Matter	Observation	Deloitte recommendation	Management's response	Revised management's response
1	**Capitalisation of property, plant and equipme**nt - a number of assets are not being capitalised in a timely manner after completion of the project. This apparently is caused by a lack of timely communication from the project managers to the Finance team upon project completion.	We recommend that Council adopt procedures to ensure that assets that are available for use are capitalised in a timely manner.	Noted, this is an issue that Council will address moving forward.	Noted, the Far North Waters alliance reset is aimed at addressing this issue and we are confident that this matter will be resolved in due course.
2	**Delegated authorities -** Deloitte noted that for invoices without purchase orders, the Accounts Payable officer has delegated authority to process invoices up to $5,000. Our testing identified however that the Accounts Payable officer is able to, and has, processed invoiced with no purchase orders up to the value of $100,000.	Delegated authorities within the accounting system should be set in line with approved delegated authority policies.	Whilst AP Officers have the delegation to process invoices without a PO up to $5,000, they do not process any such invoices and send them to the Manager Transaction Services to process. However AP officers do have the delegation to process invoices with a PO up to $100,000.	Deloitte misinterpreted the information given to them, by switching the value of the delegation dependent upon whether a PO accompanies the invoice. However, the AP officers are only processing invoices accompanied by a PO up to the value of $100,000 - the actual approval of the invoice has taken place by those with financial delegations, not by the AP officers.
3	**Mileage claims - non-taxable allowances -** certain council employees receive a non-taxable allowance for travel between home and office under certain provisions of the Income Tax Act. We note however that the allowance is set up in the payroll system in such that the employee only receives the benefit of the tax impact of the allowance rather than the full amount of the allowance they claim. This is might be acceptable from a tax perspective providing the employment agreements make it clear that employees are entitled to a total remuneration package which is inclusive of any non-taxable allowances. where this is not the case, this treatment may not be effective from a tax perspective and could result in a shortfall of PAYE, Kiwisaver and holiday pay for each individual.	We recommend Council investigates this matter and seeks appropriate advice on the tax and payroll treatment of these allowances to ensure the amounts are in compliance with the employee agreements and meet the various employment and tax legislative requirements.	The impact of the "travel allowance" should only be the tax impact. This is not a paid allowance or a salary sacrifice. This is a tax adjustment to allow for the fact that staff have no access to public transport.	The non-taxable mileage claim is a tax deduction only. It is based on 28c per km travelled, less $5 per day travelled, which is deducted from gross remuneration to calculate PAYE only.
4	**Audit trail - vested assets -** our testing of vested assets noted a number of instances where supporting evidence of ownership following completion or transfer of vested assets could not be provided.	Management should upon transfer / completion of vested assets obtain and review all supporting documents from all parties (e.g. Such agreements / correspondence) to ensure the transactions are captured in a timely manner in line with the arrangements.	Noted, this is an issue that Council will address moving forward.	Noted, this issue is being addressed with the necessary parties and we are confident that this matter will be resolved moving forward.

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