



**Far North
District Council**



Te Kaunihera o Tai Tokerau ki te Raki

AGENDA


Assurance, Risk and Finance Committee Meeting

Wednesday, 29 July 2020

Time: 1.00 pm
Location: Council Chamber
Memorial Avenue
Kaikohe

Membership:

Cr John Vujcich - Chairperson
Mayor John Carter
Deputy Mayor Ann Court
Member Bruce Robertson
Cr Mate Radich
Cr Kelly Stratford
Cr Moko Tepania
Member Mike Edmonds - Kaikohe-Hokianga Community Board Chair

	Authorising Body	Mayor/Council
	Status	Standing Committee
COUNCIL COMMITTEE	Title	Assurance, Risk and Finance Committee Terms of Reference
	Approval Date	19 December 2019
	Responsible Officer	Chief Executive

Purpose

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

The 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 Committee member must develop and maintain his or her skills and knowledge, including an understanding of the Committee's responsibilities, and of the Council's business, operations and risks.

Membership

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

The Assurance, Risk and Finance Committee will comprise of at least five elected members (one of which will be the chairperson), and one independent appointed member.

Mayor Carter

John Vujcich – Chairperson

Bruce Robertson – Deputy Chairperson and Independent Member of the Committee

Moko Tepania

Mate Radich

Kelly Stratford

Ann Court

Mike Edmonds

Adele Gardner

Non-appointed councillors may attend meetings with speaking rights, but not voting rights.

Quorum

The quorum at a meeting of the Assurance, Risk and Finance Committee is 4 members.

Frequency of Meetings

The Assurance, Risk and Finance Committee shall meet every 6 weeks, but may be cancelled if there is no business.

Power to Delegate

The Assurance, Risk and Finance Committee may not delegate any of its responsibilities, duties or powers.

Committees 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 statement of intent and Annual Report (s67 LGA)
- Receive 6 monthly report on operations (s66 LGA)
- Receive quarterly financial statements
- Recommend appointment of directors of FNHL

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.

The Committee will approve applications to declare land abandoned and any other such matters under the Rating Act.

Rules and Procedures

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

Annual reporting

The Chair of the Committee will submit a written report to the Chief Executive on an annual basis. The review will summarise the activities of the Committee and how it has contributed to the Council's governance and strategic objectives. The Chief Executive will place the report on the next available agenda of the governing body.

ASSURANCE, RISK AND FINANCE COMMITTEE - MEMBERS REGISTER OF INTERESTS

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
Hon John Carter QSO	Board Member of the Local Government Protection Programme	Board Member of the Local Government Protection Program		
	Carter Family Trust			
John Vujcich (Chair)	Board Member	Pioneer Village	Matters relating to funding and assets	Declare interest and abstain
	Director	Waitukupata Forest Ltd	Potential for council activity to directly affect its assets	Declare interest and abstain
	Director	Rural Service Solutions Ltd	Matters where council regulatory function impact of company services	Declare interest and abstain
	Director	Kaikohe (Rau Marama) Community Trust	Potential funder	Declare interest and abstain
	Partner	MJ & EMJ Vujcich	Matters where council regulatory function impacts on partnership owned assets	Declare interest and abstain
	Member	Kaikohe Rotary Club	Potential funder, or impact on Rotary projects	Declare interest and abstain
	Member	New Zealand Institute of Directors	Potential provider of training to Council	Declare a Conflict of Interest
	Member	Institute of IT Professionals	Unlikely, but possible provider of services to Council	Declare a Conflict of Interest
	Member	Kaikohe Business Association	Possible funding provider	Declare a Conflict of Interest
Bruce Robertson (Deputy)	No Form Received			
Deputy Mayor Ann Court	Waipapa Business Association	Member		Case by case
	Warren Pattinson Limited	Shareholder	Building company. FNDC is a regulator and enforcer	Case by case
	Kerikeri Irrigation	Supplies my water		No
	Top Energy	Supplies my power		No other interest greater than the publics
	District Licensing	N/A	N/A	N/A
	Top Energy Consumer Trust	Trustee	Crossover in regulatory functions, consenting economic development	Declare interest and abstain from voting.

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
			and contracts such as street lighting.	
	Ann Court Trust	Private	Private	N/A
	Waipapa Rotary	Honorary member	Potential community funding submitter	Declare interest and abstain from voting.
	Properties on Onekura Road, Waipapa	Owner Shareholder	Any proposed FNDC Capital works or policy change which may have a direct impact (positive/adverse)	Declare interest and abstain from voting.
	Property on Daroux Dr, Waipapa	Financial interest	Any proposed FNDC Capital works or policy change which may have a direct impact (positive/adverse)	Declare interest and abstain from voting.
	Flowers and gifts	Ratepayer 'Thankyou'	Bias/ Pre-determination?	Declare to Governance
	Coffee and food	Ratepayers sometimes 'shout' food and beverage	Bias or pre-determination	Case by case
	Staff	N/A	Suggestion of not being impartial or pre-determined!	Be professional, due diligence, weigh the evidence. Be thorough, thoughtful, considered impartial and balanced. Be fair.
	Warren Pattinson	My husband is a builder and may do work for Council staff		Case by case
Ann Court - Partner	Warren Pattinson Limited	Director	Building Company. FNDC is a regulator	Remain at arm's length
	Air NZ	Shareholder	None	None
	Warren Pattinson Limited	Builder	FNDC is the consent authority, regulator and enforcer.	Apply arm's length rules
	Property on Onekura Road, Waipapa	Owner	Any proposed FNDC capital work in the vicinity or rural plan change. Maybe a link to policy development.	Would not submit. Rest on a case by case basis.
Mate Radich	No form received			
Kelly Stratford	KS Bookkeeping and Administration	Business Owner, provides book keeping, administration and development of	None perceived	Step aside from decisions that arise, that may have conflicts

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
		environmental management plans		
	Waikare Marae Trustees	Trustee	Maybe perceived conflicts	Case by case basis
	Bay of Islands College	Parent Elected Trustee	None perceived	If there was a conflict, I will step aside from decision making
	Karetu School	Parent Elected Trustee	None perceived	If there was a conflict, I will step aside from decision making
	Maori title land – Moerewa and Waikare	Beneficiary and husband is a shareholder	None perceived	If there was a conflict, I will step aside from decision making
	Sister is employed by Far North District Council			Will not discuss work/governance matters that are confidential
	Gifts - food and beverages	Residents and ratepayers may 'shout' food and beverage	Perceived bias or predetermination	Case by case basis
Kelly Stratford - Partner	Chef and Barista	Opua Store	None perceived	
	Maori title land – Moerewa	Shareholder	None perceived	If there was a conflict of interest, I would step aside from decision making
Moko Tepania	Teacher	Te Kura Kaupapa Māori o Kaikohe.	Potential Council funding that will benefit my place of employment.	Declare a perceived conflict
	Chairperson	Te Reo o Te Tai Tokerau Trust.	Potential Council funding for events that this trust runs.	Declare a perceived conflict
	Tribal Member	Te Rūnanga o Te Rarawa	As a descendent of Te Rarawa I could have a perceived conflict of interest in Te Rarawa Council relations.	Declare a perceived conflict
	Tribal Member	Te Rūnanga o Whaingaroa	As a descendent of Te Rūnanga o Whaingaroa I could have a perceived conflict of interest in Te Rūnanga o Whaingaroa Council relations.	Declare a perceived conflict

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	Tribal Member	Kahukuraariki Trust Board	As a descendent of Kahukuraariki Trust Board I could have a perceived conflict of interest in Kahukuraariki Trust Board Council relations.	Declare a perceived conflict
	Tribal Member	Te Rūnanga ā-Iwi o Ngāpuhi	As a descendent of Te Rūnanga ā-Iwi o Ngāpuhi I could have a perceived conflict of interest in Te Rūnanga ā-Iwi o Ngāpuhi Council relations.	Declare a perceived conflict

Far North District Council
Assurance, Risk and Finance Committee Meeting
will be held in the Council Chamber, Memorial Avenue, Kaikohe on:
Wednesday 29 July 2020 at 1.00 pm

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1 KARAKIA TIMATANGA – OPENING PRAYER**2 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 Team Leader Democracy Support (preferably before the meeting).

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

3 DEPUTATION

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

4 CONFIRMATION OF PREVIOUS MINUTES

4.1 CONFIRMATION OF PREVIOUS MINUTES

File Number: A2916341

Author: Casey Gannon, Meetings Administrator

Authoriser: Aisha Huriwai, Team Leader Democracy Services

PURPOSE OF THE REPORT

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

RECOMMENDATION

That the Assurance, Risk and Finance Committee confirms the minutes of the Assurance, Risk and Finance Committee meeting held 17 June 2020 as a true and correct record.

1) BACKGROUND

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

2) DISCUSSION AND OPTIONS

The minutes of the meetings are attached.

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

Reason for the recommendation

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

3) FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION

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

ATTACHMENTS

1. **2020-06-17 Assurance, Risk and Finance Committee Minutes [A2899919] - A2899919** [↓](#)



Compliance schedule:

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

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

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

**MINUTES OF FAR NORTH DISTRICT COUNCIL
ASSURANCE, RISK AND FINANCE COMMITTEE MEETING
HELD VIRTUALLY VIA MICROSOFT TEAMS
ON WEDNESDAY, 17 JUNE 2020 AT 1.00 PM**

PRESENT: Cr John Vujcich, Member Bruce Robertson, Mayor John Carter, Cr Kelly Stratford, Cr Moko Tepania, Member Mike Edmonds

IN ATTENDANCE: Cr Rachel Smith

1 KARAKIA TIMATANGA – OPENING PRAYER

2 APOLOGIES AND DECLARATIONS OF INTEREST

Apologies received from Deputy Mayor Ann Court and a leave of absence was granted.

3 DEPUTATION

There were no deputations.

4 CONFIRMATION OF PREVIOUS MINUTES

4.1 CONFIRMATION OF PREVIOUS MINUTES

Agenda item 4.1 document number A2895497, pages 10 - 15 refers.

RESOLUTION 2020/1

Moved: Cr John Vujcich

Seconded: Member Bruce Robertson

That the Assurance, Risk and Finance Committee confirms the minutes of the Assurance, Risk and Finance Committee meeting held 22 May 2020 as a true and correct record.

CARRIED

5 REPORTS

5.1 NZ AUDIT FRAUD QUESTIONNAIRE

Agenda item 5.1 document number A2889264, pages 16 - 21 refers.

RESOLUTION 2020/2

Moved: Member Bruce Robertson

Seconded: Cr Kelly Stratford

That the Assurance, Risk and Finance Committee approve the proposed response.

CARRIED

6 INFORMATION REPORTS

6.1 INTERNAL AUDIT AND ASSURANCE REPORT

Agenda item 6.1 document number A2885033, pages 22 - 27 refers.

RESOLUTION 2020/3

Moved: Cr Kelly Stratford
Seconded: Mayor John Carter

That the Assurance, Risk and Finance Committee receive the report Internal Audit and Assurance Report.

CARRIED

6.2 RISK REGISTER UPDATE

Agenda item 6.2 document number a2889879, pages 28 - 35 refers.

RESOLUTION 2020/4

Moved: Cr Kelly Stratford
Seconded: Mayor John Carter

That the Assurance, Risk and Finance Committee receive the report June 2020 Risk Register Update.

CARRIED

6.3 FAR NORTH HOLDINGS LIMITED - MARCH 2020 THIRD QUARTER FINANCIAL REPORT

Agenda item 6.3 document number A2895646, pages 36 - 42 refers.

RESOLUTION 2020/5

Moved: Cr Kelly Stratford
Seconded: Member Bruce Robertson

That the Assurance, Risk and Finance Committee receive the report Far North Holdings Limited - March 2020 Third Quarter Financial Report.

CARRIED

6.4 FAR NORTH HOLDINGS LIMITED - STATEMENT OF INTENT FOR THE PERIOD 2020 TO 2023

Agenda item 6.4 document number A2895790, pages 43 - 56 refers.

RESOLUTION 2020/6

Moved: Member Bruce Robertson
Seconded: Cr Kelly Stratford

That the Assurance, Risk and Finance Committee receive the report Far North Holdings Limited - Statement of Intent for the period 2020 to 2023.

CARRIED

6.5 COUNCIL FINANCIAL REPORT FOR THE PERIOD ENDING 31 MAY 2020

Agenda item 6.5 document number A2896330, pages 57 - 84 refers.

RESOLUTION 2020/7

Moved: Cr John Vujcich
Seconded: Cr Kelly Stratford

That the Assurance, Risk and Finance Committee receive the report Council Financial Report for the Period Ending 31 May 2020.

In Favour: Crs John Vujcich, John Carter, Bruce Robertson, Kelly Stratford, Moko Tepania and Mike Edmonds

Against: Nil

CARRIED

7 PUBLIC EXCLUDED

RESOLUTION TO PERMIT COUNCILLOR SMITH INTO PUBLIC EXCLUDED

RESOLUTION 2020/8

Moved: Cr John Vujcich

Seconded: Cr Kelly Stratford

That the Assurance, Risk and Finance Committee agree that Councillor Smith be permitted to remain in the meeting with the public excluded. Matters of Assurance, Risk and Finance encompass multiple deliverables throughout the organisation, and as a Councillor, specific knowledge can assist in the discussion related to strategic direction.

CARRIED

RESOLUTION TO EXCLUDE THE PUBLIC

RESOLUTION 2020/9

Moved: Cr John Vujcich

Seconded: Member Bruce Robertson

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

The general subject matter of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
7.1 - Confirmation of Previous Minutes	s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
7.2 - Far North Holdings Limited Reappointment of Director	s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons	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

<u>In Favour:</u>	Crs John Vujcich, John Carter, Bruce Robertson, Kelly Stratford, Moko Tepania and Mike Edmonds
<u>Against:</u>	Nil
CARRIED	

RESOLUTION 2020/10

Moved: Cr John Vujcich

Seconded: Cr Kelly Stratford

That Council moves out of Closed Council into Open Council.**CARRIED****8 KARAKIA WHAKAMUTUNGA – CLOSING PRAYER****9 MEETING CLOSE****The meeting closed at 3:00 pm.****The minutes of this meeting were confirmed at the Assurance, Risk and Finance Committee Meeting held on 29 July 2020.**.....
CHAIRPERSON

5 REPORTS

5.1 AUDIT NEW ZEALAND DOCUMENTATION FOR THE YEAR ENDED 30 JUNE 2020

File Number: A2919893

Author: Janice Smith, Chief Financial Officer

Authoriser: William J Taylor MBE, General Manager - Corporate Services

PURPOSE OF THE REPORT

This report presents the draft external audit proposal, plan and engagement letter from Audit NZ. The Audit proposal includes fees for 2019/20 audit.

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 Audit NZ.

RECOMMENDATION

That the Assurance, Risk and Finance Committee:

- a) receive the audit documents:
 - i) Audit Engagement Letter for the year ended 30 June 2020;
 - ii) Audit Proposal Letter for the June 2020, 2021 and 2022 financial years;
 - iii) Audit Plan for the year ended 30 June 2020; and
 - iv) Confirmation of Engagement – Limited Assurance Report in respect of FNDC's Debenture Trust Deed.
- b) approve the CEO and Mayor signing the documents on behalf of Council as appropriate.

1) 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 Audit NZ. The schedule of dates agreed with Audit NZ for the financial year 2019/2020, are as follows:

- Interim Audit 1 – 6 April to 10 April 2020
- Interim Audit 2 – 4 May 2019 to 8 May 2020
- Pre final Audit – 22 June 2019 to 26 June 2020
- Final Audit – the two weeks commencing 31 August 2020

Adoption of the Annual Report is anticipated to be at the 29 October 2020 Council meeting.

2) DISCUSSION AND OPTIONS

Attached to this report are the proposed audit plan, the audit proposal letter for the financial years 2019/20, 2020/21 and 2021/22, the audit engagement letter and the confirmation of engagement for the limited independent assurance report for the Council's debenture trust deed.

The relevant legislation in relation to this issue is as follows:

- a) Local Government Act 2002, Part 6, Section 98, Subpart 2 which requires Local Authorities to prepare and adopt an Annual Report in respect of each financial year; and

- b) Local Government Act 2002, Part 6, Section 99, which requires the Annual report to include the Auditors Report outlining the authority's compliance with Schedule 10 of the Local Government Act 2002.

It is recommended that the audit plan, the audit proposal, audit engagement letters and the independent assurance letter for the debenture trust deed be received and that the CEO and Mayor be authorised to sign on behalf of Council as appropriate.





Reason for the recommendation

To make the Committee aware of the documentation required to formalise the audit processes for the financial year ended 30 June 2020.

3) FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION

There are no specific financial implications other than the fees proposed. These are budgeted and included in the Annual Plan each year.

ATTACHMENTS

1. **FNDC 2020-22 Audit Proposal Letter - one year fee - A2918796** [↓](#) 
2. **FNDC 2020-22 Audit Engagement Letter - A2918829** [↓](#) 
3. **FNDC 20J Audit Plan - A2918819** [↓](#) 
4. **FNDC Tri-partite engagement letter - Debenture Trust Deed - A2919890** [↓](#) 

Compliance schedule:

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

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

Compliance requirement	Staff assessment
State the level of significance (high or low) of the issue or proposal as determined by the Council's Significance and Engagement Policy	N/A
State the relevant Council policies (external or internal), legislation, and/or community outcomes (as stated in the LTP) that relate to this decision.	Local Government Act Part 6, Sub Part 2, s98 and s99
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.	District Wide
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.	N/A
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).	N/A
State the financial implications and where budgetary provisions have been made to support this decision.	Audit fees are budgeted for annually
Chief Financial Officer review.	The Chief Financial Officer prepared this report



AUDIT NEW ZEALAND
Mana Arotake Aotearoa

8 July 2020

Level 6, 280 Queen Street, Auckland 1010
PO Box 1165, Auckland 1140

The Honourable John Carter
Mayor
Far North District Council
Private Bag 752
Kaikohe 0440
Dear John

Ref: EN/LCA/3-0009 (F872)
Copy: Director Auditor Appointments
Office of the Auditor-General
PO Box 3928
Wellington 6140

Proposal to conduct the audit of Far North District Council on behalf of the Auditor-General for the 2020, 2021 and 2022 financial years

1 Introduction

The Auditor-General proposes to appoint me to carry out the audit of your organisation for the next three years. As required by the Office of the Auditor-General (OAG), I set out below information relating to the audit for the three financial years ending 30 June 2020, 2021 and 2022. The purpose of this proposal is to provide information on:

- the statutory basis for the audit and how audit fees are set;
- the entities covered by this proposal;
- key members of the audit team;
- the hours we plan to spend on the audit and reasons for any change in hours;
- our proposed fees for the audit for the financial year ending 30 June 2020 and reasons for any change, and we will agree the fees for the financial years ending 30 June 2021 and 30 June 2022 at a future date;
- assumptions relating to the proposed audit fees, including what we expect of your organisation;
- what the OAG overhead charge provides;
- certification required by the Auditor-General; and
- our commitment to conduct the audit in accordance with the Auditor-General's Auditing Standards.

A business unit of the Controller and Auditor-General | w.auditnz.govt.nz
A business unit of the Controller and Auditor-General | www.auditnz.parliament.nz

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 Act. The Act requires the Auditor-General to make sure that audit fees are “reasonable” for both the auditors who complete the audits for the Auditor-General, and for each of the entities audited. The Auditor-General wrote to your Council recently letting you know that he has carefully considered the matter of annual audit fees for all Councils who do not currently have a contract in place. He has decided that for the 30 June 2020 audit, audit fees are to be held to a 1.5% increase over the agreed fee for the 30 June 2019 audit. This attempts to balance the very real cost pressures that your Council and his Office currently face. The Auditor-General also noted that he expects that there will be a range of effects of the COVID-19 pandemic that may require additional audit work, and that auditors will need to discuss recovery of costs for that with Councils in due course, once these costs are known.

The Auditor-General also advised that for a number of years there has been a significant and growing under recovery of audit fees across much of the local government sector, for a range of reasons. Because Parliament has indicated that it expects the cost of annual audits under the Act (including an OAG Audit Standards and Quality Support fee) to be funded by public entities, this is clearly not a sustainable position. It is also potentially creating a very real risk to maintaining consistent audit quality over time, which has been raised by audit regulatory bodies here and overseas.

Audit fees will, in the future, need to be increased to reflect the real costs. These increases will vary depending on the reasonableness of the current fee. So for the subsequent years of the contract, 2021 and 2022, your Council and I will in, due course, have the opportunity to discuss those real costs, and endeavour to reach agreement about reasonable fees that can be recommended to the Auditor-General for approval. The Auditor General, with assistance from the OAG, will directly set audit fees, but only if we fail to reach agreement.

To ensure that the level of audit effort required (and the reasons for it) are visible to your Council, this proposal includes an estimate of the total hours and indicative cost required to complete an efficient and quality audit of your Council (this is set out in sections 5 and 6). We expect to incur these hours in 2020, although the constrained fees will clearly not reflect the full cost of them.

3 Entities covered by this proposal

This proposal covers the audit of the Far North District Council only.

A.1.5 - F872FNDC201 - 30-06-2020.docx

4 Key members of the audit team

Appointed Auditor	David Walker
Engagement Quality Control Reviewer	Chantelle Gernetzky/Dereck Ollsson
Audit Manager	Trevor Rusling
Senior Auditor (In-charge)	Stella Kim

5 Estimated audit hours

We estimate that the following hours will be required to carry out the 30 June 2020 audit (compared to the budgeted hours set out in your last APL and actual data from the previous financial year):

Audit team member	2019 budget	2019 actual *	2020
Appointed Auditor	63	39	75
EQCR Director	13	18	15
Audit Manager	106	176	131
Other staff	672	1,140	727
Other specialists:			
• Sector specialist support	10	0	10
• Information systems	54	54	54
• Specialist assurance services	8	6	8
• Tax	2	0	2
• Hedge Accounting	12	12	12
Total audit hours	940	1,445	1,034

*Note – actual hours have been adjusted to eliminate any hours that were due to auditor inefficiencies. The actual hours that remain are the reasonable hours that were attributable to the audit in that year.

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6 Proposed audit fees

Our proposed fees for the 2020 audit (compared to budgeted and actual data from the previous financial year) is:

Structure of audit fees	2019 budget fees	2019 actual fees charged (*)	2020
	\$	\$	\$
Net audit fee (excluding OAG overhead and disbursements)	160,065	216,218	162,466
OAG overhead charge	13,810	13,810	14,017
<i>Adjustment to fee/balance written off</i>	-	(56,153)	-
Total audit fee (excluding disbursements)	173,875	173,875	176,483
Estimated disbursements	20,000	25,593	20,000
Total billable audit fees and charges	193,875	199,468	196,483
GST	29,081	29,920	29,472
Total (including GST)	222,956	229,388	225,955

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

6.1 Reasons for changes in audit fees

The cost impacts resulting in changes between years are shown in the table below.

Reasons for increased audit fees compared to previous period <i>budgeted</i> fees	2020
Predicted staff salary cost movements	2,608

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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- where there are technical issues or significant uncertainty, you will bring these to our attention as soon as practical and provide us with technical advice the entity has received;
- your staff will provide us with an appropriate level of assistance;
- all estimates, judgements and critical decisions made by management should be the content of a formal paper and subjected to appropriate levels of quality review;
- 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;
- there are no significant changes to mandatory auditing standards that require additional work other than items specifically identified in the tables above; and
- there are no significant changes to the agreed audit arrangements that change the scope of, timing of, or disbursements related to, this audit.

If the scope and/or amount of work changes significantly, including as a result of the effects of the COVID-19 pandemic, we will discuss the issues and potential recovery of costs with you and the OAG at the time. In order to minimise additional auditor time on the potential effects of COVID-19 on your financial statements and service performance information, the Council should ensure that it considers those potential effects as early as possible and discusses them with the appointed auditor to ensure "no surprises" to either party.

7.1 Exclusions

The proposed hours set out in section 5, and our fees do not include the potential impact of the following, which may affect your entity in 2020, 2021, and/or 2022, as we are unable to assess their impact at this time:

- The future impact of changes to accounting standards, including:
 - PBE IPSASs 34 to 38;

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- IFRS 9 – should the Council early adopt; and
 - PBE FRS 48.
- Changes to auditing standards including: NZ AS 1, ISA (NZ) 315 and ISA (NZ) 540.
- The government's three waters review, including its announcement of a Crown Entity to regulate drinking water.
- Any future impact on the Council's reporting due to the re-introduction of the four well-beings into the Local Government Act in May 2019.
- The Productivity Commission's review of local government funding and financing.
- The impacts of future growth within the Council's area.
- The impacts of any new initiatives or funding sources related to either the Provincial Growth Fund or the Housing Infrastructure Fund.

8 What the OAG overhead charge provides

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

The OAG overhead 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 overhead charge portion of the audit fee, to the OAG.

9 Certifications required by the Auditor-General

We certify that:

- the undertakings, methodology, and quality control procedures that we have declared to the OAG continue to apply;

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- 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



David Walker
Appointed Auditor
Audit New Zealand

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

Full name:	John Carter	Position:	Mayor
Authorised signature:		Date:	
Entity name:	Far North District Council		

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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: David Walker
 Audit New Zealand
 PO Box 1165
 Auckland 1140

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AUDIT NEW ZEALAND
Mana Arotake Aotearoa

8 July 2020

Level 6, 280 Queen Street, Auckland 1010
PO Box 1165, Auckland 1140

The Honourable John Carter
Mayor
Far North District Council
Private Bag 752
Kaikohe

Dear John

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, David Walker, using the staff and resources of Audit New Zealand, under sections 32 and 33 of the Act, to carry out the annual audits of the Far North District Council’s financial statements and performance information. We will be carrying out these annual audits on the Auditor-General’s behalf, for the years ending 30 June 2020 to 30 June 2022.

This letter outlines:

- the terms of the audit engagement and the nature, and limitations, of the annual audit; and
- the respective responsibilities of the 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 Far North District 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 the Far North

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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, as the governing body, 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;
 - 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 the 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 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 Appendix 1. Appendix 2 contains some additional responsibilities relating to the health and safety of audit staff. We expect members of 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 the Far North District Council:

- present fairly, in all material respects:
 - its financial position; and
 - its financial performance and cash flows for the financial year; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards.

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 financial year, including:
 - its performance achievements as compared with forecasts included in the intended levels of service for the financial year; and
 - its actual revenue and expenses as compared with the forecasts included in the Long-Term Plan and Annual Plan for the financial year; and
- 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.

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 the 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 the 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 the 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 Audit New Zealand remain both economically and attitudinally independent of Far North District Council; including being independent of management personnel and members of 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 the Audit New Zealand.

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 me or Audit New Zealand.

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 report to the Council. This report 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 reports to the District Council from time to time. We will inform the Council of any other reports 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.

Next steps

Please acknowledge receipt of this letter and the terms of the audit engagement by signing the letter in the space provided and returning a copy 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



David Walker
Appointed Auditor
On behalf of the Auditor-General

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

Signed

Date

John Carter
Mayor
Far North District Council

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Appendix 1: Respective specific responsibilities of the Council and the Appointed Auditor

Responsibilities of the Council	Responsibility of the Appointed Auditor
Responsibilities for the financial statements and performance information	
<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.</p> <p>“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; and the financial performance and cash flows for the financial year; and comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity 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 financial year, including: <ul style="list-style-type: none"> the performance achievements as compared with forecasts included in the Long-Term Plan and Annual Plan for the financial year; and the actual revenue and expenses as compared with the forecasts included in Long-Term Plan and Annual Plan for the financial year; and 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>
Responsibilities of the Council	Responsibility of the Appointed Auditor

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	<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; • 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;
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Responsibilities of the Council

Responsibility of the Appointed Auditor

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	<ul style="list-style-type: none"> 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>
Responsibilities for the accounting records	
<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 District Council; enable you to monitor the resources, activities, and entities under your control; enable the District Council'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>
Responsibilities of the Council	Responsibility of the Appointed Auditor
Responsibilities for accounting and internal control systems	

<p>You are responsible for establishing and maintaining accounting and internal control systems (appropriate to the size of the District Council), supported by written policies and procedures, designed to provide reasonable assurance as to the integrity and reliability of financial and performance information reporting.</p>	<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	
<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 District Council) 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 the 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>
Responsibilities of the Council	Responsibility of the Appointed Auditor

	<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>
Responsibilities for compliance with laws and regulations	
<p>You are responsible for ensuring that the District Council has systems, policies, and procedures (appropriate to the size of the District Council) to ensure that all applicable legislative, regulatory, and contractual requirements that apply to the activities and functions of the District Council 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; and 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 of the Council	Responsibility of the Appointed Auditor
Responsibilities to establish and maintain appropriate standards of conduct and personal integrity	

<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 District Council 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	
<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 statements and performance information in accordance with generally accepted accounting practice.</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 interest and whether these transactions have been properly recorded and disclosed in the financial statements and performance information.</p>
Responsibilities of the Council	Responsibility of the Appointed Auditor
Responsibilities for publishing the audited financial statements on a website	

<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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Appendix 2: Health and safety of audit staff

The Auditor-General and Audit New Zealand 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.

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Audit plan

Far North District Council

For the year ended 30 June 2020

Audit plan

I am pleased to present our audit plan for the audit of Far North District Council for the year ended 30 June 2020. The purpose of this audit plan is to discuss:

Audit risks and issues	2
Group audit	7
Our audit process	8
Reporting protocols	12
Audit logistics	13
Expectations	14


The contents of this plan reflects the discussions we have had with the Chief Executive and management.

We will be happy to elaborate further on the matters raised in this plan.

Our work improves the performance of, and the public's trust in, the public sector. Our role as your auditor is to give an independent opinion on the financial statements and performance information. We also recommend improvements to the internal controls relevant to the audit.

If there are additional matters that you think we should include, or any matters requiring clarification, please discuss these with me.

Yours sincerely



David Walker
Appointed Auditor
8 July 2020

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Audit risks and issues

Focus areas



Based on the planning work and discussions that we have completed to date, we set out in the table below the main audit risks and issues. These will be the main focus areas during the audit.

Impact of COVID-19

In recent weeks there has been a global response to COVID-19. This has created significant uncertainty for all entities across the public sector as well as communities and families. While we expect this will create a number of issues that will impact on your business and Annual Report we have not attempted to detail these in the audit plan, given events continue to evolve and the implications are changing day-by-day.

Our primary response at this stage is to make sure our staff are safe and that we continue to work collaboratively and safely with the Council to complete your audit. We plan to meet with management where possible, and maintain up to date with the implications of COVID-19 for as this continues to develop in the coming weeks and months. As the audit issues become clearer we will look to discuss these with management, update our audit planning and include updates and conclusions in our reporting to the Council. This may also require us to complete additional work which we will discuss with you.

Audit risk/issue	Our audit response
Carrying value of assets (subject to periodic revaluations)	
<p>Far North District Council recognises a range of asset classes at fair value in its financial statements.</p> <p>The Council is required to carry out valuations with sufficient regularity to ensure that the carrying amount does not differ materially from fair value.</p> <p>Given the ongoing movements in construction costs, there is a risk that the fair value is materially different from carrying value.</p> <p>The Council will therefore need to formally assess whether fair value is materially different from carrying value and whether a valuation is required. This assessment needs to be completed early in the audit process so that, if a full valuation is required, there is sufficient time for this to be completed, and the accounting entries processed.</p>	<p>We will review Council's assessment of whether a full valuation of various asset classes is required for the year ended 30 June 2020.</p> <p>If a revaluation is undertaken, we will:</p> <ul style="list-style-type: none"> review the valuation process, including source data collection, methodologies, and the reasonableness of any significant assumptions applied; obtain confirmation from the valuer(s) that the valuations comply with relevant accounting and valuation standards and are appropriate for inclusion in the financial statements; and check that Council has correctly accounted for the revaluations in its financial statements.

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Audit risk/issue	Our audit response
	We will also review any disclosures made by Council in the notes to its financial statements for compliance with PBE IPSAS 17, <i>Property, Plant and Equipment</i> .
Carrying value of Property, Plant and Equipment measured at cost and intangible assets	
<p>For Property, Plant and Equipment (PPE) held at assets, Council is required to assets have been undertake an annual assessment for indicators of impairment in accordance with the accounting intangible any impairment charges have been asset work in progress, which is required to be tested for impairment. IPSAS 21, <i>Impairment of</i></p> <p>Due to the subjectivity involved in making this assessment, there is an inherent risk that the carrying values of PPE measured at cost and intangible assets are overstated.</p> <p>In recent years there has been an increase in severe weather events. These have had an impact on local infrastructure in the far north. It has not always been clear how the Council has considered this when valuations have been undertaken or when it has been undertaking its impairment assessments.</p>	<p>We will determine whether: cost and intangible appropriately assessed by management for impairment; and standards. The bar is even higher for</p> <p>accounted for in accordance with PBE</p> <p><i>Non-cash</i></p> <p><i>Generating Assets.</i></p>
The risk of management override of internal controls	
<p>There is an inherent risk in every organisation of fraud resulting from management override of internal controls. Management are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Auditing standards require us to treat this as a risk on every audit.</p>	<p>Our audit response to this risk includes:</p> <ul style="list-style-type: none"> • testing the appropriateness of selected journal entries; • reviewing accounting estimates for indications of bias; and • evaluating any unusual or one-off transactions, including those with related parties.
Audit risk/issue	Our audit response
Accounting for controlled entities	

<p>The Far North District Council group is made up of a number of entities. As Council is the ultimate parent entity in the group, there is a need for determining what entities need to be accounted for in Council's group financial statements as well as ensuring there are appropriate processes in place with these entities to get relevant information for inclusion in Council's parent and group financial statements.</p> <p>Council will also need to assess the impact of the different accounting framework that are in place across the FNDC group and ensure appropriate adjustments are made in the group financial statements.</p> <p>This is especially important this financial year given the implementation of new accounting standards that may impact on the Council. The following standards come into effect for the financial year beginning 1 July 2019:</p> <ul style="list-style-type: none"> • PBE IPSAS 34 <i>Separate Financial Statements</i>. • PBE IPSAS 35 <i>Consolidated Financial Statements</i>. • PBE IPSAS 36 <i>Investments in Associates and Joint Ventures</i>. • PBE IPSAS 37 <i>Joint Arrangements</i>. • PBE IPSAS 38 <i>Disclosure of Interests in Other Entities</i>. 	<p>We will review management's considerations on whether an entity is controlled by Council for financial reporting purposes.</p> <p>If Council has elected to not consolidate a controlled entity on the basis of materiality then we will look to review management's assessment of the entities financial statements for this financial year. It will be important that management has processes in place to obtain this information in preparation of this year's financial statements.</p> <p>We will need to consider if these fall within the legal mandate of the Auditor-General and if a subsequent audit of these entities is required.</p> <p>We will also review Far North District Council's assessment for PBE IPSAS 34 - 38 and ensure that the standards have been appropriately applied in the financial statements.</p>
Reinstatement of four well-beings to the Local Government Act 2002	
<p>The Government has reinstated the "Four well-beings" to the Act. The purpose of local government is once again "to promote the social, economic, environmental, and cultural well-being of communities".</p> <p>The Act has reintroduced the requirement for a local authority's Annual Report to describe any identified effects that any activity within the group of activities has had on the social, economic, environmental, or cultural well-being of the community, as opposed to the previous more general requirement to describe those effects on "the community" per clause 23(d) of Schedule 10 of the Local Government Act 2002.</p>	<p>We will review Far North District Council's proposed disclosure and ensure that the Annual Report for the year ended 30 June 2020 complies with Schedule 10 of the Act disclosures.</p>
Audit risk/issue	Our audit response

Now that the requirement has been reintroduced, Council will need to ensure that the Annual Report complies with Schedule 10 of the Act disclosures for the year ended 30 June 2020.	
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Please tell us about any additional matters we should consider, or any specific risks that we have not covered. Additional risks may also emerge during the audit. These risks will be factored into our audit response and our reporting to you.

Fraud risk

Misstatements in the financial statements and performance information can arise from either fraud or error. The distinguishing factor between fraud and error is whether the underlying action is intentional or unintentional. In considering fraud risk, two types of intentional misstatements are relevant – misstatements resulting from fraudulent reporting, and misstatements resulting from misappropriation of assets.

The primary responsibility for the prevention and detection of fraud and error rests with the Council, with assistance from management. In this regard, we will discuss the following questions with you:

- What role does Council play in relation to fraud? How do you monitor management's exercise of its responsibilities?
- Has a robust fraud risk assessment been completed? If so, is the Council satisfied that it had appropriate input into this process?
- How does management provide assurance that appropriate internal controls to address fraud risks are in place and operating?
- What protocols/procedures have been established between the Council and management to keep you informed of instances of fraud, either actual, suspected, or alleged?
- Are you aware of any actual, suspected, or alleged fraud? If so, have the results of management's investigation been reported to Council? Has appropriate action been taken on any lessons learned?

Our responsibility

Our responsibility is to obtain reasonable, but not absolute, assurance that the financial statements and performance information are free from material misstatement resulting from fraud. Our approach to obtaining this assurance is to:

- identify fraud risk factors and evaluate areas of potential risk of material misstatement;
- evaluate the effectiveness of internal controls in mitigating the risks;
- perform substantive audit procedures; and
- remain alert for indications of potential fraud in evaluating audit evidence.

The Auditor-General has published useful information on fraud that can be found at oag.parliament.nz/reports/fraud-reports.

Group audit



The group comprises:

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

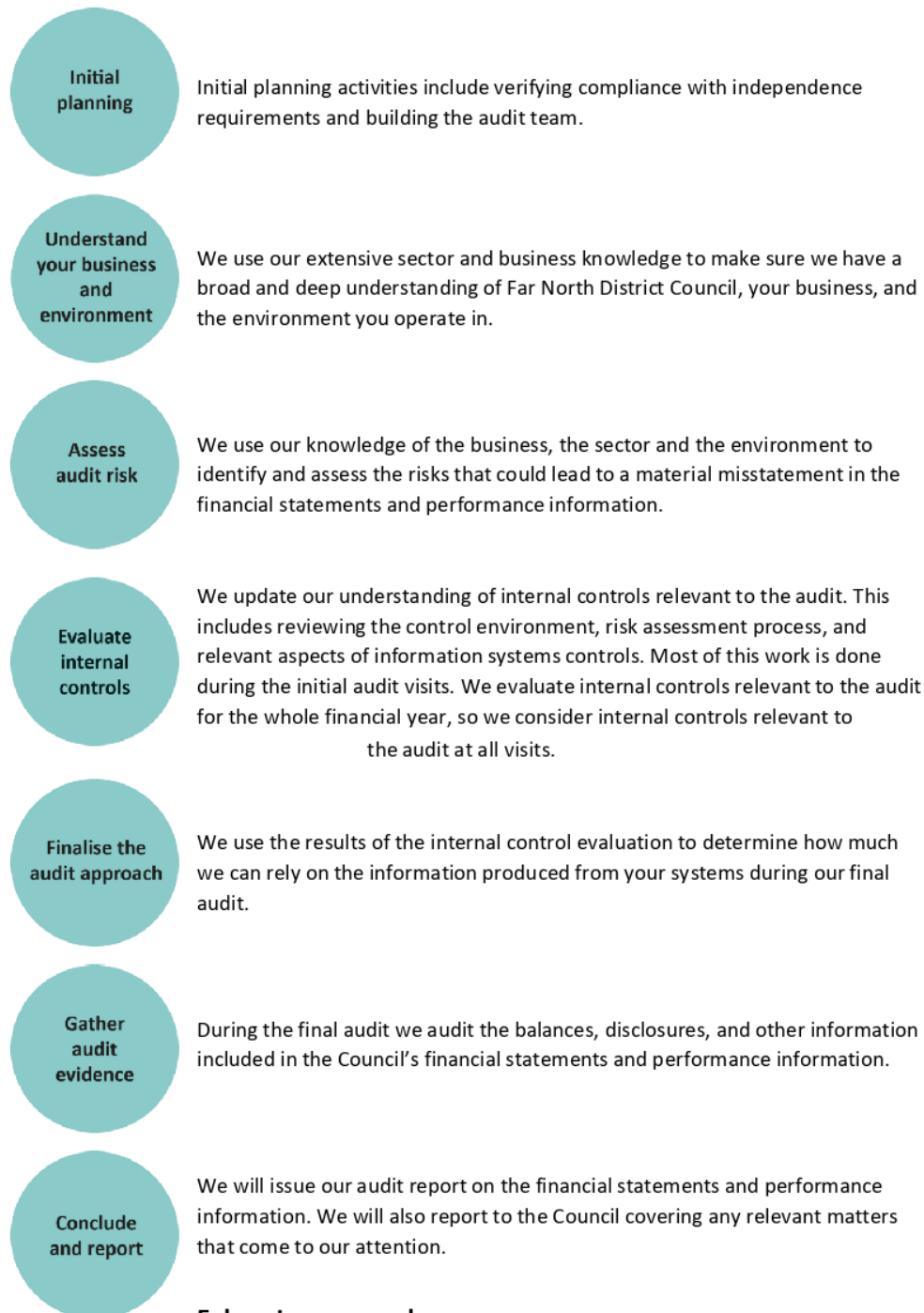
Our auditor's report covers the group as a whole. Our audit approach is developed to ensure we have sufficient information to give an opinion on the group. In designing our group audit approach, we considered the structure of the group and identified the entities which are included in the group financial statements. Each entity is referred to as a component.

We have assessed the risks of material misstatement and have identified our approach for each component and at this stage considered only the Council to be a significant component of the group.

For non-significant components, we will perform analytical procedures at the group level to identify unexpected movements.

We will report any significant internal control deficiencies to the Council and management of the group.

Our audit process



Enhancing year-end processes

The year-end financial statement close process and the preparation of the annual report requires a large number of resources to be committed to complete it effectively. This diverts the attention of

your staff away from the current financial year and focuses them on past events. We want the audit process to run smoothly and we will work with management to achieve this through bringing forward the timing of audit procedures.

Bringing forward audit procedures

Substantive audit procedures are traditionally performed after the year-end. Where possible, we will aim to bring audit procedures earlier in the year. This will be focused on:

- testing of year-to-date additions to and disposals of property, plant and equipment;
- testing of year to date additions to work-in-progress (WIP);
- testing of year to date severance payments; and
- testing of year-to-date sensitive expenditure transactions.

Completion of these tests earlier in the year should allow for more timely identification and resolution of errors.

We will work with management to facilitate getting the information required at the right time. We will communicate with management if information is not available as agreed, including any impact on the year-end audit.

Materiality

In performing our audit, we apply the concept of materiality. In the public sector, materiality refers to something that if omitted, misstated, or obscured could reasonably be expected to:

- influence readers' overall understanding of the financial statements and performance information; and
- influence readers in making decisions about the stewardship and allocation of resources, or assessing your performance.

This definition of materiality is broader than the one used in the private sector.

Accounting standards also require the Council and management to consider materiality in preparing the financial statements. IFRS Practice Statement 2, *Making Materiality Judgements*, provides guidance on how to make materiality judgements from a financial statements preparer's perspective. Although this guidance is primarily aimed at for-profit entities, the same principles can be applied by public benefit entities.

Whether information is material is a matter of judgement. We consider the nature and size of each item judged in the surrounding circumstances. The nature or size of the item, or a combination of both, could be the determining factor. Materiality will be lower for some items due to their sensitivity.

Misstatements

Misstatements are differences in, or omissions of, amounts and disclosures that may affect a reader's overall understanding of your financial statements and performance information. During the audit, we will provide details of any such misstatements we identify to an appropriate level of management.

We will ask for each misstatement to be corrected, other than those that are clearly trivial. Where management does not wish to correct a misstatement we will seek written representations from representatives of the Council that specify the reasons why the corrections will not be made.

Professional judgement and professional scepticism

Many of the issues that arise in an audit, particularly those involving valuations or assumptions about the future, involve estimates. Estimates are inevitably based on imperfect knowledge or dependent on future events. Many financial statement items involve subjective decisions or a degree of uncertainty. There is an inherent level of uncertainty which cannot be eliminated. These are areas where we must use our experience and skill to reach an opinion on the financial statements and performance information.

The term "opinion" reflects the fact that professional judgement is involved. Our audit report is not a guarantee but rather reflects our professional judgement based on work performed in accordance with established standards.

Auditing standards require us to maintain professional scepticism throughout the audit. Professional scepticism is an attitude that includes a questioning mind and a critical assessment of audit evidence. Professional scepticism is fundamentally a mind-set. A sceptical mind-set drives us to adopt a questioning approach when considering information and in forming conclusions.

Exercising professional scepticism means that we will not accept everything we are told at face value. We will ask you and management to provide evidence to support what you tell us. We will also challenge your judgements and assumptions and weigh them against alternative possibilities.

How we consider compliance with laws and regulations

As part of the Auditor-General's mandate, we consider compliance with laws and regulations that directly affect your financial statements or general accountability. Our audit does not cover all of your requirements to comply with laws and regulations.

Our approach involves first assessing the systems and procedures that you have in place to monitor and manage compliance with laws and regulations relevant to the audit. We may also complete our own checklists. In addition, we will ask you about any non-compliance with laws and regulations that you are aware of. We will evaluate the effect of any such non-compliance on our audit.

Wider public sector considerations

A public sector audit also examines whether:

- the Council carries out its activities effectively and efficiently;

- waste is occurring or likely to occur as a result of any act or failure to act by the Council;
- there is any sign or appearance of a lack of probity as a result of any act or omission by the Council or by one or more of its members, office holders, or employees; and
- there is any sign or appearance of a lack of financial prudence as a result of any act or omission by the Council or by one or more of its members, office holders, or employees.

Reporting protocols

Communication with management and the Council



We will meet with management and the Council throughout the audit. We will maintain ongoing, proactive discussion of issues as and when they arise to ensure there are “no surprises”.

Reports to Council



We will provide a draft of all reports to management for discussion/clearance purposes. In the interests of timely reporting, we ask management to provide their comments on the draft within 10 working days. Once management comments are received the report will be finalised and provided to Council.

We will also follow up on your progress in responding to our previous recommendations.

Audit logistics

Our team



Our engagement team is selected to ensure that we have the right subject matter expertise and sector knowledge. Each member of the audit team has received tailored training to develop their expertise. Our senior audit team members are:

David Walker	Appointed Auditor
Chantelle Gernetzky/ Dereck Ollsson	Engagement Quality Control Review Director
Trevor Rusling	Audit Manager
Stella Kim	Senior Auditor
Clive Shazell	ISAA Specialist, Information Systems Audit and Assurance

The Engagement Quality Control Review (EQCR) Director forms an important part of our internal quality assurance process to maintain and enhance the quality of your audit. The EQCR Director is an experienced Audit Director who has sufficient and appropriate experience to objectively evaluate the judgements made by the audit team.

They are independent from the day to day audit field work, and so can provide an independent challenge to the audit team on their judgements. The EQCR will work with your Appointed Auditor and the audit team, but will not have direct contact with you.

Timetable



While we will endeavour to meet these timeframes, the impact of COVID-19 on our timetable is still unknown and may be subject to change. If changes need to be made to key dates from those detailed below we will discuss this with management. Our proposed timetable is:

First Interim audit begins (one week)	6 April 2020
Second Interim audit begins (one week)	4 May 2020
Pre-final audit begins (one week)	22 June 2020
Final audit begins (three weeks)	31 August 2020
Full draft financial statements (including notes to the financial statements) with actual year-end figures and full draft statement of service performance made available to audit	31 August 2020

Underlying work papers supporting the draft financial statements and 31 August 2020 statement of service performance

Final financial statements and statement of service performance available, 21 September 2020 incorporating all the amendments agreed to between us
Annual report available, including any Chair and Chief Executive's overview or reports 21 September 2020

Verbal audit clearance given	28 September 2020
Audit opinion issued/Council adoption of the Annual Report	13 October 2020
Summary annual report available for audit	20 October 2020
Draft final report to Council issued	23 October 2020
Management comments received on final report to Council	2 November 2020
Final report to Council issued	6 November 2020

Expectations



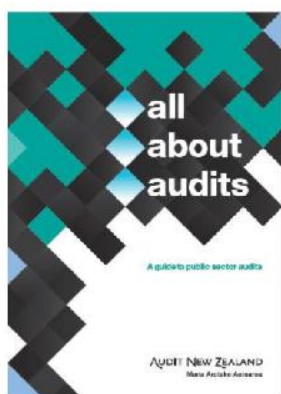
For the audit process to go smoothly for both you and us, there are expectations that each of us need to meet.

Our respective responsibilities are set out in our Audit Engagement Letter.

We expect that:

- you will provide us with access to all relevant records and provide information in a timely manner;
- staff will provide an appropriate level of assistance;
- the draft financial statements, including all relevant disclosures, will be available in accordance with the agreed timetable;
- management will make available a detailed workpaper file supporting the information in the financial statements;
- where there are technical issues or significant uncertainty, you will bring these to our attention as soon as practical and provide us with technical advice the entity has received;
- all estimates, judgements and critical decisions made by management should be the content of a formal paper and subjected to appropriate levels of quality review;
- management will complete an appropriate “financial sustainability”/ “balanced budget” assessment supported by a monthly cash flow for at least 12 months from the proposed date of approving the financial statements that incorporates the financial impacts of COVID-19;
- the annual report, financial statements and performance information will be subjected to appropriate levels of quality review before being provided to us; and
- Where there have been major changes in the Councils operations, levels of risk or in the makeup of the Annual Report account balances, we will be advised of these changes and the rationale for them.

To help you prepare for the audit, we will liaise with management and provide them with a detailed list of the information we will need for the audit. We have also published information to help explain the audit process:



Health and safety



The Auditor-General and Audit New Zealand 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 management to keep our audit staff safe while they are working at your premises.

We expect you to provide a work environment for our audit staff that minimises or, where possible, eliminates risks to their health and safety. This includes providing adequate lighting and ventilation, suitable desks and chairs, and safety equipment where required. We also expect management 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.



AUDIT NEW ZEALAND
Mana Arotake Aotearoa

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Auckland 1140
Phone: 04 496 3099





AUDIT NEW ZEALAND
Mana Arotake Aotearoa

8 July 2020

Level 6, 280 Queen Street, Auckland 1010
PO Box 1165, Auckland 1140

The Council
Far North District Council
Private Bag 752
Kaikohe 0440

The Board Members
Trustees Executors Limited
PO Box 4197
Shortland Street
Auckland 1140

Dear Councillors and Trustees Executors Limited Board Members

Confirmation of Engagement – Limited Independent Assurance Report in respect of the Far North District Council's Debenture Trust Deed

The purpose of this letter is to confirm our understanding of our mutual responsibilities arising from your request to provide a report (the Report) under clause 10.2.6 of the Debenture Trust Deed between Trustees Executors Limited, (the Trustee) and Far North District Council dated 31 May 2011 (the Trust Deed).

The purpose of this letter is to confirm the terms of our Limited Independent Assurance Engagement and the nature of, and limitations to the services that we will provide. All services are provided subject to the terms and limitations set out in this letter (including any appendices).

Scope of the engagement

The Auditor-General is the auditor of Far North District Council pursuant to the Public Audit Act 2001. The Auditor-General has appointed me David Walker, using the staff and resources of Audit New Zealand to carry out the audit of the annual financial statements and performance information of Far North District Council.

The objective of the audit of the annual financial statements and performance information, which is the subject of a separate letter of engagement with Far North District Council dated 8 July 2020 (attached as Appendix 2), is to report our opinion on those annual financial statements and performance information on behalf of the Auditor-General.

A business unit of the Controller and Auditor-General | www.auditnz.parliament.nz

As auditors appointed for the audit of the annual financial statements and performance information, we are not responsible for:

- the preparation of the annual financial statements and performance information of Far North District Council;
- any Reporting Certificate(s) issued to the Trustee by Far North District Council;
- Far North District Council's compliance with the Trust Deed; or
- the obligations of the Trustee, as defined in the Trust Deed and relevant legislation, or the Trustee's execution of those responsibilities in accordance with the Trust Deed and relevant legislation.

The procedures performed when carrying out the audit of the annual financial statements and performance information of the Far North District Council are not designed to assess whether the Far North District Council has complied with the Trust Deed or to make an evaluation of the Reporting Certificate(s) Far North District Council issued to the Trustee.

The scope of this Limited Independent Assurance Engagement is to report on certain matters stated in clause 10.2.6 of the Trust Deed based on information obtained as a by-product of the audit of the annual financial statements and performance information of Far North District Council for the year ended 30 June 2020.

For the purpose of providing our Report, (other than as expressly stated in the section below titled "Scope of the Auditor's Responsibilities under the Trust Deed"), we will not perform any further procedures beyond those required to complete the audit of the annual financial statements and performance information of Far North District Council.

In the performance of our duties as auditors, unless expressly stated, we do not perform any work at the time Far North District Council's Reporting Certificate for the year ended 30 June 2020 is prepared. Accordingly, our statements contained in the Report in relation to the matters addressed in clause 10.2.6 of the Trust Deed must be viewed in that context.

Scope of Far North District Council's responsibilities

Far North District Council is required to provide a copy of the annual report, which includes the audited financial statements and performance information of Far North District Council and our audit opinion, to the Trustee under clause 10.2.1 of the Trust Deed.

Far North District Council is responsible for preparing Reporting Certificates to the Trustee in accordance with clause 10.2.4 of the Trust Deed. Far North District Council is responsible for such internal control as is determined necessary to ensure compliance with the requirements of the Trust Deed and also to enable the preparation of Reporting Certificates that are free from material misstatement, whether due to fraud or error.

Far North District Council is responsible for keeping the Register and ensuring that it is separately audited in accordance with clause 4.2.8 of the Trust Deed.

Far North District Council is required to comply with the full requirements of the Trust Deed, including the continuing covenants and reporting requirements.

Far North District Council is responsible for interpreting the clauses and definitions in the Trust Deed. We make no representations as to whether these interpretations of the Trust Deed are appropriate.

Scope of the Trustee's responsibilities

The Trustee monitors the Far North District Council's compliance under the terms of the Trust Deed. The terms of the Trust Deed were agreed by the Trustee and Far North District Council. We are not a signatory to the Trust Deed and we were not consulted about the terms of the Trust Deed. We therefore take no responsibility for the adequacy of the terms of the Trust Deed for monitoring Far North District Council.

The receipt of the Limited Independent Assurance Report and the audited annual financial statements and performance information of Far North District Council, and any reliance on the audit opinion contained in our auditor's report attached to those audited annual financial statements and performance information, does not relieve the Trustee of its responsibilities under the Trust Deed and relevant legislation.

The Financial Markets Authority (FMA) issued a guidance note titled "Monitoring by Securities Trustees and Statutory Supervisors"¹. This guidance note sets out the FMA's expectations about how Trustees will carry out their monitoring functions effectively. Where applicable, it is the Trustee's responsibility to meet the FMA's expectations as set out in the guidance note.

Scope of the Auditor's responsibilities under the Trust Deed

We will conduct our Limited Independent Assurance Engagement in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the External Reporting Board. A copy of this standard is available on the External Reporting Board's website. A Limited Independent Assurance Engagement is not an audit and the procedures that have been performed are less than for an audit. As a result, the level of assurance that has been obtained is substantially lower than the assurance that would have been obtained had an audit been performed.

This standard requires that we comply with ethical requirements and plan and perform our Limited Independent Assurance Engagement to obtain limited assurance about whether anything has come to our attention to indicate that the Reporting Certificate for the year ended 30 June 2020 has not been prepared in accordance with the requirements of clause 10.2.4 of the Trust Deed of the Trust Deed.

¹ Please refer to the FMA website for a copy of the guidance note titled "Monitoring by Securities Trustees and Statutory Supervisors" (2013).

We will report to you on the following specific matters under clause 10.2.6 of the Trust Deed:

- From our perusal of the Reporting Certificate dated 30 June 2020 given on behalf of Far North District Council pursuant to clause 10.2.4 and, as far as matters that we will observe in the performance of our duties as auditors are concerned, whether anything is brought to our attention to indicate that the statements made in such Reporting Certificate are not materially correct.
- In meeting this responsibility we will agree the total amount of all categories of stock or the aggregate Principal Amount of Notes on issue and outstanding in the Reporting Certificate dated 30 June 2020 with Computershare Investor Services and the Local Government Funding Agency.
- Whether, in performing our duties as auditors, we have:
 - become aware of any matters which, in our opinion, are relevant to the exercise or performance of the powers or duties conferred or imposed on the Trustee; and
 - disclosed any matter that, in our opinion, calls for further investigation by the Trustee in the interests of the Stockholders.

In meeting this responsibility, our procedures will be limited to talking to management and considering any issues which might come to our attention as a by-product of the audit of the annual financial statements and performance information.

- As at the end of the financial year, from the audit procedures performed as part of the audit of the annual financial statements and performance information, whether anything came to our attention to indicate that, in all material respects, principal money due and payable on the Stock and interest due and payable on the Stock, had not been paid.

We will not test that each individual Stockholder has received all monies due and payable to them.

We will report to you on the following matters under clause 10.2.6 of the Trust Deed:

- Whether Far North District Council's agents have maintained the Register in accordance with the requirements of the Trust Deed.
- Far North District Council is responsible for maintaining the Register and ensuring it is separately audited in accordance with clause 4.2.8.

We will not audit the Register for the year ended 30 June 2020. Our procedures will be limited to asking Far North District Council for a copy of the audit report about the audit of the Register.

- As at 30 June 2020:
 - the amount of Stock and how much is Security Stock and Bearer Stock; and

- o the Principal Money owing or secured under the Stock distinguishing between Security Stock and other categories of Stock.

In meeting this responsibility, we will agree the total of all categories of Stock with Computershare Investor Services and the Local Government Funding Agency. We will not test that each individual Stockholder has received all monies due and payable to them.

Our Limited Independent Assurance Engagement to provide the Report will be completed in accordance with the scope defined in this letter and any reliance on the Report can only be in the context of the scope as defined. The Report will therefore not be suitable for any other purpose.

Timetable

Our work will be completed concurrently with the audit of the annual financial statements and performance information. We will complete our Report as soon as possible once Far North District Council has signed the annual financial statements and performance information and provided us with the Reporting Certificate given on behalf of Far North District Council pursuant to clause 10.2.4 of the Trust Deed.

Restriction on use and distribution of our Report

Our Report will be addressed to Far North District Council and the Trustee for the sole purpose of meeting the requirements of clause 10.2.6 of the Trust Deed.

Our Report is not to be used for any other purpose, copied or made available (in whole or in part), or recited or referred to in any document, made available to any other person, without our prior written consent except as may be required by law. In addition, we will take no responsibility for, nor do we report on, any part of the Trust Deed not specifically mentioned in the report.

Fees

The fee will be payable by Far North District Council for this Limited Independent Assurance Engagement. The total fee is estimated to be \$6,985.

Supporting documentation required

In order to complete this engagement we will need access certain information and documentation that council should have in its files supporting its reporting certificate. Please refer to Appendix 3 for details of the information and documentation we will need.

Agreement

If you have any questions about this letter, please contact me. Please confirm your agreement to the terms and limitations of this engagement letter by signing below and returning a copy to us.

Yours faithfully



David Walker
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand

Far North District Council acceptance

Far North District Council confirms and accepts the engagement of Audit New Zealand to provide the services on the terms and conditions set out in this engagement letter.

(Signature)

(Name)

(Position)

Trustee acceptance

Trustees Executors Limited as Trustee for Far North District Council confirms and accepts the engagement of Audit New Zealand to provide the services on the terms and conditions set out in this engagement letter.

Trustees Executors Limited has entered into this letter of engagement in its capacity as Trustee of Far North District Council and accordingly its liability shall not be personal and unlimited but shall be limited to the assets of Far North District Council available to it from time to time in that capacity.

(Signature)

(Name)

(Position)

Appendix 1: Indicative Report

Limited Independent Assurance Report

To Far North District Council and to Trustees Executors Limited in respect of Far North District Council's Debenture Trust Deed For the year ended 30 June 2020

The Auditor-General is the auditor of Far North District Council pursuant to the Public Audit Act 2001. The Auditor-General has appointed me, David Walker, using the staff and resources of Audit New Zealand to carry out the audit of the annual financial statements and performance information of Far North District Council. On behalf of the Auditor-General, I have also carried out this Limited Independent Assurance Engagement, using the staff and resources of Audit New Zealand, as referred to in the Debenture Trust Deed dated 31 May 2011 (the Trust Deed).

Far North District Council's Responsibilities

Far North District Council is required to provide a copy of the annual report, which includes the audited financial statements and performance information of Far North District Council and our audit opinion, to the Trustees Executors Limited (Trustee) under clause 10.2.1 of the Trust Deed.

Far North District Council is responsible for preparing Reporting Certificates to the Trustee in accordance with clause 10.2.4 of the Trust Deed. Far North District Council is responsible for such internal control as is determined necessary to ensure compliance with the requirements of the Trust Deed and also to enable the preparation of Reporting Certificates that are free from material misstatement, whether due to fraud or error.

Far North District Council is responsible for keeping the Register and ensuring that it is separately audited in accordance with clause 4.2.8 of the Trust Deed.

Far North District Council is required to comply with the full requirements of the Trust Deed, including the continuing covenants and reporting requirements.

Far North District Council is responsible for interpreting the clauses and definitions in the Trust Deed. We make no representations as to whether these interpretations of the Trust Deed are appropriate.

Trustee's Responsibilities

The Trustee monitors Far North District Council's compliance under the terms of the Trust Deed. The terms of the Trust Deed were agreed by the Trustee and Far North District Council. We are not a signatory to the Trust Deed and we were not consulted about the terms of the Trust Deed. We therefore take no responsibility for the adequacy of the terms of the Trust Deed for monitoring Far North District Council.

The receipt of this Limited Independent Assurance Report (Report) and the audited financial statements of the Far North District Council, and any reliance on the audit opinion contained in our auditor's report attached to those audited financial statements, does not relieve the Trustee of its responsibilities under the Trust Deed and relevant legislation.

The Financial Markets Authority (FMA) issued a guidance note titled "Monitoring by Securities Trustees and Statutory Supervisors"². This guidance note sets out the FMA's expectations about how Trustees will carry out their monitoring functions effectively. Where applicable, it is the Trustee's responsibility to meet the FMA's expectations as set out in the guidance note.

Our Responsibilities

We conducted our Limited Independent Assurance Engagement in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the External Reporting Board. A copy of this standard is available on the External Reporting Board's website. A Limited Independent Assurance Engagement is not an audit and the procedures that have been performed are less than for an audit. As a result, the level of assurance that has been obtained is substantially lower than the assurance that would have been obtained had an audit been performed.

This standard requires that we comply with ethical requirements and plan and perform our Limited Independent Assurance Engagement to obtain limited assurance about whether anything has come to our attention to indicate the Reporting Certificate prepared for the year ended 30 June 2020 has not been prepared in accordance with the requirements of clause 10.2.4 of the Trust Deed.

The procedures performed when carrying out the audit of the annual financial statements of Far North District Council are not designed to assess whether Far North District Council has complied with the Trust Deed or to make an evaluation of the Reporting Certificate(s) Far North District Council issued to the Trustee.

The scope of this Limited Independent Assurance Engagement is to report on certain matters stated in clause 10.2.6 of the Trust Deed based on information obtained as a by-product of our engagement to perform the audit of the annual financial statements and performance information of Far North District Council for the year ended 30 June 2020 (Statutory Audit Engagement).

For the purpose of providing our Report, unless expressly stated, we have not performed any further procedures beyond those required to complete the Statutory Audit Engagement of Far North District Council.

In the performance of our duties as auditors, unless expressly stated, we do not perform any work at the time the Reporting Certificate for the year ended 30 June 2020 is prepared by Far North District Council. Accordingly, our statements contained in the Report in relation to the matters addressed in clause 10.2.6 of the Trust Deed must be viewed in that context.

² Please refer to the FMA website for a copy of the guidance note titled "Monitoring by Securities Trustees and Statutory Supervisors" (2013).

Our responsibility under clause 10.2.6 of the Trust Deed is to:

- From our perusal of the Reporting Certificate dated [insert date] given on behalf of Far North District Council pursuant to clause 10.2.4 and, as far as matters that we will observe in the performance of our duties as auditors are concerned, report whether anything is brought to our attention to indicate that the statements made in such Reporting Certificate are not materially correct.

In meeting this responsibility we agreed the total amount of all categories of Stock in the Reporting Certificate dated [insert date] with Investor Services and the Local Government Funding Agency.

With reference to the other assertions made by the Chief Executive in the Reporting Certificate our procedures have been limited to talking to management and considering any issues which might have come to our attention as a by-product of the Statutory Audit Engagement.

- Report whether, in performing our duties as auditors, we have:
 - become aware of any matters which, in our opinion, are relevant to the exercise or performance of the powers or duties conferred or imposed on the Trustee; and
 - disclosed any matter that, in our opinion, calls for further investigation by the Trustee in the interests of the Stockholders.

In meeting this responsibility, our procedures have been limited to talking to management and considering any issues which might have come to our attention as a by-product of the Statutory Audit Engagement.

- Report, as at the end of the financial year, from the audit procedures performed as part of our Statutory Audit Engagement, whether anything came to our attention to indicate that, in all material respects, principal money due and payable on the Stock and interest due and payable on the Stock, had not been paid.

We have not tested that each individual Stockholder has received all monies due and payable to them.

- Report whether the Far North District Council's agents have maintained the Register in accordance with the requirements of the Trust Deed.

Far North District Council is responsible for maintaining the Register and ensuring it is separately audited in accordance with clause 4.2.8.

The audit of the Register is a separate engagement in the same way the engagement to perform the audit of the annual financial statements and performance information is a separate engagement. Our procedures were limited to asking Far North District Council for a copy of the audit report about the Register.

- Report as at 30 June 2020:
 - the amount of Stock and how much is Security Stock and Bearer Stock; and
 - the Principal Money owing or secured under the Stock distinguishing between Security Stock and other categories of Stock.

In meeting this responsibility, we have agreed the total of all categories of Stock with Computershare Investor Services and the Local Government Funding Agency. We have not tested that each individual Stockholder has received all monies due and payable to them.

Limitations and Use of this Report

This Limited Independent Assurance Report has been prepared solely for Far North District Council and the Trustee in accordance with the Trust Deed. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than Far North District Council and the Trustee or for any purpose other than that for which it was prepared.

We report to you as accountants, not lawyers. Accordingly we are not aware of all the powers and duties of trustees which may exist in statute, regulation, case law, legal precedent or otherwise.

Other than as expressly stated, we have not undertaken any additional audit work after signing our audit report on Far North District Council's financial statements and performance information. We explain the scope of our audit engagement in our audit report on Far North District Council's financial statements and performance information for the year ended 30 June 2020.

Because of the inherent limitations in evidence gathering procedures, it is possible that fraud, error or non-compliance may occur and not be detected. As the procedures performed for this engagement are not performed continuously throughout the period and the procedures performed in respect of Far North District Council's compliance with the Trust Deed are undertaken on a test basis (that is, we do not check every transaction), our Limited Independent Assurance Engagement cannot be relied on to detect all instances where Far North District Council may not have complied with the requirements of the Trust Deed. Our Conclusion has been formed on the above basis.

Unqualified Conclusion

Based on our work described in this report, nothing has come to our attention that causes us to believe that:

- the statements made by Far North District Council in the Reporting Certificate dated [insert date] pursuant to clause 10.2.4 are materially incorrect (Reporting Certificate dated [insert date] is given in Appendix 1);
- there are any matters which, in our opinion, are relevant to the exercise or performance of the powers or duties conferred or imposed on the Trustee;
- there are any matters that, in our opinion, calls for further investigation by the Trustee in the interests of the Stockholders; and

- in all material respects, that Far North District Council has not paid all principal money due and payable on the Stock and all interest due and payable on the Stock.

Our Limited Independent Assurance Engagement was completed on [date] and our conclusion is expressed as at that date.

The Register and Stock

Far North District Council has provided us with a copy of the audit report about the Register(s). Please refer to Appendix 2 for a copy of the audit report about the Register(s).

Based on the work described in this Report, as at [insert date] the following balances are given:

- Total stock of XXXX
- This is comprised of:
 - Security stock of XXXX
 - Bearer stock of XXXX
 - Other stock of XXXX
 - Security stock (Local Government Funding Agency stock) of XXXX

Based on the work described in this Report, as at [insert date] the following balances are given:

- Total Principal Money owing and secured under the stock of XXXX
- This is comprised of:
 - Security stock of XXXX
 - Bearer Stock of XXXX
 - Other stock of XXXX
 - Security stock (Local Government Funding Agency stock) of XXXX

The following paragraph will be added where Council guarantees the Local Government Funding Agency's debt

Far North District Council is a one of a group of guarantors of the Local Government Funding Agency. As at 30 June 2020 the Far North District Council had x,xxx,xxxk units of Security Stock on issue associated with the guarantee.

The difference between Security Stock on issue associated with the guarantee and total borrowings of the Local Government Funding Agency at 30 June 2020 is as follows:

x,xxx,xxxk	Units of Security Stock on issue associated with the guarantee
xx,xxxk	Accrued interest
(xxx,xxxk)	Treasury Stock ³ held by the Local Government Funding Agency
xx,xxxk	Treasury Stock lent to the market via repurchase agreements by the Local Government Funding Agency
x,xxx,xxxk	Total borrowings of the Local Government Funding Agency at 30 June 2020

Following paragraph will be added where the Council guarantees the Local Government Funding Agency and the Council reports Local Government Funding Agency figures other than at 30 June in their Reporting Certificate

The Reporting Certificate dated [insert date] (attached) requires Far North District Council to report Security Stock (issued with a floating nominal amount) no more than 5 business days before the date of the Reporting Certificate. Far North District Council has x,xxx,xxxk units of Security Stock on issue associated with the guarantee at that date. This value includes xxx,xxxk of Treasury Stock held by the Local Government Funding Agency and excludes accrued interest. The Local Government Funding Agency may have lent an amount of the Treasury Stock to the market via repurchase agreements.

Independence and quality control

When carrying out the engagement, we complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 (Revised) issued by the New Zealand Auditing and Assurance Standards Board; and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended) issued by the New Zealand Auditing and Assurance Standards Board.

³ Treasury Stock is stock which is bought back by the issuing entity reducing the amount of outstanding stock on the open market. When an entity repurchases its stock, it reduces its liabilities.

Other than this engagement and our audit of Far North District Council's annual financial statements⁴ and performance information, we have no relationship with or interests in Far North District Council or any of its subsidiaries or the Trustee.

David Walker
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand

⁴ If you were engaged to audit the Register of the Entity, please state – "Other than this engagement, our audit of the Register, and our audit of Far North District Council's annual financial statements and performance information, we have no relationship with or interests in Far North District Council or any of its subsidiaries or the Trustee".

Appendix 2: Engagement Letter – Audit of the annual financial statements and performance information

The Honourable John Carter
Mayor
Far North District Council
Private Bag 752
Kaikohe

Dear John

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, David Walker, using the staff and resources of Audit New Zealand, under sections 32 and 33 of the Act, to carry out the annual audits of the Far North District Council’s financial statements and performance information. We will be carrying out these annual audits on the Auditor-General’s behalf, for the years ending 30 June 2020 to 30 June 2022.

This letter outlines:

- the terms of the audit engagement and the nature, and limitations, of the annual audit; and
- the respective responsibilities of the 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 Far North District 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 the 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, as the governing body, 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;
 - 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 the 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 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 Appendix 1. Appendix 2 contains some additional responsibilities relating to the health and safety of audit staff. We expect members of 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 the Far North District Council:

- present fairly, in all material respects:
 - its financial position;
 - its financial performance and cash flows for the financial year; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards.

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 financial year, including:
 - its performance achievements as compared with forecasts included in the intended levels of service for the financial year; and
 - its actual revenue and expenses as compared with the forecasts included in the Long-Term Plan and Annual Plan for the financial year; and
- 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.

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 the 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 the 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 the 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 Audit New Zealand remain both economically and attitudinally independent of Far North District Council; including being independent of management personnel and members of 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 the Audit New Zealand.

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 me or Audit New Zealand.

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 report to the Council. This report 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 reports to the District Council from time to time. We will inform the Council of any other reports 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.

Next steps

Please acknowledge receipt of this letter and the terms of the audit engagement by signing the letter in the space provided and returning a copy 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

David Walker
Appointed Auditor
On behalf of the Auditor-General

Appendix 3: Supporting documentation required

We will need access to the following information and documentation from Council's records supporting the reporting certificate:

- A copy of the debenture trust deed.
- The signed reporting certificate for the debenture trust deed for 30 June 2020.
- The LGFA floating nominal amount confirmation as at 30 June 2020.
- Copies of all security stock certificates, including all security stock recorded on the register as 1 cent/1 unit security stocks.
- A security stock listing, indicating who the holders of each security stock are.
- Debt terms sheets for all debenture stock outstanding.
- Written confirmation that all stock that was due to be repaid during the financial was in fact repaid.
- Written confirmation that any interest due for payment on the stock was in fact paid.

Please note that items requested above may not represent all of the information that we need, and additional requests for information and documentation may follow during the course of the engagement depending on the circumstances.

6 INFORMATION REPORTS

6.1 JULY RISK MANAGEMENT

File Number: A2906078

Author: Tanya Reid, Business Improvement Specialist - Corporate Services

Authoriser: William J Taylor MBE, General Manager - Corporate Services

PURPOSE OF THE REPORT

To provide scheduled risk progress reports for the organisation's top risks and group risk.
No decision required.

EXECUTIVE SUMMARY

Risk progress updates are provided for four of the top organisational risks.
Progress on group risk continues.

RECOMMENDATION

That the Assurance, Risk and Finance Committee receive the report July Risk Management.

BACKGROUND

The Transformation and Assurance team has facilitated the development of treatment plans for the organisation's top risks. We are now in the phase where regular reporting of the organisation's top risks, and treatment plans, are in place.

A programme of deep dive workshops is planned for these risks. The first of two deep dive workshops for ARF005 Affordability risk has been completed, with the second workshop to be scheduled.

The Transformation and Assurance team continues to work with the organisation to refresh and establish group risk registers, with treatment plans, and regular reviews.

DISCUSSION AND NEXT STEPS

Four risk progress reports, with treatment plans, are provided with highlights and analysis of risk trend below. More detail is available in the attached risk progress reports.

The risk trend for ARF003 Health Safety and Wellbeing Vulnerabilities Risk has been assessed as neutral. The 5-year strategic plan is currently part way through Horizon 2 (years two and three) with planned activities started. Environmental conditions have impacted our planned response to this risk with delays on Vehicle GPS and Lone Worker Safety Solutions Project, as well as Health Monitoring Programme. Increased distributed working (including increased number and frequency of "working from home") will test our risk treatments. Monitoring these impacts will occur during the pilot of *Creating and Enabling Great Workplaces*.

The risk trend for ARF006 Projects Priorities Delivery Delays Risk has been assessed as neutral with several treatments now established. Project resourcing will continue to be a challenge with an expected increase in projects to be delivered as we successfully bid for new channels of government funding for projects. A treatment to manage the impact of this expected increase in projects has been proposed to SLT.

The risk trend for ARF009 Customer Service Delivery Risk remains high (increasing risk). This is because of the negative impact of the dual drought and COVID-19 crises on key customer satisfaction metrics. However, there have been some excellent customer success stories over the lockdown period, such the implementation of the COVID-19 Rates Relief policy, which moved the rates team score from 60 (April 20) to 83 in May (a 38% increase).

The risk trend for ARF012 Contract Management Risk has been assessed as neutral, an improvement from the last report when the impact of the COVID-19 pandemic could have resulted in disruption to supply chains and work. This situation remains a watching brief. Treatments have been established, with two specialists appointed and an FNDC-wide contract register in place, with additional identified treatments in progress.

Re-evaluation of risk

The six-monthly risk progress report will be provided in September for the ARF013 Potable Water Resilience Risk as approved by Council on 7 May 2020.

We have requested scheduling of an elected member workshop to review the Top Organizational Risk Dashboard using our bespoke IDEATE methodology.





Group Risk

The Transformation and Assurance team continues to work through the organisation to establish and maintain Group Risk Registers. These registers will be used to inform the elected member Top Organizational Risk Dashboard workshop where there is proposed escalation and de-escalation of risk.

FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION

At this stage no additional budgetary provision has been identified for the treatment plans.

ATTACHMENTS

1. **FINAL 2020 07 ARF003 Health Safety and Wellbeing Vulnerabilities Risk Progress Report - A2917474** [↓](#) 
2. **FINAL 2020 07 ARF006 Projects Priorities Delivery Delays Risk Progress Report - A2917494** [↓](#) 
3. **FINAL 2020 07 ARF009 Customer Service Delivery Risk Progress Report - A2917504** [↓](#) 
4. **FINAL 2020 07 ARF012 Contract Management Risk Progress Report - A2917512** [↓](#) 



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ARF003 Health Safety and Wellbeing Vulnerabilities

Risk Status Progress Report for July 2020

Description of risk and impact

Health, Safety and Wellbeing Vulnerabilities are those elements defined in the Health and Safety at Work Act (2015).

Far North District Council (FNDC) has a duty to ensure, so far as is reasonably practicable, that the workplace is without risks to the health, safety and wellbeing of any person and has controls in place to firstly eliminate or then minimize those risks.

Existing Treatments - What has been done so far?

FNDC's 5-year strategic plan is currently part way through Horizon 2 (years two and three.) Planned activities are well on track.

FNDC have an active Health and Safety Committee and all staff have a Health Safety and Wellbeing focused KPI which is regularly reviewed and monitored. There is a regular yearly calendar of core Health Safety and Wellbeing activities including training, policy development, volunteer engagement plans, wellbeing initiatives and emergency management across the sites.

Our "Your Voice" Survey currently not available to assist with determining the year on year improvements in Health Safety and Wellbeing.

High level treatment plan and progress up-date:

Vulnerabilities being addressed:	Progress update:
Lone Worker safety.	Progress to plan. Vehicle GPS and Lone Worker Safety Solutions Project – tender closed March 2020. Evaluations are scheduled for end of June 2020, with the appointment of the preferred supplier in July 2020.
Health Monitoring for high risk staff.	Project has been rescheduled due to COVID-19. Health Monitoring programme to be established for critical roles at Council in quarter one of FY21.
Non-compliance against H&S at Work Act regulations across our assets.	Progress not to plan – currently we are off track with five of FNDC's Water Treatment Plants. Regular audits and monitoring across our sites by Asset Management and partnering where we have Alliance relationships in place.
Contractor Management.	Progress to plan.

	Pre-qualification processes in place, for all contractors engaged, via SiteWise. Regular contractor monitoring and site inspections/audits via Project Managers and Contract Managers.
Wellbeing programs to address our changing workforce.	Progress to plan. Implementing quarterly initiatives focusing on overall Wellbeing themes (e.g. Ride Aotearoa, Mental Health Week).
Threatening behavior from members of the public.	Progress to plan. Technical solutions will be procured as part of the Lone Worker Safety solution including 24/7 monitoring services.
FNDC's Generic Hazards and Controls/Treatments.	Progress to plan. Generic hazards have been identified and agreed by the Health and Safety Committee. Action plans and treatments, to mitigate, are planned for quarter one of FY21.

High level treatment plan:

CouncilMARK Improvement #6. Health and Safety Improvement.

Where are the gaps? / what more could we be doing?

- Worker engagement is developing and ongoing.
- COVID19 delays on Vehicle GPS and Lone Worker Safety Solutions Project, as well as Health Monitoring Programme.
- Speed of Council to bring Assets up to meet legislative requirements as the Regulations change (e.g. HSNO).
- Working remotely from home safely as an organization as this becomes part of the new normal work routine. Monitoring the impacts of this way of working will occur during the pilot of *Creating and Enabling Great Workplaces*.

Inherent Risk:	Trend	Residual Risk:	Accountable:	CEO	Date raised:	29/11/18	Report frequency:
	—		Responsible:	Mgr. P&C	Date accepted:	16/06/19	2 monthly



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ARF006 Projects / Priorities Delivery Delays

Risk Status Progress Report for July 2020

Description of risk and impact

Project / Priority delivery risks start with the elements of the project life-cycle (conception and business casing through delivery and ongoing management / maintenance) and involve having robust capabilities to support each stage of this life-cycle. Deficiencies in any one of these stages have flow on effects including costs, quality and delays.

Existing Treatments

Treatments established:

1. Building capability

- a. Project Management Office Project Management framework: This is now starting to pay dividends. The asset management team are working to the framework with the project delivery team working to the framework guidance. Results are being seen in the delivery of projects in a more mature manner, in line with project management best practice.
- b. Business case specialist is now in place. The team of business case writers is still working with the asset management team to develop project scope and business cases. To increase internal expertise a specialist business case writer has been appointed and is working in the asset management team.
- c. The Project Delivery Team has completed project management and commercial training.

2. Managing capacity

- a. All capital projects are fully reviewed, and stakeholders engaged, before initiation to ensure they are valid, and SLT are involved in a project prioritization process.
- b. CouncilMark improvement 10. Established Annual Report Improvement. This initiative was established Sept 2019 and is ongoing.
- c. CouncilMark improvement 3. LTP Improvement. This initiative was established Sept 2019 and is ongoing.

3. Reporting

- a. The Capital Project Life Report Improvement (CouncilMark improvement 29) has been established, the outcome delivered in the monthly IAMs business report.

High level treatment plan and progress up-date:

High level treatment plan:	Progress update:
Project Management Office Project Management framework.	To start. In line with best management practice a review of the framework is being planned to ensure it is best streamlined to meet the requirements of the team.
Review of the Asset Management frameworks. CouncilMark improvement: 18. Asset Management Improvement	Underway. This review will help to identify current short comings in the Asset Framework so that it can be further developed to produce better quality business cases and scopes. This review is expected to be completed by the end of quarter one of the new financial year.
Training. project governance and project roles.	Ongoing. The Project Delivery Team is completing bespoke internal training round programme management and creation. This will be ongoing on a lesson learned basis.
Project resourcing.	Underway. Project resourcing will continue to be a challenge with an expected increase in projects to be delivered as we successfully bid for new channels of government funding for projects. To support the expected increase, in projects to be delivered, an organizational structure and proposal to manage additional projects is with SLT. This organizational structure would see a team put together of external staff and internal staff (currently sitting outside of the project delivery team.) By using this approach, we are looking to not only to deliver the business as usual annual plan but also the additional projects. It is currently waiting for approval.

Where are the gaps? / what more could we be doing?

Current environment

Project resourcing will continue to be a challenge with an expected increase in projects to be delivered as we successfully bid for new channels of government funding for projects.

Inherent Risk:	Trend	Residual Risk:	Accountable:	CEO	Date raised:	29/11/18	Report frequency:
	—		Responsible:	GM IAMs	Date accepted:	30/05/19	Two monthly



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ARF009 Customer Service Delivery

Risk Status Progress Report for July 2020

Description of risk and impact

Customer Service Delivery is the efficient and cost-effective delivery of required District Council services to residents, ratepayers, visitors and the community. This includes timely processing and communication with the public around services.

In some cases, ineffective and inefficient processes, and information, cause delays in processing requests and affects timely communication with customers.

Frustrated customers often call elected members who need to escalate or facilitate information back to the individual.

Existing Treatments

Treatments established:

- A. Customer Experience Programme.
- B. Customer feedback improvement loop.

High level treatment plan and progress up-date:

High level treatment plan:	Progress update:
Customer Experience Improvement Programme.	In progress. To be reviewed to align with our changing business environment.
Delivery of the Customer Experience Improvement Programme:	Progress update:
Customer centric culture business engagement (internal and external).	In progress. Coaching, mentoring and establishing feedback loops.
Process diagnostic for the roading team focused on the end to end RFS process.	Completed. Outcome is a project to improve and align the customer journey.
Project to improve and align customer journey with our roading service level agreements. This project will pilot the process for enterprise-wide product RFS redesign.	To start.
Analysis to understand our customers' requirements to enable an informed review of our Customer Experience Strategy and associated procedures.	In progress. To be delivered Q2 of FY end 06/21.

Review of customer feedback processes, tools to analysis information and drive improvements.	<p>In progress.</p> <p>Investigating new generation tools. Concept paper being drafted.</p> <p>Current contract extended to end of Q2 of FY end 06/21.</p>
--	--

Where are the gaps? / what more could we be doing?

- Enterprise wide RFS Redesign Project to align customer experience across the organisation.
- Understanding impact of current crises (drought and COVID-19) on key customer satisfaction metrics and planning/modelling for increased service delivery post pandemic.
- Customer satisfaction Index had exceeded KPI goal prior to lockdown. Index dropped during lockdown and is recovering but we are still slightly below pre COVID levels.

Inherent Risk:	Trend	Residual Risk:	Accountable:	CEO	Date raised:	29/11/18	Report frequency:
	↑		Responsible:	Mgr P&C	Date accepted:	30/05/19	Two monthly

ARF012 Contract Management Risks

Risk Status Progress Report for July 2020

Description of risk and impact

Contract management risk can arise due to contract wording, contract breaches, contract performance and relationship management.

Contract management risks have the potential to negatively impact on financial, legal, reputational, service delivery and create long term issues for the Far North District. If not managed correctly we could see delays and interruptions with lengthy drawn out disruption. Commercial resource demand could be impacted.

Existing Treatments

Treatments established:

- A. Two specialists are now in place:
 1. Contract Management Specialist whose focus will be to build capability and address risk treatments; and
 2. Contract Specialist whose focus will be operational contract management in District Facilities with the primary focus on the new swimming pool contracts.
- B. A FNDC-wide Contracts Register is available in TK2 system.

High level treatment plan and progress up-date:

High level treatment plan:	Progress update:
Develop a Contract Management Framework. The Contracts Framework will cover three main contractual arrangements with the addition of AOG (All of Government) and syndicated contracts.	In progress. Draft available for management review August 2020.
Develop Policy, process and templates.	In progress. Delivery planned for quarter two of the new financial year. Templates for contracts completed.
Building capability:	Progress update:
Increase internal commercial expertise.	In progress. Weekly training to develop contract management capability in the IAMs Infrastructure & Asset Management team continues. Currently working through the New Zealand standard construction contract, NZS3910.
Contract Management training. Training plan to support contract management framework roll-out to be developed.	Underway.

Where are the gaps? / what more could we be doing?**Current environment:**

We are not experiencing disruption to the delivery of current contracts due to the COVID-19 pandemic. This is a watching brief as we continue to monitor contracts and maintain essential services. It is anticipated that there may be impacts if we move into a global recession.

The plan is to continue to make progress against treatment solutions as identified in the table above.

Currently no gaps are identified .

Inherent Risk:	Trend	Residual Risk:	Accountable:	CEO	Date raised:	29/11/18	Report frequency:
	—		Responsible:	GM IAMs	Date accepted:	30/05/19	2 monthly

6.2 REVENUE RECOVERY REPORT

File Number: A2913984

Author: Margriet Veenstra, Manager - Transaction Services

Authoriser: William J Taylor MBE, General Manager - Corporate Services

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.

EXECUTIVE SUMMARY

This is the fourth report for the financial year 2019/20 and provides information on action taken to collect the current and arrears balances for rates, water and Sundry Debt so far this year, and to provide information on how collection is tracking against targets

RECOMMENDATION

That the Assurance, Risk and Finance Committee receive the report “Revenue Recovery Report”.

1) BACKGROUND

This document has been prepared to outline current and arrears balances for rates, water and sundry debt as at 30 June 2020 and the actions taken by the Debt Management Team for the collection of the General Title rates and water and Sundry Debt.

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

2) DISCUSSION AND OPTIONS

The information has been identified for General Title and Maori Freehold Land rates and water accounts. Sundry debtors, which is another revenue stream for council, is shown in a separate table.

The total arrears balance for General Title rates has been reduced by 34% since 31 July 2019 and water by 46%. Maori Freehold Land rates was reduced by 1% since 31 July 2019 and water by 9%.

Due to the water crisis and subsequent Covid-19, focus changed for Debt Management from active recovery of arrears, to monitor, contain and support during the last four months of the rating year.

Four key actions and focus areas for the first half of the rating year have been placed on hold during the past four months.

- Legal action for rates and water arrears with an external Law Firm.
- Policy for approval by Council of next actions post default judgment from the courts.
- Council Legal team to commence legal proceedings for 10 accounts.
- Final Mortgage demand for rates and water for General Title properties.

Debt Management focused on the following actions:

- Contact rate payers who have requested Crisis Rating relief and offer a suitable payment plan.
 - A total of 284 Crisis Rating Relief RFS's were raised.
 - All rate payers have been contacted and accounts with agreed payment plans are being monitored.
 - Requests for rating relief continue to be received, 20 since NZ moved to Alert Level 1 on the 8th of June.
- Contact rate payers who have recently cancelled or dishonoured their direct debit.

- Contact owners, where possible, where mortgage demand was issued and offer a payment arrangement to avoid final mortgage demand in the new rating year.
- Contact business owners and others who would benefit from Council's rating relief resolution to offer support.
- Contact all rate payers who missed the 4th Instalment only and incurred penalties. Set up payment plans and remit penalties where payment was made, or plans set up.

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

- These are properties where there is no mortgage, no payments have been made this current year and the owner has not contacted council to discuss payment options.
- 46% of these accounts have arrears of more than 2 rating years.
 - 50% of these accounts have received final demand letters from Council
 - At the start of the new rating year, FNDC Legal Team will register the debt against these properties and commence filing for debt recovery through the courts.
 - Debt Management will commence sending final demand letters to the remaining 50%.
- 54% is for accounts with up to two years rates arrears.
 - Debt Management to commence pro-active calling and sending letters to customers to make contact.
 - If no contact is made and no payment is received, final demand letters will be sent.

There have not been any new communications with the Te Hono team about payment of rates for Maori Freehold Land as a result of their relations and development initiatives.

The total Sundry Debtors 60+ days balance has been reduced by 47% since 30 June 2019. The Debtors ledger was split alphabetically between Debt Management Officers at the start of the rating year, with each team member focussing on aged debt. Although the focus for the past 4 months has been on rates and water, the team have recommenced debt collection since the start of this rating year.

3) FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION

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

ATTACHMENTS

1. **29-07-2020 ARF Revenue recovery Report attachment - A2913988** [!\[\]\(3168ddc4389f6b417dd71f084513be9c_img.jpg\)](#) [!\[\]\(17332056424eb04f01463711418ba65a_img.jpg\)](#)

General Title rates and water rates analysis by age at 30 June 2020.

General Title Rates and Water Arrears 2019-20							
General Title Rates 30 June 2020	2018-19	2017-18	2016-17	2015-16	2014+	Total	# accounts
Abandoned Land	56,862	57,304	56,505	54,679	100,053	325,403	40
Payment Arrangement	44,578	26,237	6,792	1,095	241	78,942	32
Deceased Rate Payer	74,866	70,537	61,833	54,085	90,799	352,121	46
Mortgage Run 2019-2020	787,340	334,032	29,159	6,667	8,790	1,165,988	431
Legal Action Commenced	136,442	131,290	115,189	98,696	213,638	695,254	64
Liquidation	4,101	3,845	3,958	3,725	6,208	21,838	3
Direct Debit	144,646	40,647	19,842	12,434	10,346	227,916	92
Debt recovery action to commence	856,538	628,507	460,199	333,240	442,743	2,721,228	507
Rates Total	2,105,373	1,292,399	753,477	564,622	872,819	5,588,690	1,215

General Title Water 30 June 2020	2018-19	2017-18	2016-17	2015-16	2014+	Total	# accounts
Abandoned Land	185	313	296	263	551	1,608	1
Payment Arrangement	6,958	4,386	1,062	3,595	-	16,001	10
Deceased Rate Payer	22,631	14,237	12,918	4,131	5,563	59,480	9
Mortgage Run 2019-2020	55,312	28,871	6,282	57	-	90,523	19
Legal Action Commenced	11,179	9,145	10,620	8,969	16,703	56,617	7
Liquidation	-	-	-	-	-	-	-
Direct Debit	64,207	13,855	3,467	2,751	2,255	86,536	55
Debt recovery action to commence	176,251	100,938	44,435	34,591	37,970	394,184	337
Water Total	336,724	171,745	79,080	54,356	63,042	704,947	438

Maori Freehold Land rates and water analysis by age at 30 June 2020.

MFL Rates and Water Arrears 2019-20							
MFL rates 30 June 2020	2017-18	2016-17	2015-16	2014-15	2013+	Total	# accounts
Payment Arrangement	4,165	3,737	3,404	2,209	2,202	15,716	5
Deceased ratepayer	23,088	22,633	20,585	18,167	28,917	113,389	13
Direct debit	40,337	34,684	28,937	21,051	16,958	141,967	27
Abandoned Land	5,235	5,247	5,091	4,902	9,662	30,136	3
Debt recovery action to commence	3,813,721	3,501,630	3,370,067	3,322,637	5,013,627	19,021,682	2,114
Rates Total	3,886,546	3,567,929	3,428,085	3,368,966	5,071,366	19,322,892	2,162

MFL water 30 June 2020	2017-18	2016-17	2015-16	2014-15	2013+	Total	# accounts
Payment Arrangement	-	-	-	-	-	-	-
Direct Debit	1,585	1,131	-	-	-	2,716	2
Debt recovery action to commence	54,006	44,628	28,715	11,472	31,831	170,653	31
Water Total	55,591	45,760	28,715	11,472	31,831	192,435	33

Sundry Debtors by age for 30 June 2020.

Sundry Debtors Aged Period Report as at 30 June 2020					
Category	30 Days	60 Days	90 Days	90 Days +	Total
Sundry	427,238	17,186	13,887	117,892	576,203
Bookings	210			3,535	3,745
Septage	-	-	-	5,578	5,578
Refuse	12,893	3,610	-	12,976	29,478
Building	79,393	17,832	-	110,839	208,064
Resource	16,750	41,684	3,376	242,093	303,903
Liquor	9,842	12,748	-	10,287	32,876
Health	12,649	2,755	-	32,940	48,344
Total	558,975	95,814	17,263	536,139	1,208,190

7 KARAKIA WHAKAMUTUNGA – CLOSING PRAYER

8 MEETING CLOSE