bedroom units, 7 x 2-bedroom homes and 4 x 3-bedroom homes. In addition, civil work has advanced well on the 43 home development at Ranfurly St, Dargaville with all building platforms completed and the services and stormwater installed.

As previously stated, the pipeline of housing opportunities remains strong, and we anticipate further opportunities may arise as the new government establishes housing priorities and policies. To date, our initial housing developments, which are fully debt funded, have delivered strong asset value uplift, and a diversified future revenue stream underpinned by a 25-year government lease with a strong bottom-line return. We are hopeful these strong returns can continue to be delivered for future opportunities under new government policy, while also addressing critical housing shortages across our wider region.

In this respect, we have submitted to HUD an application for 32 x 1-bedroom apartments for over 50's in partnership with Switzer homes Kaitaia.

QUARTERLY REPORT

SOI FY24 Key Targets

Strategic Focus - Financial "Achieve sustainable commercial returns"			
Objective	FY24 Target	Progress	Comment
Create value for ratepayers by increasing shareholders funds	Grow shareholders funds by >\$10 million	●	Uplift in year-end valuations are expected to support this target
Ratio of consolidated shareholder funds (defined as total equity) to total assets	Must exceed 50%	●	March '24 ratio was 52%
Effective financial management to deliver profitability	Operating profit >\$1.0 million	●	On track to achieve the \$1m full year operating profit
Return profit to FNDC by way of dividend, in line with dividend policy	Dividend payable > \$500,000	●	On track to deliver target dividend
Regular risk assessments undertaken and reported to FNDC, identifying key organisational risks and mitigants	6 monthly report submitted	●	A risk assessment was last reported to FNDC in October '23 and an update is provided in a separate report to supplement this quarterly update
Insurance	Asset insurance revaluation undertaken	●	Completed September 2023
Comply with banking covenants	Achieved	●	Bank covenants have been complied with at all FY24 reporting dates

Notes:

1. Operating profit = profit prior to movements in investment properties, share of associates and other non-operating movements, adjusted for movements in honey stock.
2. Dividend policy = 50% of operating profit.
3. Targets include consolidated group results, incorporating Far North Holdings Limited and wholly owned subsidiaries, Bay of Islands Marina Limited and Far North Housing Limited.

QUARTERLY REPORT

SOI FY24 Key Targets **cont.**

Strategic Focus - People "Be a good employer"			
Objective	FY24 Target	Progress	Comment
To make safety our priority to ensure health, safety and wellbeing of all employees and contractors in the Group	Health & Safety improvement plan in place, and being actioned	●	Progress continues
Comply with our living wage policy for all permanent employees	Achieved	●	All employees receive living wage
Directors to make an effective contribution to the Board, with conduct in accordance with generally accepted standard	External Board effectiveness review	●	Board review process was scheduled for Q4, but was placed on hold pending the outcome of FNDC's governance review which commenced in March 2024.

Strategic Focus - Sustainability "Understake sustainable investment and management for the benefit of future generations"			
Objective	FY24 Target	Progress	Comment
Commit to tangible action to measure climate impact and target reductions based on best practice	Following internal workshops carried out in 2022/23 the company will look to finalise and adopt a sustainability roadmap	●	To complete before year-end
Ngawha Innovation & Enterprise Park to achieve best practice environmental standards	Submit a formal application for a Greenstar rating for NIEP	●	To complete before year-end
Achieve and maintain Clean Marina certification	Achieved	●	Certification held
Meet or exceed all environmental obligations required under resource consents issued to the company, and address any notices received from environmental regulators promptly or within specified timeframes	Achieved	●	Achieved year-to-date

QUARTERLY REPORT

SOI FY24 Key Targets **cont.**

Strategic Focus - Community "Create economic and housing opportunities, with improving engagement and communication"			
Objective	FY24 Target	Progress	Comment
Encourage positive relationships with the community by having transparent engagement policies and monitoring key stakeholder perceptions	Stakeholder perceptions survey	●	Ongoing
Ngawha Innovation & Enterprise Park developed to grow economic and employment opportunities in the Far North	5 businesses based at the Ngawha Innovation & Enterprise Park	●	Achieved
Encourage positive and meaningful relationships with Māori by supporting project delivery or building long-term relationships if suitable opportunities or commercial ventures arise	3+ projects / relationships	●	Achieved
Identify opportunities to deliver social housing to meet local needs in partnership with Community Housing Providers (CHP's)	Develop at least 50 housing units	●	Achieved with completion of RSA development
Civil Aviation Authority Certification maintained for the BOI Airport to support regional tourism and business visitors	Achieved	●	Certification held

Finance Report

Unaudited group results including Far North Holdings Limited and wholly owned subsidiaries Bay of Islands Marina Limited and Far North Housing Limited

Nine Months to 31 March 2024

FINANCE REPORT

Statement of Financial Performance

Group Statement of Financial Performance 31 March 2024 \$'000	Actual	Year-to-date Budget	Variance	Last Year - Year to Date Actual	Variance	Full Year Budget
Income	15,345	14,530	815	13,829	1,515	18,768
Cost of Sales	1,830	1,728	(102)	1,802	(29)	1,952
Gross Profit	13,514	12,801	713	12,028	1,487	16,816
Operating Expenses	9,712	9,007	(705)	8,771	(941)	11,816
Depreciation	802	765	(36)	769	(33)	1,017
Earnings before Interest	3,000	3,029	(29)	2,488	512	3,982
Interest	2,136	2,254	117	1,716	(420)	3,005
Net Profit before Abnormal Items	864	775	88	772	92	977
Non-operating Items	2,688	-	2,688	-	2,688	-
Net Profit After Abnormal Items	3,552	775	2,777	772	2,780	977

- **Income** – commercial property leasing and cruise ship revenues are exceeding budget. Fuel sales have recovered from the half-year position and are now ahead of budget. These increases are partly offset by lower berth rental income and share of result in Associates.
- **Cost of Sales** – cost of sales are higher than budget due to the higher fuel sales.
- **Operating expenses** – include one-off costs to progress Group strategic initiatives, increased costs recovered from third parties and costs higher costs as completed projects are embedded into business-as-usual.
- **Interest** – increase from FY23 reflects higher interest rates
- **Non-operating items** – includes gain on sale investment properties and costs associated with community housing projects that have not proceeded.
- **Comparison to last year** – The March '24 operating result is ahead of last year due to the improved summer trading and growth in the Group. This has been partly offset by increased interest costs associated with higher interest rates and additional headcount to uplift performance in specific areas.

Statement of Financial Position

FINANCE REPORT

Statement of Financial Position			
As at 31 December 2023			
\$000	Mar-24	Dec-23	Jun-23
Equity			
Share Capital	18,000	18,000	18,000
Reserves	13,405	13,404	13,256
Retained Earnings	69,565	70,683	67,914
	100,970	102,088	99,170
Current Assets			
Cash and cash equivalents	1,269	108	211
Trade receivables & prepayments	3,454	2,263	939
Inventory	1,514	1,500	1,513
Other investments - current	-	-	499
Properties intended for sale	10,530	11,140	17,073
	16,767	15,011	20,235
Non Current Assets			
Intangible assets	104	105	106
Biological assets	258	258	258
Property, plant & equipment	32,261	32,419	31,363
Investment properties	138,838	132,915	128,137
Investments in equity accounted associates	5,427	5,692	5,640
Other investments - term	1,006	1,006	665
	177,893	172,395	166,169
TOTAL ASSETS	194,660	187,406	186,404
Current Liabilities			
Current Loans and bank overdraft	59,691	54,683	11,138
Payables, accruals and income in advance	6,536	5,621	7,701
	66,227	60,304	18,839
Non Current Liabilities			
Loans	4,211	1,287	48,568
Deferred tax liability	4,554	4,554	4,554
Income in advance	18,699	19,172	15,273
	27,463	25,014	68,395
TOTAL LIABILITIES	93,690	85,318	87,234
	100,970	102,088	99,170

- **Cash and cash equivalents** – include contractor retention monies that are legally required to be held in a separate bank account.
- **Trade receivables & prepayments** – annual fees for marina berth holders invoiced 1st July, payable quarterly/monthly.
- **Inventory** – honey stock makes up most of this balance with the balance being fuel and consumables.
- **Other investments current** – the June '23 balance related to Fonterra shares required to be held for the dairy farm that previously operated at the Ngawha site. These shares were sold in December '23 with sale proceeds slightly above book value.
- **Properties intended for sale** - the decrease in this balance from June '23 is due to the sale of two properties during FY24. Marketing of other residential properties is continuing, and further sales of properties is expected over the remainder of FY24.
- **Property, plant & equipment** – material increases relate to Paihia wharf berth upgrades of \$588K and Okiato ferry ramp upgrades of \$335K.
- **Investment properties** – increase reflects construction costs of Department of Corrections building at Ngawha Innovation and Enterprise Park, Kaikohe and community housing projects.
- **Investments in equity accounted associates** – represents FNHL's 12% investment in Kaikohe Berry Fruits Limited (KBLP) and 50% interest in 450 Kamo Road Limited (community housing property).
- **Other investments term** – this represents loans to Te Hua O Te Kowariki Trust Manea (\$665k) and KBLP (\$341k), the latter being advanced in December '23 as part of a capital restructure.
- **Current loans and bank overdraft / Non Current Loans** – Loan balances have increased since June '23 to fund the Kaikohe Housing and Corrections projects, as planned. We are now holding significant balances for renewal within 12 months to retain flexibility as we investigate LGFA options. We would anticipate longer term debt facilities to be renewed post LGFA decisions.
- **Payables, accruals and income in advance** – Annual berth holder fee spread over twelve months.
- **Income in advance** – Stage II berth sale and Stage I licence extension from 2033 to 2049 and new license extension offer made in November 2023.

H&S Report

Q3 2023/24

H&S QUARTERLY REPORT

Health & Safety: Q3 2023/24 Report

FNHL has in place current health and safety policies and procedures to ensure the company meets its commitments to the health, safety and welfare of its employees, customers, visitors, and contractors. We strive for excellence in health and safety management, therefore, achieving operational effectiveness and business sustainability.

Ensuring a strong health and safety culture is a key part of our business strategy. The FNHL team expect open and honest involvement and commitment to achieve a safe and healthy working environment that supports the wellbeing of our employees, customers, visitors, and contractors.

FNHL has embarked on a health, safety, and wellbeing continuous improvement programme where goals and objectives are set and measured against. Our 2023/24 programme continues to track within schedule. Our “Objectives” have been set to align with ISO45001 requirements. Key programme actions/deliverables in Q3 2023/24 have been:

- Current HSW policies and procedures in place and made readily accessible, including via SharePoint.
- HSW Audits programmed for Q3 completed and actioned.
- Annual risk register reviews well progressed and due for completion Q4.
- Improved HSW data management using new software tools is now embedded for all aspects FNHL bar Airports where some data management improvements, using a specialised aviation HSW software tool, is due for completion Q4.
- Agreement to purchase two new fire appliances for Kerikeri airport.

5.7 FNDC FINANCIAL SUMMARY MARCH 2024

File Number: A4696879

Author: Jonathan Slavich, Chief Financial Officer

Authoriser: Charlie Billington, Group Manager - Corporate Services

TAKE PŪRONGO / PURPOSE OF THE REPORT

To provide a FNDC financial summary for the period to 31 March 2024.

WHAKARĀPOOTO MATUA / EXECUTIVE SUMMARY

Operating surplus for the period ending 31 March 2024 recorded \$21.0 million against a planned year-to-date budget of \$19.4 million. This was due to higher operating income which was up \$16.2m on budget, partially offset by higher operating expenditure, which was \$14.6m higher than budget.

TŪTOHUNGA / RECOMMENDATION

That the Te Miromiro - Assurance, Risk and Finance Committee receive the report FNDC Financial Summary March 2024.

TĀHUHU KŌRERO / BACKGROUND

FNDC Financial Summary year to date 31 March 2024.

MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND NEXT STEPS

Operating surplus for the period ending 31 March 2024 recorded \$21.0 million against a planned year-to-date budget of \$19.4 million. The operational surplus is therefore up 8% compared against the year-to-date budget.

Operating Income was \$112.3 million compared to budget of \$96.1 million, the key drivers for the higher income were in relation to:

- Central government subsidies of \$15.6 million, of which:
 - \$8.9 million related to roading network,
 - \$2.3 million related to emergency works; and
 - \$0.8 million related to ferries.
- Other income of \$5.2 million, of which:
 - \$2.3 million was associated with water operational grants, largely for water \$1.3 million (3 waters DIA Better Off Funding), \$0.5m for community services (public toilets);
 - \$0.8 million for waste disposal;
 - \$0.6 million for recoveries;
 - \$0.5 million for interest income; and
 - \$0.4 million for development agreement income (Arvida).

When we strip out central government subsidies and other income, the total operational income reduces to \$95.0 million, which is in line with budget for the year to date.

Operating expenditure was \$91.3 million compared to budget of \$76.7 million, the \$14.6 million higher spend was due to:

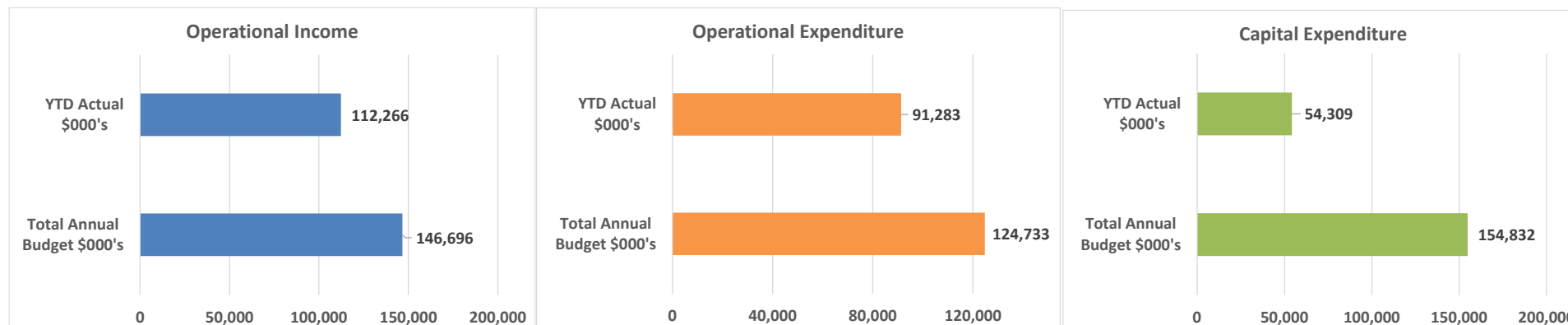
- Higher spend in contractor & professional fees, \$18.4 million higher than budget. The contractor & professional fees costs were attributed primarily to:
 - Roothing spend of \$15.7 million, of which \$2.7 million was for emergency works;
 - \$9.8 million for wastewater;
 - \$5.8 million for water;
 - \$5.3 million for Refuse; and
 - \$4.4 million for community services.

A key component of the higher spend to budget is due to budget phasing, where a large part of the budget is planned for in the final month of June 2024. The reality is the actuals have come in earlier and more consistently through the year. Based on this, a large levelling up in the final month of June is expected.

- General expenses were \$0.8 million higher than budget, driven primarily by higher insurance costs which are running \$1.0 million higher than budget.
- Rate remissions were \$0.3 million higher than budget.
- The above increased costs were partially offset by:
 - Lower payroll related costs (\$3.0 million lower than budget), which has been driven by the larger number of vacancies during the year;
 - Lower grants and donations (\$1.0 million lower than budget); and
 - Lower interest costs (\$1.0 million lower than budget).

Capital expenditure for the year continues with funds spent to March 2024 for the following areas:

- Roothing & footpaths \$28.1 million
- District Facilities \$13.6 million
- Stormwater \$2.1 million
- Solid Waste \$0.4 million
- Wastewater \$5.1 million
- Water Supply \$1.9 million



Whole of Council Statement of Operational Financial Performance for the period ending 31 March 2024								
	Year to date					Full year		
	YTD Actual \$000's	YTD Budget \$000's	Variance \$000's	Actuals YTD as a % of Total Budget	Actuals YTD as a % of Annual Forecast	Total Annual Budget \$000's	Total Annual Forecast \$000's	Forecast Variance \$000's
Operations								
Operational income								
Rates - general (excl water supply rates)	78,444	78,455	(11)	75%	75%	104,607	104,607	0
Rates - penalties	996	1,589	(593)	48%	48%	2,063	2,063	0
Fees & charges (inc water supply rates)	15,582	15,008	574	75%	69%	20,835	22,680	1,845
Central govt subsidies - operational	12,025	87	11,938	70%	68%	17,205	17,756	551
Other income	5,218	962	4,256	263%	218%	1,985	2,393	408
Total operating income	112,266	96,102	16,164			146,696	149,500	2,804
Operating Expenditure								
Payroll related costs	25,290	28,314	3,024	66%	66%	38,203	38,113	89
Other staffing related costs	1,668	1,684	16	73%	72%	2,273	2,301	(27)
General expenses	7,563	6,765	(797)	84%	83%	9,055	9,074	(20)
Rate remissions	2,399	2,053	(346)	110%	96%	2,189	2,494	(305)
Contractor & professional fees	50,452	32,015	(18,437)	77%	73%	65,259	68,781	(3,521)
Grants and donations	816	1,772	956	35%	35%	2,345	2,345	0
Interest costs	3,095	4,057	962	57%	57%	5,409	5,409	0
Total operating expenditure	91,283	76,661	(14,622)			124,733	128,517	(3,784)
Net operating surplus/(deficit)	20,983	19,441	1,542			21,964	20,983	(981)

Statement of Capital Financial Performance for the period ending 31 March 2024	Year to date \$000's			Actuals as % of Total Budget	Actual as % of Annual Forecast	Full year \$000's		
	YTD Actual	YTD Total Budget	Variance			Total Annual Budget	Total Annual Forecast	Forecast Variance
Capital Works								
IAM's								
District Facilities	13,646	10,274	(3,372)	31%	35%	43,961	39,336	4,625
Stormwater	2,120	897	(1,223)	24%	20%	8,667	10,496	(1,829)
Solid Waste	362	366	4	32%	28%	1,124	1,306	(182)
Wastewater	5,116	2,960	(2,155)	26%	23%	19,820	22,213	(2,393)
Water Supply	1,921	3,501	1,580	23%	17%	8,347	11,499	(3,152)
	23,164	17,997	(5,166)	28%	27%	81,919	84,850	(2,931)
Roading & Footpaths	28,121	2,031	(26,091)	43%	36%	64,930	77,344	(12,414)
Other								
Environmental Management	36	0	(36)	0%	148%	0	24	(24)
Governance & Strategic Administration	1,438	2,218	780	26%	23%	5,568	6,227	(659)
Customer Services	1,084	92	(992)	45%	26%	2,416	4,147	(1,731)
Strategic Planning	0	0	0	0%	0%	0	0	0
Vested Asset Additions	466	0	(466)	0%	0%	0	0	0
Total Capital Works	54,309	22,338	(31,971)	35%	31%	154,832	172,591	(17,759)

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

Information report only - there is no financial implications with this report update.

ĀPITIHINGA / ATTACHMENTS

Nil

5.8 FNDC YEAR END PLANNING UPDATE

File Number: A4703291

Author: Jonathan Slavich, Chief Financial Officer

Authoriser: Charlie Billington, Group Manager - Corporate Services

TAKE PŪRONGO / PURPOSE OF THE REPORT

To provide update on the year end, audit, and annual report planning.

WHAKARĀPOOTO MATUA / EXECUTIVE SUMMARY

Far North District Council (FNDC) is committed to delivering the audited Annual Report for the 2023-24 financial year by 30 October 2024. This report will reflect the Council's annual activities and results, including service performance indicators and financial outcomes for Council-Controlled Organisations.

TŪTOHUNGA / RECOMMENDATION

That the Te Miromiro - Assurance, Risk and Finance Committee receive the report FNDC Year End Planning Update.

TĀHUHU KŌRERO / BACKGROUND

To effectively project plan the preparation of the Annual Report, FNDC incorporates insights gained from previous report cycles, examines changes in accounting policies, and considers any change of organisational activities or other significant items.

MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND NEXT STEPS

As part of this planning, the Accounting Services team has met with the Deloitte audit manager and audit partner to:

- Conduct a comprehensive review of the previous audit to identify and discuss areas of focus/improvement;
- Identify relevant changes in accounting standards;
- Review planned revaluations;
- Timeline and agree key delivery milestones.

Changes in Accounting Policies:

No new accounting standards have been identified that will impact the FNDC 2023/2024 Annual Report. One new amendment has been identified for PBE IPSAS 1 disclosure of fees, which is expected to have minimal impact on delivery milestones.

Planned Revaluations:

Below is the list of asset classes with planned valuations.

FNDC plans to revalue specific asset classes. For those not scheduled for revaluation, a carrying value assessment has been initiated. If this assessment indicates significant value fluctuations, it may trigger a revaluation of those assets.

Class	Revalue 2023-2024	Last Valuation Date	Valuer
Water - Reticulation	Yes	30/06/2022	SPM
Water - Treatment Plants	Yes	30/06/2022	SPM
Water - Pump Stations	Yes	30/06/2022	SPM
Water - Reservoirs / Dams	Yes	30/06/2022	SPM
Water - Land	Yes	30/06/2022	QV
Sewerage - Reticulation	Yes	30/06/2022	SPM
Sewerage - Treatment Plants	Yes	30/06/2022	SPM
Sewerage - Pump Stations	Yes	30/06/2022	SPM
Sewerage - Land	Yes	30/06/2022	QV
Roading - Streetlighting	No	30/06/2023	SPM
Roading - Traffic Services	Yes	30/06/2023	SPM
Roading - Pavement	Yes	30/06/2023	SPM
Roading - Walls	Yes	30/06/2023	SPM
Roading - Drainage	Yes	30/06/2023	SPM
Roading - Bridges	Yes	30/06/2023	SPM
Roading - Ferry	No	30/06/2023	EmTech
Roading - Road Marking	No	30/06/2023	SPM
Stormwater	No	30/06/2023	SPM
Refuse - Transfer Stations	No	30/06/2023	SPM
Refuse - Land	Yes	30/06/2022	QV
Comm Halls etc	No	30/06/2023	QV
Swimming Pools	No	30/06/2023	QV
Public Toilets	No	30/06/2023	QV
Footpaths	No	30/06/2023	SPM
Carparks	No	30/06/2023	SPM
Parks and Reserves Improvements	No	30/06/2023	QV
Housing for the Elderly	No	30/06/2023	QV
Cemeteries	No	30/06/2023	QV
Camping Grounds	No	30/06/2023	QV
Maritime Facilities	Yes	30/06/2023	Telfer Young
Libraries, Info, Serv Buildings	No	30/06/2023	QV
Library Books	No	28/02/2023	Internal / SPM
Land - Parks and Reserves	Yes	30/06/2022	QV
Land - District Facilities	Yes	30/06/2022	QV
Heritage	Yes	30/06/2022	WSP
Roading Strategic Property	Yes	30/06/2023	QV
Roading Strategic Land	Yes	30/06/2023	QV

Timeline planning:

Item	Delivery	Date
Audit planning meeting with Deloitte	Remote	22 nd March 2024
Audit Committee Meeting to present the BAC report	Remote	22 nd May 2024
Deloitte interim audit (1 week)	In-house	24 th June 2024 29 th July 2024
Deloitte Interim audit FNHL (1 week)	In-house	1 st July 2024
Notes to the Accounts and Benchmarks completed	Remote	9 th August 2024
Debenture Trust documentation received	Remote	14 th August 2024
Draft Council AR to CFO for review	Remote	19 th August 2024
Draft Council AR to Deloitte	Remote	21 st August 2024
Deloitte commences FNHL final audit (3 weeks)	In-house & remote	5 th August 2024
Deloitte commences FNDC main audit (3 weeks)	In-house & remote	26 th August 2024
Consolidation & cashflow completed	Remote	25 th September 2024
Deloitte continues FNDC main audit (4 weeks)	In-house & remote	30 th September 2024
Deloitte provides FNHL audit opinion	In-house	7 th October 2024
Deloitte provides FNDC verbal audit clearance	In-house	11 th October 2024
Deloitte provides FNDC and Debenture Trust audit opinions, final AR ready to print	In-House	15 th October 2024
Final Council AR delivered to Council	In-house	16 th October 2024
Extraordinary Council meeting to adopt AR	In-house	30 th October 2024
Deliver AR Summary to Deloitte	Remote	1 st November 2024
Deloitte provides AR Summary approval	Remote	4 th November 2024
Upload AR to FNDC website, send for print and distribution	Remote	5 th November 2024
Upload AR Summary to FNDC website	Remote	5 th November 2024

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

The external audit conducted by Deloitte is a pre-planned and budgeted expense and is provided for in the Long Term Plan. As an indication the 2022-23 audit was budgeted for \$240,922 (plus disbursements and GST). For the 2024/2025 year the budget noted in the LTP is \$273,000 (plus disbursements and GST).

ĀPITIHANGA / ATTACHMENTS

1. AR 2023-24 Project Brief - Final - A4707519 [↓](#) 

2023-24 ANNUAL REPORT PROJECT BRIEF

1. Introduction

Vision

- To produce a well-planned, accurate and honest, legally compliant Annual Report (AR) for 2023-24 by 30 October 2024, that:
 - Reflects the results and activities of Council for the past year, incorporating service performance indicators and including the financial results for the Council-Controlled Organisations.

Background

The AR is a complex process that requires the input of almost every section of Financial Services, as well as from other departments at Council, and service providers. The statutory deadline for adopting the AR is 31 October 2024, four months after year-end, with the audit dates now 'locked in' with our auditors Deloitte New Zealand.

This brief has been written to clarify FNDC's approach to developing its Annual Report and assumes the following:

- That we will have to adopt the AR on or prior to 30 October 2024.
- That Deloitte will use Deloitte Connect, an online tool for audit requests which will be maintained and updated by them, and Council finance staff will upload data in response to their respective requests.
- Planning with Deloitte will be conducted using a hybrid of in-house (face-to-face) and remote contact, depending on Deloitte's availability to travel to the offices at Kaikohe and Kerikeri.
- Engagement with our Council-Controlled Organisations (CCO's) will be conducted ahead of year end, advising them of what is required and when so that deadlines can be met.
- Communication has been drafted regarding the year end processes for all TechOne users. This will be discussed with People Leaders in April and will be published on TK3 1st of May.
- Work has commenced in engaging Council staff involved with providing Deloitte with information, based on previous requirements.
- Key finance staff have met with Deloitte to discuss the AR action plan; Deloitte have confirmed their interim, main and final audit dates, to be conducted on-site in the Kaikohe and Kerikeri offices.
- That Council staff working outside of Financial Services are aware of their involvement early in the process to enable time to prepare and provide the required audit information.
- If assumptions about the audit visit and sign-off vary, this brief will be updated and circulated.

Project goals

Goals for the AR remain:

- Ensuring that the timetable is well understood by all involved staff and CCO contacts, and that this information is easy to find and read.
- By using the ethos of continuous improvement, produce an AR that is better than the last one, in that the workings are more robust (i.e. no 'hard-keyed' figures are used, snippets are included to show the path to follow in TechOne for data downloads, shading in the excel files to be used to show what needs to be completed for the current year, SUMIFS to be used rather than pivot tables).
- To produce an AR that meets the Government's expectation of a wellbeing focus, meaning that it is grounded in the needs and aspirations of the community regarding Council's delivery of services and infrastructure, and is in line with best practice in accordance with the LGA 2002.

- To tell a well-constructed “story” of what happened in the year, integrating and aligning all inputs such as activity and capital work plans, policies and strategies in the LTP 2021-31, Council Financial Reports. Each part of the “story” should line up in a way that supports and amplifies the other parts of the story.
- To establish strong collaboration with CCO staff in receiving their financial statements and understanding any new developments within their respective organisations and seeking input from them as necessary.
- To adopt an easy to read and referenced AR that is well constructed, realistic and demonstrates prudent use of Council revenue, that is designed to be more in line with other Council documents such as the LTP 2021-31.
- Manage the AR project carefully and effectively to ensure:
 - Risks and issues are managed and that escalation mechanisms are defined and used as need be.
 - Clear communications (everyone knows what they must do, when they must do it and how they should do it)
 - Resources are planned and managed to ensure nobody experiences undue stress, and that backups for key resources are identified.
- The final document is completed to audit opinion received and sign-off from the Mayor and Chief Executive stage and is ready for 30th October 2024 adoption by Council.
- To publish the final signed AR document on the FNDC external website by 8th November 2024.
- To ensure the AR Summary audit is conducted efficiently and that the final signed document is published on the external FNDC website no later than 8th November 2024.
- To ensure the Debenture Trust audit is conducted and completed alongside the AR audit by Deloitte, with the audit opinion received and sign-off completed by the Mayor and Chief Executive by 30th October 2024.

2. Key deliverables

- Advising TechOne users of key dates.
- Stock-take performed.
- NZLG share valuation.
- Accruals (payroll, ACC levy, pensioner housing, income in advance, prepayments, loan interest, workflow, creditors).
- NZTA subsidy claim.
- Closedown journals, including depreciation.
- SSP (statement of service performance).
- Narrative for “Our performance in brief”, “Outlook” and Activities completed.
- “Message from the Mayor and Chief Executive” and “Working with Maori” received.
- Asset revaluations/WIP.
- Capex funding.
- Notional loan reconciliation.
- Intercompany reconciliation with FNHL.
- Financial statements – Council only.
- Notes to the financial statements.
- Consolidated financial statements - Group.
- Benchmarks.
- Reserves workings.
- Debenture Trust documents received and uploaded onto Audit Dashboard.

3. Scope

To produce an AR that is presented fairly and compliant with NZ GAAP for Public Benefit Entity Reporting Standards and in line with Schedule 10 of the LGA 2002. The scope for the project includes:

- A review of significant variances, so that all transactions have been recorded and a realistic (and expected) result is reported, with “no surprises”.
- Provide our auditors, Deloitte, with any information requests via Deloitte Connect, in a timely manner. There will be some standard deliverables which have been planned for, and staff are aware of the tighter deadlines, and Deloitte are aware to keep the spirit of “no surprises” active with asset queries.
- It is expected that the interim audit will proceed the weeks commencing 24th June, 1st July and 29th July, with Deloitte working on-site. The main audit will commence 26th August for three weeks. The final audit will commence 30th September for five weeks. The audits will be conducted both in-house in the Kaikohe and Kerikeri offices and remotely, with key staff being available for the duration.

4. Project structure

The project will be driven by:

- Angie Thomas
- Sue Fox
- Taryn Muller
- Caroline Salvanda

5. Roles and responsibilities

Role of the Mayor, Elected Members and Chief Executive

- The Mayor and Chief Executive to sign the AR.
- The Mayor, Elected Members and Chief Executive to adopt the AR on 30th October 2024.
- To review and provide feedback on the AR, that it accurately reflects Council’s performance for the past year.

Role of CFO

- To act as an escalation point, remove roadblocks, between Deloitte and Accounting Services Team Leader and below.
- To have a clear understanding of legislative requirements of an AR.

Role of Team Leader - Accounting Services

- To act as an escalation point, remove roadblocks, between Deloitte, financial accountants and staff.
- To provide direction and conflict resolution on resourcing issues and queries from Deloitte.
- To serve as a liaison between financial accountants, staff and CFO.
- Receive and approve regular project updates, with Deloitte, CFO, financial accountants and staff.

Role of Financial Accountants

- Ensure the quality of all deliverables.
- To act as an escalation point for the project team, removing roadblocks and managing issues as they arise, escalating to the next level if necessary.
- To coordinate the project team and workstream teams.
- To brief the project team and Accounting Services team on a regular basis and ensure the delivery of regular progress reports to the Team Leader - Accounting Services and CFO.
- To prepare the project calendar, confirm formal calendar dates with Deloitte, monitor progress against the timetable.

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6. Internal and external communications

- All staff involved in the AR process are informed of their responsibilities. Regular updates will be posted including any slippages and impacts.
- As soon as the AR has been formally adopted by Council, it will be published on Council's website. Hard copies will be distributed to external parties via Publications, the financial accountants to provide the distribution list.

7. Budget

The project team does not expect to incur any costs other than those for copying and printing. These costs will be accommodated in the Corporate Planning budget.

Funds have been set aside for Audit fees.

8. Risks and issues

A risk and issue register will be maintained by the financial accountants and reviewed regularly by the Accounting Services Team Leader and CFO. Key risks are below:

Key risks	Mitigation strategies
Resource availability for Deloitte	<p>Open and honest communication is required to ensure that the project team is aware of scheduled dates for audits, any pressure points ahead of schedule.</p> <p>Deloitte Connect is to be used for all requests by Deloitte, rather than emailing staff directly.</p> <p>Timetable should not stray from proposed deadlines.</p>
Journals and narrative not completed on time and not consistent in approach or with performance.	<p>Narrative reviewed with staff, communication channels open via Microsoft Teams and ongoing support from finance timetabled.</p>
Key people leave the organisation /availability of staff	<p>Timetable has adequate time to enable other staff to pick up areas of responsibility.</p> <p>Key people within each activity area keep others within the activity area up to date on progress and issues as they arise.</p> <p>Communication is key, so being proactive and informing others of pinch-points is required to resource appropriately.</p>
Errors and general inaccuracies	<p>All key deliverables will be posted into Deloitte Connect together with questions from Deloitte. These will be monitored by the financial accountants.</p> <p>The draft Annual Report will be approved by the Chief Financial Officer.</p> <p>Financial data will be checked by the financial accountants and reviewed by the Chief Financial Officer.</p>
Information management	<p>All project documentation will be stored in P:/Accounting Services/Annual Report 2023-24/Annual Report Documents.</p> <p>Once the final AR and Summary AR have been signed, they will be stored in Objective.</p>

Key risks	Mitigation strategies
Stress and staff burnout	<p>Early recognition and resolution of resource conflicts.</p> <p>Maintain flexibility, put realistic timeframes and consider others (quicker) ways of achieving good results.</p> <p>Check in regularly with all involved / regular reporting.</p> <p>Celebrate milestones.</p> <p>Front load the project plan to get as much done as early as possible to avoid undue stress during the winter months.</p>
Audit	<p>Deloitte will be in contact with key personnel for their deliverables and any subsequent questions – it is the staff's responsibility to ensure these requests are completed in a timely manner.</p> <p>Deloitte to be very clear about their plan, timeframes and requirements. This needs to be in place by end of May 2024.</p> <p>Lock in timeframes and add to overall critical path.</p> <p>Have Audit provide a template for change logs that works for them and a clear guide on their expectations regarding frequency of drafts etc.</p>

9. Meetings

- CFO, Team Leader - Accounting Services, Financial Accountants, Fixed Asset Accountant, FNHL CFO.
Weekly - meet with Deloitte for update on Deloitte Connect requests, progress on audit, issues and risk register.

10. Reference Material

- Annual Plan 2023-24 for Budget figures.
- LGA 2002.
- IPSAS financial standards for Public Benefit Entities.

11. Critical path

The critical path is below but is subject to change.

Item	Delivery	Date
Audit planning meeting with Deloitte	Remote	22 nd March 2024
Audit Committee Meeting to present the BAC report	Remote	22 nd May 2024
Deloitte interim audit (2 weeks)	In-house	24 th June 2024 29 th July 2024
Deloitte Interim audit FNHL (1 week)	In-house	1 st July 2024
Notes to the Accounts and Benchmarks completed	Remote	9 th August 2024

Item	Delivery	Date
Debenture Trust documentation received	Remote	14 th August 2024
Draft Council AR to CFO for review	Remote	19 th August 2024
Draft Council AR to Deloitte	Remote	21 st August 2024
Deloitte commences FNHL final audit (3 weeks)	In-house & remote	5 th August 2024
Deloitte commences FNDC main audit (3 weeks)	In-house & remote	26 th August 2024
Consolidation & cashflow completed	Remote	25 th September 2024
Deloitte continues FNDC final audit (4 weeks)	In-house & remote	30 th September 2024
Deloitte provides FNHL audit opinion	In-house	7 th October 2024
Deloitte provides FNDC verbal audit clearance	In-house	11 th October 2024
Deloitte provides FNDC and Debenture Trust audit opinions, final AR ready to print	In-House	15 th October 2024
Final Council AR delivered to Council	In-house	16 th October 2024
Extraordinary Council meeting to adopt AR	In-house	30 th October 2024
Deliver AR Summary to Deloitte	Remote	1 st November 2024
Deloitte provides AR Summary approval	Remote	4 th November 2024
Upload AR to FNDC website, send for print and distribution	Remote	5 th November 2024
Upload AR Summary to FNDC website	Remote	5 th November 2024

Council meeting

1	Council meeting to adopt AR	30 th October 2024
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6 TE WĀHANGA TŪMATAITI / PUBLIC EXCLUDED**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
6.1 - 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
6.2 - Confirmation of Previous Minutes Public Excluded	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 KARAKIA WHAKAMUTUNGA / CLOSING PRAYER

8 TE KAPINGA HUI / MEETING CLOSE