

Audit and Risk Committee

AGENDA

Notice of Meeting:

A meeting of the Audit and Risk Committee will be held on:

Date: Wednesday 14 May 2025
Time: 1.00pm
Venue: Hine Paaka Council Chamber, Te Whare Whakaterere
2 Baring Square East, Ashburton

Membership

Chairperson	Russell Ellis
Deputy Chairperson	Leen Braam
Members	Carolyn Cameron Liz McMillan Richard Wilson Murray Harrington (external appointee) Mayor Neil Brown (ex-officio)

Audit & Risk Committee

Timetable

1.00pm	Meeting commences
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ORDER OF BUSINESS

- 1 Apologies
- 2 Extraordinary Business
- 3 Declarations of Interest

Minutes

- | | | |
|---|------------------------------------|---|
| 4 | Confirmation of Minutes – 26/03/25 | 3 |
|---|------------------------------------|---|

Reports

- | | | |
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| 5 | EA Networks Centre Poolsafe Audit 2025 | 6 |
| 6 | Audit Management Letter 2023/24 | 22 |
| 7 | Transwaste Canterbury Ltd Constitution & Shareholders Agreement | 64 |

Business transacted with the public excluded

- | | | |
|---|---|------|
| 8 | Audit & Risk Committee 26/03/25 | PE 1 |
| | • Health & Safety Section 7(2)(a) Protection privacy of natural persons | |
| 9 | Health & Safety Report Section 7(2)(a) Protection privacy of natural persons | PE 2 |

4. *Audit & Risk Committee Minutes*

Minutes of the Audit & Risk Committee meeting held on Wednesday 26 March 2025, commencing at 11.30am, in the Hine Paaka Council Chamber, Te Whare Whakaterere, 2 Baring Square East, Ashburton.

Present

Mayor Neil Brown, Councillors Russell Ellis (Chair), Leen Braam, Carolyn Cameron, Liz McMillan and Richard Wilson.

Also present:

Councillors Phill Hooper, Lynette Lovett, Rob Mackle and Tony Todd

In attendance

Hamish Riach (CE), Sarah Mosley (GM People & Facilities), Helen Barnes (GM Business Support), and Carol McAtamney (Governance Support).

Staff present for the duration of their reports:

Erin Register (Finance Manager) and Katie Perry (People & Capability Manager)

1 Apologies

Murray Harrington

Sustained

(Due to the late notice of change to the meeting time, Murray was unable to attend and his apology for absence was noted).

2 Extraordinary Business

That pursuant to Section 46A(7) of the Local Government Official Information and Meetings Act 1987 the following item be introduced as extraordinary business, to be taken as Item 6.1:

- Civic Financial Services Limited – AGM and Director Nominations

Ellis/Cameron

Carried

3 Declarations of Interest

Nil.

4 Confirmation of Minutes

That the minutes of the Audit & Risk Committee meeting held on 12 February 2025 be taken as read and confirmed.

Cameron/Braam

Carried

5 Ashburton Contracting Limited – Draft Statement of Intent 2025

In receiving the draft Statement of Intent, the Committee recommended the following changes:

cl. 6 Performance Measures

- a) Reword to ACL Parent excludes LHEP but does not extend to any future joint ventures
- g) Any breaches of the Resource Management Act be reported to Council

cl. 13 Dividend Policy

13.2 adjust to exclude any future joint ventures

The Committee requested further information from ACL, namely a copy of the financial forecast for the 2027/28 financial year (cl. 8) and a list of the charities that receive support under the Charitable Gifts Policy (cl.14).

Clarification will be sought on

- cl. 13.1 of the Dividend Policy reference regarding “subject to capital requirements of the Company”, and
- cl. 15.1 Procedures for Acquisition of Interests in other Companies or Organisations.

Recommendation to Council

That Council develops a Statement of Expectation with Ashburton Contracting Ltd, to be signed off in conjunction with the Statement of Intent for the 1 July 2026 to 30 June 2027 financial year.

Wilson/Cameron

Carried

Recommendation to Council

1. **That** the Audit and Risk Committee receives the Ashburton Contracting Limited 2025/26 draft Statement of Intent and refers it to Council for approval.
2. **That** Council formally advises the ACL Board of the comments on the draft Statement of Intent before 29 April 2025.

McMillan/Cameron

Carried

Cr Braam left the meeting at 12.30pm.

6 New Zealand Mutual Liability Riskpool Receipt of Call Letter

Recommendation to Council

That Council receives the Report and notes the requirement to make payment of \$17,404 plus GST to New Zealand Mutual Liability Riskpool.

Wilson/McMillan

Carried

Extraordinary Business

• **Civic Financial Services Limited – Director Nominations**

Notification has been received from Civic Financial Services Limited that their annual general meeting has been scheduled to be held on Friday 13 June. This year there are two Director vacancies to be filled, with nominations closing on Sunday 13 April.

That the Committee delegates authority to the Mayor to lodge a nomination, if required.

Ellis/Mayor

Carried

7 Transwaste Dividend – 30 June 2025

An invitation is to be extended to the Chair of Transwaste to present to Council on how they see the future of Kate Valley in the changing environment.

That the Transwaste dividend report be received.

McMillan/Mayor

Carried

8 EA Networks Centre Income and Expenditure

That the EA Networks Centre financial report for February 2025 be received.

McMillan/Wilson

Carried

Recommendation to Council

That the Audit & Risk Committee will no longer separately review EA Networks Centre financial reports, as activity level data is included with Council's monthly financial variance report.

Mayor/Ellis

Carried

Cr Cameron recorded her vote against the motion.

The Committee adjourned from 12.45pm to 3.18pm.

Business transacted with the public excluded – 3.18pm

That the public be excluded from the following parts of the proceedings of this meeting, namely – the general subject 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 (1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

Item No	General subject of each matter to be considered:	In accordance with Section 48(1) of the Act, the reason for passing this resolution in relation to each matter:	
9	Audit & Risk Committee minutes	Section 7(2)(a)	Protection of privacy of natural persons
10	Health and Safety Report	Section 7(2)(a)	Protection of privacy of natural persons
11	Duress and lockdown procedures	Section 7(2)(a)	Protection of privacy of natural persons

Ellis/Wilson

Carried

The meeting concluded at 3.44pm.

5. EA Networks Centre – Poolsafe Audit Outcome

Author	<i>Ellen Nicol, Recreation Services Manager</i>
Activity Manager	<i>Richard Wood, Sport & Recreation Manager</i>
Executive Team Member	<i>Sarah Mosley, GM People & Facilities</i>

Summary

- The purpose of this report is to inform the Audit & Risk Committee of the annual Poolsafe Audit Outcome.
- Poolsafe is the annual industry best practice programme implemented by Recreation Aotearoa.
- EA Networks Centre has received Poolsafe accreditation every year since opening and officers are pleased to confirm the recent onsite audit resulted in a further year's accreditation.

Recommendation

1. **That** the Audit and Risk Committee receives the EA Networks Centre Poolsafe Audit report 2025.

Attachment

Appendix 1	Assessor Report
Appendix 2	Poolsafe Annual Report

Background

The programme

1. Poolsafe accreditation shows their community that the facility is designed and operating in accordance with NZ Industry best practice standards.
2. The programme was designed by the industry to promote good aquatic operating practices which in turn reduces the likelihood of events occurring within aquatic facilities.
3. Independent industry experts complete the audit for pools who elect to participate in the programme. It costs \$1,000 per year and in addition to the audits, resources are provided. This is a budgeted expense.
4. EA Networks Centre has received Poolsafe accreditation every year since opening.
5. Provision of lifeguards and meeting the NZ standard for water quality (NZS5826:2010.) are key components of the accreditation. Therefore Council's community pools (Rakaia, Hinds, Ruapuna, Mayfield & Mt Somers) currently do not satisfy the criteria.
6. In 2024 there were 157 Poolsafe accredited facilities in New Zealand out of a possible 230.

The audit

7. Facility managers upload documentation around normal operating procedures, emergency management, health and safety, pool/plant management and also water quality.
8. The assessor reviews both the uploaded information and verifies this information during a 2 hour site visit.
9. Staff onsite during the visit are questioned to ensure their knowledge of operating procedures and emergency management is of a high standard.
10. A facility may be granted immediate accreditation or, more likely, be given corrective actions(s) to complete prior to accreditation being granted.
11. Officers are pleased to confirm the recent onsite audit resulted in a further year's accreditation and there was a singular only minor corrective action required in the documentation.

Legal/policy implications

Legal

12. The Health & Safety at Work Act 2015 sets out duties related to the management of risks. Council and its officers (as a PCBU) have a duty to eliminate risks to health and safety at EA Networks Centre, so far as is reasonably practicable. And if it is not reasonably practicable to eliminate risks to health and safety, to minimise those risks so far as is reasonably practicable ([section 30](#)).
13. The Poolsafe scheme sets out specific criteria to be met and provides a method for independent assessment of the facility to allow us to validate our health and safety practices and is one of the steps we can take to ensure we are eliminating and minimising risks so far as is reasonably practicable.

Strategic alignment

14. Receiving a Poolsafe accreditation contributes to our community outcome of 'a district of great spaces and places' because it illustrates that we are providing a safe and fit for purpose facility to allow people to enjoy a positive and healthy lifestyle.

Wellbeing		Reasons why the recommended outcome has an effect on this wellbeing
Economic	√	Having a Poolsafe accreditation may help to increase usage and therefore economic benefit for the Council and the community.
Environmental	√	The Poolsafe accreditation shows that our built environment is safe and fit for purpose.
Cultural		
Social	√	A Poolsafe accreditation illustrates to the community that Council is providing a safe facility for users to enjoy.

Financial implications

Requirement	Explanation
What is the cost?	\$0 to receive the report.
Is there budget available in LTP / AP?	N/A
Where is the funding coming from?	N/A
Are there any future budget implications?	No
Reviewed by Finance	Erin Register; Finance Manager.

Significance and engagement assessment

Requirement	Explanation
Is the matter considered significant?	No
Level of significance	Low
Rationale for selecting level of significance	Receiving a report about maintaining current accreditation is an operational matter.
Level of engagement selected	1. Inform
Rationale for selecting level of engagement	Operational matter that highlights a quality service and facility is being provided to the community. No wider engagement is required.
Reviewed by Strategy & Policy	Mark Low; Strategy and Policy Manager

Appendix 1.

Facility: EA Networks Centre
 Assessor name: Keith Martin
 Pool manager name: Ellen Nicol
 Date: 27 Feb 2025

Supervision	
CRITERIA: All lifeguards must hold current & valid PLSA or PLPC	
HOW: Sight current & valid PLSA or PLPC qualifications for all lifeguards (can be on paper or online)	
ESSENTIAL COMPONENTS:	
<ul style="list-style-type: none"> Evidence that all staff have undergone PLSA or PLPC training and assessment 	Achieved
<ul style="list-style-type: none"> Evidence that all lifeguards have completed an induction PRIOR to working on Poolside 	Achieved
<ul style="list-style-type: none"> The PLPC assessment has taken place and credit reporting sent to Skills Active within one month of starting work on Poolside (Evidence of credit reporting is kept for 2 years) 	Achieved
<ul style="list-style-type: none"> NOP must clearly state that lifeguards or staff members, who do not hold a current and valid PLSA (for one month from date of starting on poolside) or PLPC will not be included in any supervision ratios. 	Achieved
<ul style="list-style-type: none"> All qualified lifeguards must have completed First aid units 26551 and 26552 (6400, 6401 & 6402) as a minimum first aid qualification 	Achieved
NOTE: Assessors must be satisfied that the correct process has occurred and an honest attempt has been made by the Facility to provide evidence of their staff qualifications.	
CRITERIA: Every body of water is supervised by a qualified lifeguard (when open for use) at all times. Qualified means holding a current PLSA (within one month of training) or PLPC.	
HOW: Review facility normal operating procedures (NOPs) relating to supervision.	
ESSENTIAL COMPONENTS:	
NOP must detail:	
<ul style="list-style-type: none"> A PLPC lifeguard must be rostered on and available at all times and able to respond to an emergency. (This is the minimum, it is recommended that a PLPC lifeguard is rostered on and POOLSIDE at all times) 	Achieved
<ul style="list-style-type: none"> All lifeguards must be able to retrieve an object from the deepest part of the pool 	Achieved
NOP must detail the way in which the pool should be supervised including reference to:	
<ul style="list-style-type: none"> The minimum number of lifeguards (including lifeguard to customer ratio and how this is managed) 	Achieved
<ul style="list-style-type: none"> The area of water and physical obstacles each lifeguard supervises (E.G glare, dead water) 	Achieved

• Supervision techniques and supervision of different activities	Achieved
• How lifeguards communicate	Achieved
• Leaving poolside procedures	Achieved
• After-hours groups must be lifeguarded within supervision ratios by a facility employed PLPC lifeguard	Achieved
A facility schematic/s should be included detailing:	
• Recommended Static Positions	Achieved
• Patrolling routes	Achieved
The NOP should give poolside lifeguards as much information as they need to make informed minute-by-minute decisions on supervising the pool without being over prescriptive and too lengthy. The following are some useful headings:	
• Personal appearance and conduct of lifeguards (talking, grooming, uniform etc)	Achieved
• Identification of hazards/risks	Achieved
• Poolside first aid	Achieved
• Customer behaviour - acceptable behaviour	Achieved
• Customer behaviour - unacceptable behaviour	Achieved
• Supervision of different customer groups, (children, youth, disabled people, cultural groups etc)	Achieved
• Supervision of different activities, (lane swimming, diving boards etc)	Achieved
It is desirable that the normal operating procedures be cross referenced to any other similar procedures, EG:	
• EAP	Achieved
• Health and Safety policies	Achieved
NOTE: Evidence will be required to back up the written policies in the NOP - eg training schedule showing induction. How the pool determines its supervision policies and sets out its plan are the domain of that particular pool. The assessors' task is to verify that the essential components are present. Some pools do not publish detailed supervision policies. If this is the case an oral description backed up with poolside observations and lifeguard questioning will suffice.	
Spas, saunas, steam rooms and private pools within and Aquatic Facility	

<ul style="list-style-type: none"> NOP must clearly state procedures for dealing with the spa and sauna/steam rooms and private pools relative to the facility, including (but not limited to) 	Achieved
<ul style="list-style-type: none"> Time restriction advice 	Achieved
<ul style="list-style-type: none"> Hydration advice 	Achieved
<ul style="list-style-type: none"> How these are monitored (eg, alarms, regular checks) 	Achieved
<ul style="list-style-type: none"> Minimum age for use (if applicable) 	Achieved
<ul style="list-style-type: none"> Minimum number of people (if applicable e.g. private spa) 	Achieved
Learn to Swim Pools within an Aquatic Facility (only when being used for Learn to Swim)	
<ul style="list-style-type: none"> Learn to Swim Pools must have signage clearly visible to say the area of water is not supervised by a lifeguard 	Not applicable
<ul style="list-style-type: none"> NOP must clearly state procedures for dealing with the Learn to Swim Pool relative to the facility, including (but not limited to) 	Achieved
<ul style="list-style-type: none"> Who is in charge in an emergency 	Achieved
<ul style="list-style-type: none"> How staff communicate with each other (E.G Teachers from the LTS pool communicate to the lifeguards in the main pool) 	Achieved
Stand Alone Learn to Swim Facilities	
<ul style="list-style-type: none"> NOP must clearly state either qualified lifeguards are on pool deck OR LTS instructors are qualified lifeguards, in the water teaching but within the supervision ratios 	Not applicable
<ul style="list-style-type: none"> Signage to say the area is not actively supervised by a lifeguard 	Not applicable
<ul style="list-style-type: none"> NOP must clearly state procedures for the facility, including (but not limited to) 	Not applicable
<ul style="list-style-type: none"> What happens if an instructor has to leave the water 	Not applicable
<ul style="list-style-type: none"> Who is in charge of an emergency situation 	Not applicable
<ul style="list-style-type: none"> How staff communicate with each other 	Not applicable
<i>The above list is a guide only - the detail is the domain of that particular pool.</i>	

Emergency Action Plan	
CRITERIA: Existence of an Emergency Action Plan	
HOW: Site current EAP at facility (can be on paper or online)	
ESSENTIAL COMPONENTS	
EAP must succinctly specify the actions to be taken in every reasonably foreseeable emergency. In most cases this will be limited to pool and facility emergencies. It should include reference to the following:	
• Who is in charge	Achieved
• Nature and location of emergency equipment	Achieved
• Key steps in dealing with an emergency	Achieved
• Pool rescue	Achieved
• Medical alert, (choking, asthma, angina/heart attack, serious cuts, fractures and dislocations etc)	Achieved
• Building evacuation	Achieved
• Major first aid	Achieved
• Spinals for minimum number of lifeguards	Achieved
• Aftercare for victims and staff	Achieved
• A flowchart summary of the key steps in dealing with an emergency should be available to lifeguards	Achieved
• Evidence that regular (minimum quarterly) staff training occurs including:	
• Staff training plans	Achieved
• Signed staff training records	Achieved
• Guidelines on what occurs if staff regularly do not attend training	Achieved
Pool Alone	
CRITERIA: Existence of a policy relating to child supervision	
HOW: Review facility NOPs relating to child supervision	
ESSENTIAL COMPONENTS:	

<ul style="list-style-type: none"> NOP must set an age below which a child may not swim unaccompanied and thus becomes a pool alone. Minimum age is under 8 years 	Achieved
<ul style="list-style-type: none"> NOP must detail supervision of under 5's in the pool 	Achieved
<ul style="list-style-type: none"> NOP must include provision for ratios of adult to children, for your facility. (If the facility does not have ratios there needs to be a statement on why they have chosen not to have them and how they manage the risk). 	Achieved
<ul style="list-style-type: none"> NOP must set a minimum age for a caregiver to supervise a child who is unable to swim alone. Minimum age is 16 years 	Achieved
<ul style="list-style-type: none"> NOP must give some guidelines on effective enforcement 	Achieved
Pool Water Risk Management Plan	
CRITERIA: Existence of a pool water risk management plan.	
HOW: Site current PRMP at facility (can be on paper or online)	
ESSENTIAL COMPONENTS:	
<ul style="list-style-type: none"> PRMP has been reviewed annually & updated where necessary. Evidence of the completed review including changes made (if any) and date reviewed to be documented on the PRMP. 	Achieved
<ul style="list-style-type: none"> PRMP identifies all of the significant risks for each element of the pool system. 	Achieved
<ul style="list-style-type: none"> PRMP identifies the critical points of the pool system. 	Achieved
<ul style="list-style-type: none"> PRMP identifies the barriers to contamination (this could include and is not limited to, staff training and/or qualifications, staffing levels, sampling programmes, calibration of analysers). 	Achieved
<ul style="list-style-type: none"> PRMP quantifies the risks. 	Achieved
<ul style="list-style-type: none"> PRMP identifies measures to prevent, reduce or eliminate the risks. 	Achieved
<ul style="list-style-type: none"> PRMP identifies necessary improvements to the pool to manage the risk. Improvements are prioritised & there is a timetable for implementing the improvements. (eg. Staff training in water treatment). 	Achieved
Health and Safety	
CRITERIA: Confirm the operation of a health and safety management process	
HOW: Review facility NOPs relating to health and safety	
ESSENTIAL COMPONENTS:	

<ul style="list-style-type: none"> • Documented process whereby hazards/risks are identified and recorded, they are managed by being minimised or eliminated 	Achieved
<ul style="list-style-type: none"> • Documented process for recording and investigating employee accidents and notifiable death, injury, illness and incident 	Achieved
<ul style="list-style-type: none"> • Documented process for recording customer accidents and/or incidents (these can include mental health and discrimination/harassment incidents) 	Achieved
<ul style="list-style-type: none"> • Documented process for recording customer notifiable death, injury, illness and incident 	Achieved
<ul style="list-style-type: none"> • Documented process for wet and dry rescues 	Achieved
<ul style="list-style-type: none"> • Documented process for reporting notifiable incidents to Poolsafe Recreation Aotearoa <p>Comments: Please upload a process for notifying PoolSafe of notifiable incidents.</p> <p>Please upload to IMS. Thanks</p>	Achieved
<ul style="list-style-type: none"> • A record is kept of all customer accidents requiring further medical attention 	Achieved
<ul style="list-style-type: none"> • There is documented evidence that the information gathered from the above reporting procedures is scrutinised and used to make changes (if necessary) designed to improve safety for example facility or organisation Health and Safety Meeting minutes or minutes of staff meetings where Health and Safety matters are discussed. Evidence sighted of last four meetings. 	Achieved
<ul style="list-style-type: none"> • Provide up to date chemical inventory for all chemicals on site as per Health & Safety at Work Act (Hazardous Substance Regulation 2017) 	Achieved
<ul style="list-style-type: none"> • Annual Incident Review has been uploaded to the PoolSafe IMS 	Achieved
<p>NOTE: This section is not designed to supersede any more thorough HEALTH AND SAFETY PROCESS a pool may have. It is not designed to fulfil legislative or contractual obligations under the HSE Act or OSH. It is a few fundamental pointers to assist the pool manager in providing a safe environment for employees and customers.</p>	
<p>Water Quality</p>	
<p>CRITERIA: Water testing programme compliant with NZS 5826:2010. HOW: Review facility NOPs relating to water quality.</p>	
<p>ESSENTIAL COMPONENTS: NOP must specify:</p>	

<ul style="list-style-type: none"> • Lowest and highest values for the relevant chemical constituents within the parameters contained in NZS 5826:2010 	Achieved
<ul style="list-style-type: none"> • A frequency of testing that meets the minimum set in NZS 5826:2010 	Achieved
Microbiological tests must be scheduled a minimum of monthly	Achieved
Microbiological tests must include: <ul style="list-style-type: none"> • Faecal Coliforms or E. coli • Staphylococcus aureus • Pseudomonas aeruginosa • Standard plate count 	Achieved
<ul style="list-style-type: none"> • Four weeks water chemical value tests as specified by the assessor must confirm the presence of chemicals between the lowest and highest values set in NZS 5826:2010 	Achieved
<ul style="list-style-type: none"> • Four separate sets of microbiological tests as specified by the assessor must confirm the absence of pathogens of the time above the highest value set in NZS 5826:2010 	Achieved
<ul style="list-style-type: none"> • Must detail the water treatment qualifications held by the relevant staff in accordance with NZS5826:2010 Role and qualification to be detailed. 	Achieved
<ul style="list-style-type: none"> • Procedure must cover actions in response to - faecal solids, vomit, diarrhoea, blood and an incident in a confirmed cryptosporidium outbreak and notifiable disease outbreak and reporting requirements.. 	Achieved
<ul style="list-style-type: none"> • Procedure must specify - type of contamination and response, removal of solids and semi-solids (Vacuuming), filtration and turnover, evacuation times, disinfection for each pool. 	Achieved
<ul style="list-style-type: none"> • That faecal accident, especially those involving diarrhoea, are recorded. 	Achieved
Water Quality (On site)	
Water Quality Including Pool Contamination	
CRITERIA: Confirmation that staff understand and apply the faecal accident procedure. HOW: Questioning to verify that staff understand the faecal accident procedure.	

ESSENTIAL COMPONENTS: <ul style="list-style-type: none"> • A visual check of records and equipment. • Questioning of frontline staff to determine that if a faecal accident occurred it would be dealt with in accordance with the procedure • Visual check of records, testing procedures and pool laboratory to confirm that written evidence does correspond to what actually does occur at the facility. 	Achieved
NOTE: Every lifeguard is not expected to know the entire procedure. They must be able to perform the first response to avoid contamination of pool customers and then know where to access further information or advice.	
<ul style="list-style-type: none"> • PRMP is onsite and easily accessible to staff 	Achieved
<ul style="list-style-type: none"> • Visual check of certificate of water treatment qualifications held by staff. 	Achieved
Supervision (On site)	
CRITERIA: Confirmation that all pools are supervised according to NOP. HOW: Visual check and questioning to verify that staff understand and apply pool supervision policy.	

<p>ESSENTIAL COMPONENTS:</p> <ul style="list-style-type: none"> • All water open for use is supervised by a lifeguard • Any closed water is closed with a barrier or its access is supervised by a lifeguard • Lifeguards must have an understanding of the rationale behind the individual pools procedures and a grasp of the information contained in the procedures; at a level whereby they are able to make sound decisions on how they supervise the pool on a minute by minute, second by second basis • Lifeguards are not required to know or even recognise the technical terms or even names of procedures • Lifeguards should be asked to quote actual examples of the application of pool supervision procedure (unless they just do not happen) • Lifeguards should be given hypothetical situations and asked for their response. The response should mirror the rationale behind procedures. These should cover a range of user groups. • Lifeguard in charge must have an understanding of the rationale behind the procedures and a grasp of the information contained in the procedures • Lifeguard in charge should be asked to quote pool supervision ratios • Lifeguard to customer ratios. How are these managed. (give scenarios) • PLSA Lifeguards will be asked to confirm a PLPC staff member is always rostered on with them • Lifeguards should be asked about after-hours bookings and who is rostered on. 	<p>Achieved</p>
<p>Spas, saunas, steam rooms and private pools within an Aquatic Facility</p>	
<ul style="list-style-type: none"> • Private pools/spas must have signage clearly visible to say the area of water is not supervised • Lifeguards should be familiar with the guidelines of use as per the NOP 	<p>Not applicable</p>
<p>Learn to Swim Pools within an Aquatic Facility</p>	
<ul style="list-style-type: none"> • Lifeguards and/or instructors should be familiar with the guidelines of use as per the NOP • Signage clearly visible to say that the facility is not supervised by a lifeguard 	<p>Not applicable</p>

Stand Alone Learn to Swim Facilities	
<ul style="list-style-type: none"> • Signage clearly visible to say that the facility is not supervised by a lifeguard • Instructors/staff should be familiar with the guidelines of use as per the NOP 	Not applicable
Emergency Action Plan (On site)	
CRITERIA: Confirmation that staff understand and apply the pools EAP. HOW: Visual check and questioning to verify that staff understand EAP.	
ESSENTIAL COMPONENTS: <ul style="list-style-type: none"> • Lifeguards must be able to outline the essential elements of the appropriate response to every reasonably foreseeable emergency. • All lifeguards must have easy access to a current EAP. • EAP must be accessible to staff with poolside emergency signage to compliment procedures. • That the assessor is satisfied a victim would receive care expected from an entry level lifeguard using Pool Lifeguard Practising Certificate as the benchmark. • Lifeguards are not required to know or even recognise the technical terms or even names of procedures. • Lifeguards should be asked to quote actual examples of the application of the pool EAP (unless they just do not happen). • Lifeguards should be given hypothetical situations and asked for their response. The response should mirror the rationale behind procedures. These should cover a range of user groups. • Senior lifeguards should know the plan backwards and be able to adapt it to cater to the more unlikely situations, e.g. multiple casualties. • If accessibility equipment such as hoists or aquatic wheelchairs are present at the pool are the lifeguards trained in how to use them? • Formal training is given regularly and what is covered within the training (minimum quarterly) and any consequences for not attending training 	Achieved
<ul style="list-style-type: none"> • All lifeguards must have easy access to a current EAP 	Achieved
<ul style="list-style-type: none"> • EAP must be in manual format with poolside emergency signage to compliment procedures 	Achieved

<ul style="list-style-type: none"> • The health and safety manual, Normal Operating Procedures and Emergency Action Plan should be available to lifeguards giving them one-stop-shop access to the "big picture" 	Achieved
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Pool Alone (On site)

CRITERIA: Confirmation that staff understand and apply the pools child supervision policy.

HOW: Visual check and questioning to verify that staff understand child supervision policy.

Appendix 2

Poolsafe produce a annual report summarising the outcomes for the year. The 2025 report has not yet been released however the 2024 report is linked below.

[https://www.nzrecreation.org.nz/sites/default/files/content-files/Poolsafe Annual Report2024v2.pdf](https://www.nzrecreation.org.nz/sites/default/files/content-files/Poolsafe%20Annual%20Report2024v2.pdf)

6. *Audit Management Letter 2023/24*

Author *Erin Register; Finance Manager*
Executive Team Member *Helen Barnes; Group Manager Business Support*

Summary

- The purpose of this report is for the Audit and Risk Committee to receive the Audit Management Letter from the 2023/24 Annual Report Audit.

Recommendation

1. **That** the Audit and Risk Committee receives the 2023/24 Audit Management Letter.

Attachment

Appendix 1 Audit Management Letter

Background

1. Each year Audit New Zealand produces a Management Letter as part of their audit of Council's Annual Report.
2. These management letters outline areas of concern or emphasis of the audit, and areas where improvements in their view could be made. Council management is invited to respond to any recommendations in their management letter.
3. The attached report is the final Audit Management Letter from the audit of the 2023/24 Annual Report and contains responses to the audit comments and recommendations.

Discussion

4. Officers note that there are a significant number of outstanding items requiring action on the 2024 Management Letter. As such, an action plan will be developed to work towards closing out the issues raised by Audit New Zealand. Progress will be reported back to the Audit and Risk Committee on a six-monthly basis.

Legal/policy implications

5. Council must prepare an annual report each year per s98 of the Local Government Act 2002. Audit New Zealand are the appointed auditors of that report.

Review of legal / policy implications	
Reviewed by In-house Counsel	<i>Name; Position to be entered by the reviewer</i>

Strategic alignment

Wellbeing		Reasons why the recommended outcome has an effect on this wellbeing
Economic	✓	Type here
Environmental	✓	Type here
Cultural	✓	Type here
Social	✓	Type here

Financial implications

Requirement	Explanation
What is the cost?	\$254,000
Is there budget available in LTP / AP?	Audit fees exceeded budget by \$100,000. This overspend will be managed within the existing treasury budget.
Where is the funding coming from?	The Treasury Budget
Are there any future budget implications?	Yes – budgets have been increased going forward due to an increase in audit fees set out in Audit New Zealand’s fee structure schedule.
Reviewed by Finance	Helen Barnes; GM Business Support

Significance and engagement assessment

1. There are no significance of engagement issues in receiving the Audit Management Letter.

Requirement	Explanation
Is the matter considered significant?	No
Level of significance	Low
Rationale for selecting level of significance	N/A
Level of engagement selected	Inform – One way communication.
Rationale for selecting level of engagement	This is a regular report provided by Audit NZ following the annual audit and does not require wider engagement. Council’s annual report is publicly available.
Reviewed by Strategy & Policy	Mark Low; Strategy and Policy Manager

Date	Action / milestone	Comments
	<i>If the report has been discussed in public excluded, indicate when the contents and <u>which</u> contents, will be in open committee.</i>	

Report to the Council on the audit of

Ashburton District Council

For the year ended 30 June 2024

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Key messages

We have completed the audit for the year ended 30 June 2024. This report sets out our findings from the audit and draws attention to areas where the Ashburton District Council (the District Council) and group is doing well and where we have made recommendations for improvement.

Audit opinion

We issued an unmodified audit opinion dated 30 October 2024.

Matters identified during the audit

Our final audit involved ensuring that the District Council and group's results were fairly reflected in its financial statements, with specific attention paid to the matters that were outlined in our audit plan at the beginning of the audit.

In this report we discuss our findings in relation to these matters, discuss new matters identified during the audit and comment on the progress made by the District Council and group on prior year matters.

Thank you

We would like to thank the District Council, management and staff for their ongoing assistance during the audit and improvements on audit readiness.



Dereck Ollsson
Appointed Auditor
26 February 2025

1 Recommendations



Our recommendations for improvement and their priority are based on our assessment of how far short current practice is from a standard that is appropriate for the size, nature, and complexity of your business. We use the following priority ratings for our recommended improvements.

Explanation	Priority
Needs to be addressed <i>urgently</i> These recommendations relate to a significant deficiency that exposes the Board to significant risk or for any other reason need to be addressed without delay.	Urgent
Address at the earliest reasonable opportunity, <i>generally within six months</i> These recommendations relate to deficiencies that need to be addressed to meet expected standards of best practice. These include any control weakness that could undermine the system of internal control.	Necessary
Address, <i>generally within six to 12 months</i> These recommendations relate to areas where the District Council is falling short of best practice. In our view it is beneficial for management to address these, provided the benefits outweigh the costs.	Beneficial

1.1 New recommendations

The following table summarises our recommendations and their priority.

Recommendation	Reference	Priority
Revaluation of Property, plant and equipment (PPE) The District Council considers the following areas for improvement in future PPE revaluations: <ul style="list-style-type: none"> • Bridge Valuation: Construction costs have risen since 2016, likely outpacing index increases. A comprehensive review of replacement rates is advised for the next valuation. • Revaluation Report: The Council's revaluation report lacked detail. Future reports should include unit rates, useful life, and data confidence levels. • Asset Useful Lives: Many top surface and railing assets have surpassed their useful lives. A thorough assessment of useful life and condition is recommended for accurate application. 	3	Necessary

Recommendation	Reference	Priority
<ul style="list-style-type: none"> Revaluation Consistency: There were inconsistencies in index application and an error in traffic facilities revaluation. Enhanced quality control and review processes are suggested to avoid these issues. 		
Lack of timely review of bank reconciliation Implement a regular and timely review process for bank reconciliations. This will help ensure that any discrepancies are identified and resolved promptly, maintaining the integrity of the District Council's financial records.	4.1	Necessary
Insufficient record of assets covered under insurance The District Council should establish a process to clearly identify assets covered by insurance contracts. Additionally, developing a comprehensive self-insurance policy is advised to specify which assets are covered by the self-insurance fund.	4.2	Necessary
Incomplete or outdated internal policies The District Council develops a policy relating to infrastructural assets to help ensure that these are appropriately accounted for. In addition, the District Council should update its procurement policy to ensure that there are clear guidance and procedures over the procurement process.	4.3	Beneficial

1.2 Status of previous recommendations

Set out below is a summary of the action taken against previous recommendations. Appendix 1 sets out the status of previous recommendations in detail.

Priority	Priority			
	Urgent	Necessary	Beneficial	Total
Open recommendations	3	12	2	17
Implemented or closed recommendations	1	4	1	6
Total	4	16	3	23

2 Our audit report

2.1 We issued an unmodified audit report



We issued an unmodified audit report on 30 October 2024. This means we were satisfied that the financial statements and statement of service performance present fairly the District Council's activity for the year and its financial position at the end of the year.

In forming our audit opinion, we considered the following matters. Refer to sections 3 and 4 for further detail on these matters.

2.2 Uncorrected misstatements

The financial statements are free from material misstatements, including omissions. During the audit, we discussed with management any misstatements that we found, other than those which were clearly trivial. The misstatements that have not been corrected are listed below. We are satisfied that these misstatements are individually and collectively immaterial.

Note	Statement of comprehensive income		Statement of financial position	
	Dr \$000	Cr \$000	Dr \$000	Cr \$000
1			10,195 Property, plant and equipment - Roading and footpaths	10,195 Revaluation reserve
2			906 Property, plant and equipment- Reserves	906 Property, plant and equipment- parks, cemeteries and domains
3			520 Ratepayers equity	520 Receivables
4		194 Income Tax Expense	194 Receivables	

Explanation for uncorrected misstatements

1 Cost indices applied in the roading valuation:

To account for the difference between using NZTA indices instead of Stats NZ CGPI in the District Council's valuation of roading and footpaths.

2 Treatment and presentation of reserves:

Reserves with a carrying value of \$905,682 is held at cost but is classified within parks, cemeteries and domains which are revalued assets. The accounting standard requires that if a class of asset is revalued, this should apply to the entire class. Reserves should therefore be presented separate to the parks, cemeteries and domains asset class.

3 Unexplained consolidation adjustment:

To correct an unexplained adjustment in the group financials.

4 Group receivables and income tax expense:

A non-material correction to the understatement in group taxation expense.

2.3 Corrected misstatements

We also identified misstatements that were corrected by management. The corrected misstatements are listed in Appendix 2.

2.4 Quality and timeliness of information provided for audit.



Management is required to furnish information for the audit pertaining to the District Council's annual report. This encompasses the preliminary annual report along with the accompanying working papers. We communicated the specific information needed to management on 13 September 2024, along with the corresponding deadlines.

We thank the finance team for supporting us by responding to and actioning our requests promptly. We also received largely a complete draft annual report with supporting work papers on a timely basis.

While the quality of the information was generally commendable, we encountered challenges in auditing PPE, the consolidation, and commitments due to errors and reconciliation issues with the provided listings. The finance team undertook substantial reconciliation efforts to address these system constraints. However, these reconciliations are intricate, prone to human error, and sometimes fail to generate necessary information, such as a reliable fixed asset report.

Initially, the District Council did not book the revaluation for the infrastructural assets. However, our initial assessment of fair value movements indicated significant movements from the prior valuation for the roading and footpaths and three waters infrastructural assets, in total. This is a result of our review after receiving the draft annual report in which we advised the District Council that we used the Stats NZ CGPI in the review of District Council's valuation of roading and footpaths, rather than the NZTA indices that had always been used by the District Council. This resulted in a difference in value.

Consequently, we required the District Council to book the roading revaluation movement on 3 October 2024. The District Council subsequently and promptly engaged an external peer reviewer; however, the late nature of this request significantly impacted the timing of our audit work.

For the drinking water quality measure, the District Council were also advised on 3 October 2024 that it needed an external expert to assess the reported performance included in the annual report. Following various discussions between the parties as to the materiality of the measure, the District Council then instructed an expert to undertake this assessment, resulting in further delays to the audit.

Additionally, we conducted supplementary assessments on the Rangitata Diversion Race Management Limited (RDRML) canal component of the Race, leading to changes in the District Council's disclosure in the investment in associate and joint venture note.

Lastly, we observed that the District Council's use of spreadsheets for gathering, maintaining, and reporting information for certain key disclosures, such as commitments, needs improvement. The information provided for audit contained numerous errors due to the consolidation required from various internal departments, making it susceptible to human error. We also encountered issues and errors in the District Council's group consolidation work requiring additional time. However, District Council did put in significant additional time to work with us to ensure the consolidation work could progress as quickly as possible, to meet statutory deadlines.

3 Matters raised in the Audit Plan



In our Audit Plan of 22 July 2024, we identified the following matters as the main audit risks and issues.

Audit risk/issue	Outcome
Accounting for investments in associate entities and/or joint ventures	
<p>The Council has investments in other entities. PBE IPSAS standards include specific requirements for how these investments are to be accounted for.</p> <p>The Council should comply with the applicable PBE IPSAS standards for its investments in Rangitata Diversion Race Management Limited (RDRML) and Eastfields Investments Limited Joint Venture (JV).</p> <p>For the investment in RDRML, the Council needs to ensure that the Company's assets at 30 June 2024 are appropriately revalued either by the Company itself or by the District Council enabling the District Council to account for its share of the Company's assets using the equity method of accounting.</p> <p>For the investment in the JV, the Council needs to ensure that either the JV or the District Council measure the fair value of all the JV's investment properties (including land) at fair value in accordance with the applicable requirements of PBE IPSAS 16. We recommend that management also considers the long-term viability of the JV if the fair value assessment indicates that the JV assets are impaired.</p>	<p>We have:</p> <ul style="list-style-type: none"> • reviewed the Council and group accounting for investments in associated entities and joint ventures; • noted that the Council did not record a revaluation for the fair value movement of the RDR Races infrastructure assets for the 2024 period. A fair value assessment was conducted, revealing that the change from the previous valuation to the current year is not significant. We also performed our own evaluation using the Stats NZ Capital Goods Price Index (CGPI) for water and sewerage systems over the 12 months to June 2024, which yielded a similar result; • reviewed Eastfields Investments Limited Joint Venture financial statements and noted that investment properties are measured at fair value in accordance with the applicable requirements of PBE IPSAS 16; and • reviewed the accounting entries and associated disclosures to ensure all relevant requirements are appropriately addressed. <p>We are satisfied that the District Council's investments in associates and joint ventures are appropriately accounted for and disclosed in the financial statements.</p>

Audit risk/issue	Outcome
Valuation of investment property	
<p>The District Council revalue its investment property annually. The relevant accounting standard is <i>PBE IPSAS 16, Investment Property</i>.</p> <p>The fair value of investment properties needs to reflect the market conditions as at reporting date.</p> <p>Due to the nature and value of the revaluations, any bias or errors in the inputs used or calculations performed could result in a significant misstatement in the value of investment property.</p>	<p>We have:</p> <ul style="list-style-type: none"> reviewed the valuation report and held discussions with the District Council and the valuer to confirm our understanding; reviewed the valuation report to assess whether the requirements of PBE IPSAS 16 (including the appropriateness of the valuation basis) have been met; evaluated the qualifications, competence and expertise of the external valuer; reviewed the valuation method and assess if the applicable method used is in line with the financial reporting framework, including the reasonableness of the data and key assumptions used; and reviewed the accounting entries and associated disclosures in the annual report against relevant accounting standards. <p>We are satisfied with the investment properties valuation and disclosures made in the annual report.</p>
Valuation of infrastructure assets held at fair value	
<p>The Council revalue its infrastructure assets held at fair value whenever there is expected to be a material movement in the fair value of these assets. The last revaluation was performed in 2022. We understand the Council plans to revalue its infrastructure assets in 2024.</p> <p>We also understand for other infrastructure assets, the Council will complete fair value movement assessments to determine whether an “out of cycle” valuation is required (refer to the next audit risk/issue).</p> <p>The accuracy of the valuation depends on the valuation method applied, the completeness and accuracy of the source data and the appropriateness of underlying assumptions.</p>	<p>The Council revalued its roading assets for the 2024 period. We have:</p> <ul style="list-style-type: none"> Reviewed the valuation reports to assess the competence and experience of the individuals completing the valuations, ensuring the requirements of PBE IPSAS 17 <i>Property, Plant, and Equipment</i> were met, including the appropriateness of the valuation basis. Obtained confirmation from external peer reviewer regarding the appropriateness of the valuation and assessed the peer reviewer’s objectivity and independence from the District Council.

Audit risk/issue	Outcome
<p>Because of the large value of the assets held by the group, a small movement in the key assumptions can have a significant impact on the valuation and consequential depreciation expense recognised in the financial statements.</p>	<ul style="list-style-type: none"> • Audited the method of valuing the assets and confirmed that the valuation method used aligns with the financial reporting framework. • Reviewed the reasonableness of the data and key assumptions used. • Assessed the presentation and disclosure of information related to the valuation in the financial statements. <p>Overall, we concluded that the valuation was prepared in accordance with the relevant accounting and valuation standards and is appropriately reflected in the financial statements as at 30 June 2024.</p> <p>However, in addition to the control deficiencies outlined in 2022 (see Appendix 1), we have noted the following additional recommendations that we would like to report:</p> <ol style="list-style-type: none"> 1 The bridge valuation noted that the cost of construction has changed since the replacement rates were initially developed in 2016. The increased cost of compliance (for example, traffic management, environmental, and other statutory compliance) may not be fully captured in the replacement rates. This has the potential for current bridge replacement costs to exceed the rate of indices increase over this period. It is recommended that a full review of the structures' replacement rates is completed at the next round of valuations. <p>Management comment <i>Understand that WSP reviews the bridge replacement rates for each valuation.</i></p> <ol style="list-style-type: none"> 2 Council did not prepare a full revaluation report including components' unit rates, useful lives, and data confidence levels. The peer reviewer noted that data integrity methodologies used by the District Council to ensure the data is accurate and up to date, including data

Audit risk/issue	Outcome
	<p>confidence, are not detailed in the valuation memo provided.</p> <p>It is recommended to complete a full valuation report including all the relevant information.</p> <p>Management comment: <i>The recommended full valuation report can be done for the next valuation.</i></p> <p>3 About 29% of top surface and 78% of railing assets have reached or exceeded their base useful lives. This indicates either the expected lives for this asset type are too short, or renewal rates are insufficient to maintain the asset in the long term (or a combination of both). Additionally, condition data has not been used to modify remaining useful lives. This is a potential enhancement for future valuations, particularly for the higher value asset types. It is recommended to complete a full useful life and condition assessment by the Council to ensure appropriate useful lives are applied to relevant asset components.</p> <p>Management comment: <i>Assets that have reached or exceeded the useful lives is largely because of a lack of funding to renew those assets in time. The useful life and condition assessment can be reviewed.</i></p> <p>4 Our revaluation review noted a mix of May and June, old and new indices have been applied, resulting in inconsistency in revaluations between asset classes. We also noted an error in the revaluation of traffic facilities, where the optimised depreciated replacement cost (ODRC) was higher than the optimised replacement cost (ORC). This reflects a lack of quality control on revaluation due to no review performed by another person on the calculation.</p>

Audit risk/issue	Outcome
	<p>Management comment: <i>This was the first valuation using the RAMM Valuation module and also the first time that the valuation was carried out earlier in May so learnings by Ashburton District Council (ADC) staff. Consistent application of indices to be applied to the next valuation.</i></p>
Fair value assessment of property, plant and equipment (non-revaluation year)	
<p>For those assets that the District Council is not planning to revalue, the Council should perform a fair value movement assessment (assessment) to determine whether there is a significant difference between the fair value and the carrying value. Where the estimated difference is material, a full revaluation may be necessary.</p> <p>An assessment should:</p> <ul style="list-style-type: none"> factor in local cost information; utilise relevant and reliable price movement indicators; and involve consulting with valuers, if necessary. <p>Alternatively Council could engage valuers to assist in preparing a fair value assessment.</p>	<p>We have reviewed the District Council's fair value assessment for major infrastructure assets, including roads and water systems. We noted that the movement of these assets, in combination with other asset classes, is significant enough to warrant a revaluation for the current year. Consequently, as noted above the District Council has booked the fair value movement for roading assets.</p> <p>The District Council did not record the movement in the fair value of the three waters infrastructural assets.</p> <p>We are satisfied that these are immaterial on their own.</p> <p>We have reviewed the District Council's assessment for reasonableness, including the appropriateness of the assumptions used.</p>
Asset impairment considerations	
<p>In accordance with PBE IPSAS 21, <i>Impairment of Non-Cash-Generating Assets</i>, and PBE IPSAS 26 <i>Impairment of Cash-Generating Assets</i>, at each reporting date management must assess whether there is any indication that an asset may be impaired. If management identifies any indication of an impairment, then they must estimate the recoverable service amount of the asset.</p> <p>Assets are required to be assessed for indicators of impairment on an annual basis.</p> <p>Irrespective of whether there are any indications of impairment, intangible assets not yet available for use (that is, work in progress) and intangible assets with</p>	<p>We have reviewed the District Council's impairment consideration for its property, plant, and equipment. We have reviewed the reasonableness of the District Council's assessment, including the appropriateness of the assumptions used. There are no concerns to be reported.</p>

Audit risk/issue	Outcome
<p>indefinite useful lives must be <i>tested</i> for impairment at least annually.</p> <p>Work-in-progress (WIP) values on projects that span an extended period of time should be assessed regularly for impairment over the life of the project. The District Council needs to ensure that as phases of a project are completed, and assets become operational, capitalisation of the WIP balance occurs in a timely manner. This will ensure that depreciation expense on these assets is recognised and accounted for appropriately.</p> <p>The District Council will need to complete the necessary assessment of impairment of assets (as above). In addition, intangible assets not yet available for use (such as work in progress) and intangible assets with indefinite useful lives must be <i>tested</i> for impairment at least annually.</p>	
Drinking water quality performance measures	
<p>Providing safe drinking water is a core function of the Council and reporting how the Council has performed in respect of this function in the annual report is important performance information.</p> <p>The Department of Internal Affairs (DIA) measures still remain in place as the relevant changes to the Local Government Act with the planned establishment of the new water entities have been revoked.</p> <p>DIA is currently working through the process to amend the wording of the Safe Drinking Water mandatory measure.</p> <p>Although the changes are still under consultation by the DIA, the Office of the Auditor-General is clear that it expects reporting of compliance for bacteria and protozoa, against both the Water Services (Drinking Water Standards for New Zealand) Regulations 2022, and the Drinking Water Quality Assurance Rules 2022 in the Council's annual report.</p> <p>This performance information will be subject to audit and therefore it is important that the Council is able to support the performance results that they report.</p>	<p>The District Council engaged Wai Comply Limited to perform an assessment of its drinking water compliance with bacteria and protozoal included in the annual report.</p> <p>We have obtained the report directly from Wai Comply and assessed the appropriateness of the disclosure in the annual report for the relevant measures.</p> <p>We have also obtained confirmation from Wai Comply regarding the appropriateness of the assessment and assessed the assessor objectivity and independence.</p> <p>Overall, we are satisfied that the District Council's reported result has been fairly stated. Compliance against both the Water Services (Drinking Water Standards for New Zealand) Regulations 2022, and the Drinking Water Quality Assurance Rules 2022 were included in the District Council's annual report.</p>

Audit risk/issue	Outcome
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.</p> <p>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.</p> <p>Auditing standards require us to treat this as a risk on every audit.</p>	<p>We responded to this risk by:</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. <p>No issues were identified in our testing.</p>

4 Other matters identified during the audit

4.1 Lack of timely review of bank reconciliation

We found some bank reconciliations that were not prepared or reviewed in a timely manner. This poses a risk to the District Council's financial management, as delays can lead to undetected errors or discrepancies, impacting the accuracy and reliability of financial records.

Recommendation

To mitigate this risk, a regular and timely review process for bank reconciliations should be implemented. This will help ensure that any discrepancies are identified and resolved promptly, maintaining the integrity of the District Council's financial records.

Management comment

This recommendation implies that bank reconciliations are not done every day, however, this is incorrect as they are prepared and posted every day by the Accounts officers. The review of the bank reconciliations is subsequently undertaken at a later date by accountants, once per week. Due to staffing levels, there has previously been a delay in the accountant review of the bank reconciliations. However, this delay has now been addressed to ensure mitigation of the risk noted above.

4.2 Insufficient record of assets covered under insurance

During our review of the insurance of assets disclosure in the financial statements, we observed that District Council's staff faced difficulties in distinguishing between assets covered by insurance contracts and those that are self-insured. Despite the existence of a special fund for self-insurance, we understand that the District Council does not currently have a self-insurance policy.

Recommendation

To ensure adequate coverage of fixed assets, the District Council should implement a process to clearly identify which assets are covered by insurance contracts. Additionally, we advise the development of a comprehensive self-insurance policy to specify which assets are covered by the self-insurance fund.

Management comment

Council is currently reviewing its insurance methodologies and is in the process of programming a review of its insurance assets, including a review of insurance against Council's risk appetite. An insurance framework is being prepared to provide guidance for officers in this area.

4.3 Incomplete or outdated internal policies

The District Council has a fixed assets policy that specify how operational assets should be accounted for. However, we understand that there is no such policy applicable to infrastructural assets. Given that the District Council holds and manages a significant portfolio of infrastructural assets, it is important that there is clear guidance and documented procedure over infrastructural assets capitalisations, disposals and valuations.

We also note that the District Council's procurement policy has been last reviewed in 2020. This can lead to inconsistencies and inefficiencies in the District Council's procurement process.

Recommendation

The District Council should develop a policy relating to infrastructural assets to help ensure that these are appropriately accounted for. We also recommend that the District Council update its procurement policy to ensure that there are clear guidance and procedures over the procurement process.

Management comment

This recommendation regarding a policy is noted and will be reviewed by staff. Procurement Policy currently under review, with an expected adoption of March 2025.

5 Public sector audit



The District Council is accountable to their local community and to the public for its use of public resources. Everyone who pays taxes or rates has a right to know that the money is being spent wisely and in the way the District Council said it would be spent.

As such, public sector audits have a broader scope than private sector audits. As part of our audit, we have considered if the District Council has fairly reflected the results of its activities in its financial statements and non-financial information.

We also consider if there is any indication of issues relevant to the audit with:

- compliance with its statutory obligations that are relevant to the annual report;
- the District Council carrying out its activities effectively and efficiently;
- the District Council incurring waste as a result of any act or failure to act by a public entity;
- any sign or appearance of a lack of probity as a result of any act or omission, either by the District Council or by one or more of its members, office holders, or employees; and
- any sign or appearance of a lack of financial prudence as a result of any act or omission by the District Council or by one or more of its members, office holders, or employees.

Nothing came to our attention during the audit other than noted in Appendix 1 that requires reporting to the District Council regarding these matters.

6 Group audit



The group comprises:

- Ashburton District Council (parent); and
- wholly owned subsidiaries:
 - Ashburton Contracting Limited (ACL); and
 - Ashburton Community Water Trust; 20% share of associate entity Rangitata Diversion Race Management Limited and 33% share of associate entity Eastfield Investments Limited.

We have not identified any of the following during our audit for the year ended 30 June 2024:

- Instances where our review of the work of component auditors gave rise to a concern about the quality of that auditor's work.
- Limitations on the group audit.
- Fraud or suspected fraud involving group management, component management, employees with significant roles in group-wide controls, or others where the fraud resulted in a material misstatement of the group financial statements.
- Issues arising during the audits of the individual group entities have been reported to their respective governing bodies. There are no significant group matters to include within this report to the District Council.

We comment on the entity below.

6.1 Ashburton Contracting Limited (ACL)

Financial Result

The high levels of activity in 2023 continued through into 2024, with ACL recording total revenue for 2024 of \$48.151 million, compared with last year's \$47.296 million.

Involvement in Lake Hood Extension Project (LHEP)

ACL is the largest joint venture partner in LHEP. The ACL auditors (Audit New Zealand) noted that the audit opinion issued by the auditor of LHEP, was unmodified.

The ACL auditors also confirmed that the Company's investment in the joint venture is fairly represented at balance date and the results have been appropriately accounted for in the financial statements of the Company.

There were no other significant issues.

Audit Procedures

We obtained assurance from our ACL audit team that its financial information is materially correct for group reporting purposes and ensured that this was correctly incorporated into the District Council group.

We have reviewed and confirmed the consolidation adjustments required to consolidate ACL into the group's financial statements. This year, we asked for:

- Profit computation for internally constructed assets.
- Inter-company transactions and reviewed all the elimination journals including journals for adjustment of IFRS 16 *Finance Leases*.
- Accounting for investment in LHEP joint venture.

Misstatements noted were all corrected by management.

7 Useful publications



Based on our knowledge of the District Council, we have included some publications that the District Council and management may find useful.

Description	Where to find it
Performance reporting	
Public organisations are responsible for reporting their performance to Parliament and the public in a way that meaningfully reflects their organisation's aspirations and achievements. The Auditor-General published a discussion paper that explores five areas for improvement in performance reporting.	On the Office of the Auditor-General's website under publications. Link: The problems, progress, and potential of performance reporting
The Office of the Auditor-General, the Treasury and Audit New Zealand have jointly prepared good practice guidance on reporting about performance. The guidance provides good practice examples from public organisations in central government. Those working in other sectors may also find this useful.	On Audit New Zealand's website under good practice. Link: Good practice in reporting about performance — Office of the Auditor-General New Zealand (oag.parliament.nz)
Local government risk management practices	
The Covid-19 pandemic is a stark reminder for all organisations about the need for appropriate risk management practices. In our audit work, we often see instances where councils do not have effective risk management. This report discusses the current state of local government risk management practices and what councils should be doing to improve their risk management.	On the Office of the Auditor-General's website under publications. Link: Observations on local government risk management practices
Public accountability	
Public accountability is about public organisations demonstrating to Parliament and the public their competence, reliability, and honesty in their use of public money and other public resources. This discussion paper explores how well New Zealand's public accountability system is working in practice.	On the Office of the Auditor-General's website under publications. Link: Building a stronger public accountability system for New Zealanders
Setting and administering fees and levies for cost recovery	
This good practice guide provides guidance on settings fees and levies to recover costs. It covers the principles that public organisations should consider when making any decisions on setting and administering fees and levies. It also sets out the	On the Office of the Auditor-General's website under publications.

Description	Where to find it
matters public organisations should consider when calculating the costs of producing goods or providing services and setting charges to recover those costs.	Link: Setting and administering fees and levies for cost recovery: Good practice guide
Good practice in reporting about performance	
The Office of the Auditor-General, the Treasury and Audit New Zealand have jointly prepared good practice guidance on reporting about performance. The guidance provides good practice examples from public organisations in central government. Those working in other sectors may also find this useful.	On Audit New Zealand's website under good practice. Link: Good practice in reporting about performance — Audit New Zealand (auditnz.parliament.nz)
Managing conflicts of interest involving council employees	
This article discusses findings across four councils on how conflicts of interest of council employees, including the chief executive and staff, are managed.	On the Office of the Auditor-General's website under publications. Link: Getting it right: Managing conflicts of interest involving council employees
Establishing a new "public entity"	
This document is for people making policy decisions about establishing a new public entity. It sets out questions to help you consider what accountability requirements a new public entity should have.	On the Office of the Auditor-General's website under publications. Link: Accountability requirements to consider when establishing a new "public entity"
Model financial statements	
Our model financial statements reflect best practice we have seen. They are a resource to assist in improving financial reporting. This includes: <ul style="list-style-type: none"> • significant accounting policies are alongside the notes to which they relate; • simplifying accounting policy language; • enhancing estimates and judgement disclosures; and • including colour, contents pages and subheadings to assist the reader in navigating the financial statements. 	Link: Model Financial Statements
Client substantiation file	
When you are fully prepared for an audit, it helps to minimise the disruption for your staff and make	On our website under good practice. Link: Client Substantiation File

Description	Where to find it
<p>sure that we can complete the audit efficiently and effectively.</p> <p>We have put together a collection of resources called the Client Substantiation File to help you prepare the information you will need to provide to us so we can complete the audit work that needs to be done. This is essentially a toolbox to help you collate documentation that the auditor will ask for.</p>	
Sensitive expenditure	
<p>The Auditor-General's good practice guide on sensitive expenditure provides practical guidance on specific types of sensitive expenditure, outlines the principles for making decisions about sensitive expenditure, and emphasises the importance of senior leaders "setting the tone from the top". It also describes how organisations can take a good-practice approach to policies and procedures for managing sensitive expenditure.</p>	<p>On the Office of the Auditor-General's website under good practice.</p> <p>Link: Sensitive expenditure</p>
Conflicts of interest	
<p>The Auditor-General has published guidance on conflicts of interest. A conflict of interest is when your duties or responsibilities to a public organisation could be affected by some other interest or duty that you have.</p> <p>The material includes a printable A3 poster, an animated video on predetermination and bias, gifts and hospitality, and personal dealings with a tenderer. There is also an interactive quiz.</p> <p>These can all be used as training resources for your own employees.</p>	<p>On the Office of the Auditor-General's website under 2019 publications.</p> <p>Link: Conflicts of interest</p>
Severance payments	
<p>Because severance payments are discretionary and sometimes large, they are likely to come under scrutiny. The Auditor-General has released updated good practice guidance on severance payments.</p> <p>The guide is intended to help public sector employers when considering making a severance payment to a departing employee. It encourages public organisations to take a principled and practical approach to these situations. The update to the 2012 good practice guidance reflects recent case law and changes in accounting standards.</p>	<p>On the Office of the Auditor-General's website under 2019 publications.</p> <p>Link: Severance payments</p>

Description	Where to find it
Good practice	
<p>The Office of the Auditor-General's website contains a range of good practice guidance. This includes resources on:</p> <ul style="list-style-type: none"> • audit committees; • conflicts of interest; • discouraging fraud; • good governance; • service performance reporting; • procurement; • sensitive expenditure; and • severance payments. 	<p>On the Office of the Auditor-General's website under good practice.</p> <p>Link: Good practice</p>
Procurement	
<p>The Office of the Auditor-General are continuing their multi-year work programme on procurement.</p> <p>They have published an article encouraging reflection on a series of questions about procurement practices and how processes and procedures can be strengthened.</p> <p>Whilst this is focused on local government, many of the questions are relevant to all types of public sector entities.</p>	<p>On the Office of the Auditor-General's website under publications.</p> <p>Links: Strategic suppliers: Understanding and managing the risks of service disruption</p> <p>Getting the best from panels of suppliers</p> <p>Local government procurement</p>

Appendix 1: Status of previous recommendations

Open recommendations

Recommendation	First raised	Status
Urgent		
<p>Use of generic Administrator network account</p> <p>Cease use of the generic administrator network account and have staff use their own unique network privileged accounts to perform their work. If the District Council is not able to fully remove usage of this account, the password should be immediately changed so that previous users can no longer access it.</p>	2023	<p>Open</p> <p>No progress.</p> <p>Management comment</p> <p><i>The use of the account is legacy, and its maintenance is required for a specific corporate data system, including file shares. Retirement of this account is subject to the future retirement of this system and appropriate resource being available to complete this work. The timing of this date is to be confirmed. Account access is restricted to four staff members and while it is a generic account, and therefore not possible to tell 'who' used it directly, we can identify the computer and associated access dates and time. The password has been changed since the last staff member who had access left ADC employment.</i></p> <p>Audit response</p> <p>Council acknowledges there is a risk and have some mitigations in place to identify where access was initiated from and that they reset the password. This finding will remain open until Council can remove the reliance by the legacy system.</p>
<p>Inadequate internal controls over commitment registers underlying significant disclosures in the financial statements</p> <p>We recommend management to address inadequate internal controls over registers underlying information required for significant disclosures in the financial statements regarding the District Council's commitments at 30 June 2023.</p>	2022	<p>Open</p> <p>No progress.</p> <p>Management comment</p> <p><i>This process remains a manual process and reliance on the managers to advise the Finance team.</i></p>

Recommendation	First raised	Status
<p>Periodic review of access rights - application level</p> <p>We continue to recommend that the District Council implement a periodic review of users and users' access rights.</p> <p>We wish to emphasise that this review should not be the sole responsibility of the IS department.</p> <p>Periodic review should ideally involve the different business units who are in the best position to confirm to IS department as to whether a user still require access and if the user has the appropriate access rights.</p>	2020	<p>Open</p> <p>No progress.</p> <p>Management comment</p> <p><i>As advised, no generic review exists. Each manager is responsible for identifying access rights and application level. If it involves financial delegation, Finance review for arm's length and appropriateness.</i></p> <p><i>We consider this matter closed.</i></p> <p>Audit response</p> <p>It can be accepted as long as the add and remove user testing continues to be operating effectively.</p>
Necessary		
<p>Network password settings below current acceptable standards</p> <p>Network password settings should be improved to either New Zealand Information Security Manual or other internationally accepted standards.</p>	2023	<p>Open</p> <p>No progress.</p> <p>Management comment</p> <p><i>No change and as per our response, we consider our risk level (combined with all our other security solutions) acceptable with no requirement to change. Council's existing policy is one that balances security and usability. It is noted that this may not meet all guidance of NZISM but forms only part of the overall security solution that is in place. At this time the applied password settings and risk level is accepted.</i></p> <p>Audit response</p> <p>Ideally it should align to NZISM but with the implementation of 2FA, we can close this item as the risk is reduced to an acceptable level.</p>

Recommendation	First raised	Status
<p>Consistent IT change management processes</p> <p>Implement formalised IT change management processes to be documented and followed for all changes to IT technology and systems. This should include logging, approval, and testing.</p>	2023	<p>Open</p> <p>No progress.</p> <p>Management comment</p> <p><i>We have in place an IS Change Log that captures alterations made to production environments by Information Systems on solutions it has responsibilities for.</i></p> <p><i>All requests for changes requested by the business to be managed by the IS Team are captured and resolved through the IS Helpdesk.</i></p> <p><i>There is no further anticipated changes and consider this item is closed.</i></p> <p>Audit response</p> <p>We are comfortable with changes at the application level, but all the rest are just logged, and we can't confirm the approval and testing. With the FMIS being SaaS it may be acceptable, but further discussion with Council will be required during the next audit to confirm management processes for non-FMIS changes.</p>
<p>Incorrect inputs in the RDRML PPE valuation</p> <p>Review the RDRML PPE valuation against the inputs used to ensure accuracy.</p>	2023	<p>Open</p> <p>No revaluation performed for 2024. We will re-visit this recommendation as part of our audit of the next RDRML valuation.</p>
<p>No Central Contracts Register</p> <p>We recommend management to implement a central contracts' register.</p>	2022	<p>Open</p> <p>We continue to make this recommendation as the finding above regarding internal controls over commitment registers is also applicable and relevant here.</p> <p>Management comment</p> <p><i>No change. There is a register within THOR where all staff are expected to save their contracts.</i></p>

Recommendation	First raised	Status
<p>Late invoicing of completed work</p> <p>We recommend that all completed work are invoiced on a timely basis.</p>	2022	<p>In progress</p> <p>We noted improvements from prior year.</p> <p>Management comment</p> <p><i>Continue to chase the appropriate people and rely on them to supply the information in a timely manner.</i></p>
<p>Revaluation deficiencies</p> <p>As part of revaluation review of infrastructure assets and investment proprieties we have identified number of deficiencies and errors.</p> <ul style="list-style-type: none"> For Roading and utilities the respective Asset Management Officers performs the data entry to the RAMM and GIS/IPS respectively. However no independent review of the entries have been performed to check the reasonableness and accuracy of the data. Council does not perform a stock take of the assets and verify the existence of the infrastructure assets. Condition/performance assessments of significant amount of infrastructure assets are yet to be performed, this may have impact on useful life assessment resulting material misstatement to the depreciation calculation. Found asset are not recorded in the financial system up until a revaluation is performed. Council does not have appropriate system and control in recording these assets in the financial systems. Finance does not perform a reasonable check of the valuation data and report provided by the valuer resulting few adjustments done subsequently to the note. 	2022	<p>Open</p> <p>Council performed a roading valuation this year. Most the deficiencies noted in 2022 still exists with additional ones noted in section 3 above.</p> <p>Management comment</p> <p><i>ADC staff that manage the assets and asset data have the knowledge of those assets on a daily basis. It would be impractical to have an independent review of all the entries into RAMM.</i></p> <p><i>A stock take is not carried out, but staff knowledge of the assets is extensive and regularly worked on. Assets noted as missing or in need of change are done as part of ongoing routine work for the majority of the network. Assets such as culverts and signs can have an inspection regime for accuracy and condition assessment when resources are available.</i></p> <p><i>Finance rely on the information supplied from the professionals who supply the revaluation data.</i></p>

Recommendation	First raised	Status
Management needs to implement a proper control and monitoring process in valuation including independent review of underlying data, calculation and method of valuation to ensure completeness, cut off and accuracy.		
Capital WIP – second bridge across the Ashburton river Continue to monitor progress on the second bridge, and if there are indications that the project will not proceed, the costs should be immediately expensed.	2020	Open Noted that in the 2024-34 long-term plan (LTP), the District Council is planning to construct the bridge in the year 2 and 3 of the LTP. Management comment <i>Noted, however the project is anticipated to go ahead following the Government's announcement in December 2024.</i>
Preparation of the draft annual report The District Council: <ul style="list-style-type: none"> performs a QA review of the draft group financial statements prior to providing them to Audit New Zealand; and review and improve the excel model used for preparation of the group financial statements, including the notes. 	2019	In progress Refer to section 2.4 of this report and Appendix 2 for a list of corrected misstatements identified during the audit. Management comment <i>We continue to seek improvement and there have been significant improvements made in recent years. Increasing time for QA has assisted and we believe this has improved.</i>
Contract management The District Council design and implement a fully functional contract management system.	2019	Open We understand that the Technology One contracts module is still to be implemented. Management comment <i>No progress on this recommendation, as Council does not hold a current license for this module.</i>

Recommendation	First raised	Status
Internal audit The District Council continues to formally develop an internal audit function to provide assurance to the governing body and management.	2018	Open This matter is still outstanding. Management comment <i>No change due to staff resourcing constraints.</i>
Solid waste fixed asset register Develop a detailed solid waste asset register.	2017	Open The solid waste fixed asset register is still maintained in two excel spreadsheets. Management comment <i>No change.</i> <i>We continue to use spreadsheets until a corporate asset management system is in place for Property and Open Spaces, where we hope to include Solid waste asset data.</i>
Depreciation on infrastructure assets Depreciate infrastructural additions when they are completed and ready for use. Review of WIP should be completed on a monthly basis or more frequent as required instead of reviewing at the end of the year. By doing this, asset additions will be capitalised at the time when asset is ready to be used and will be depreciated in a timely manner.	2009	Open We understand that the information system depreciates from when the District Council “acquires” the assets, which is 30 June, not the date assets are in use. During our sample testing of operational and infrastructural additions, we noted that additions coming from WIP code are only capitalised at the end of the year. Due to this, these assets have not been depreciated even when the project is complete and the asset is ready for use. Management comment <i>Council is improving its processes and has been reviewing WIP on a more frequent basis.</i>
Beneficial		
Related Parties – Interest Register Maintain an interest register for executive members to identify potential related party transactions for annual reporting purposes.	2023	Open No change – for executive members, Council relies heavily on voluntary disclosure. Management comment <i>No change.</i>

Recommendation	First raised	Status
<p>Sensitive expenditure</p> <p>We reviewed the current ADC policies around sensitive expenditure against good practise guidance issued by the Office of the Auditor-General. We noted the below deviations from good practise:</p> <ul style="list-style-type: none"> • It is not stated in the sensitive expenditure policy that claims relating to sensitive expenditure need to be in English or Te Reo Māori (or independently translated before payment). We believe that this should be explicitly stated in order to avoid confusion or errors in sensitive expenditure. • The policies and procedures to cover rideshare options charged through an app linked to a credit card are not stated within the sensitive expenditure policy. If the app is set up to use a personal credit card, the policy should cover processes to distinguish legitimate work expenses from personal expenses. • We note that clear guidance is not given about what is an acceptable level of expenditure, if any, on seasonal occasions such as a Christmas event. <p>We did not identify a policy on:</p> <ul style="list-style-type: none"> • expenditure on farewells or retirements, requiring it to be pre-approved at an appropriate level of management, and to be moderate, conservative and in-line with the number of years of service; • contributions to social clubs being prudent and reasonable in terms of the benefit obtained by the organisation; 	<p>2020</p>	<p>Open</p> <p>We have reviewed the current District Council's sensitive expenditure related policies against the good practice guidance issued by the Office of the Auditor-General and note that this matter is still outstanding.</p> <p>Management comment</p> <p><i>Council adopted the new Sensitive Expenditure Policy in September 2024. This addresses these matters. The updated policy was uploaded to the Audit Dashboard on 16 September 2024. This recommendation is now closed.</i></p>

Recommendation	First raised	Status
<ul style="list-style-type: none"> limiting the sponsorship of a staff member to those that provide publicity for the organisation and its objectives; explicitly stating that staff cannot use purchasing privileges on behalf of any third party; assets identified for disposal to staff being valued and subject to a tender or other process; the accepted level of personal use of ICT resources and that this usage must not be unlawful, offensive, or excessive; and ensuring Koha reflects the occasion and ensuring that koha are not confused with any other payments that an entity makes to an organisation; and giving gifts, including specifying the purposes for which and occasions on which it is acceptable, and the nature and value of gifts that are appropriate to particular occasions. 		

Implemented or closed recommendations

Recommendation	First raised	Status
Urgent		
<p>Reliable listings and reporting to support the District Council's receivables and payables balances</p> <p>We recommend management take the necessary actions to ensure standard debtor and creditor reports are made available to audit for the year ended 30 June 2024.</p>	2022	<p>Closed</p> <p>A new Rates Receivable Report was created.</p>

Recommendation	First raised	Status
Necessary		
<p>Users with “system administrator role” in Technology One</p> <p>We continue to recommend a review of users and their access levels in Technology One and that superuser access to Council’s live system and data be limited and monitored.</p>	2021	<p>Closed</p> <p>No change.</p> <p>Management comment</p> <p><i>No change. These user accounts are required for the business and access is controlled and restricted to those that require this level of access to support the management of this system and separate to the user’s standard system account.</i></p> <p><i>We would accept any risk at the current level and consider this recommendation closed with no required further action.</i></p> <p>Audit response</p> <p>Risk accepted. Finding closed.</p>
<p>IS – third party acknowledgement of Council’s ICT policy</p> <p>Introduce a formal process whereby third parties such as IT vendors or other non-staff acknowledges that they have received and read the ICT Policy and that they understand their responsibilities under the ICT Policy.</p>	2020	<p>Closed</p> <p>Management comment</p> <p><i>Digital Access Agreements have been introduced for IT vendors and other external network users where access is required into ADC’s IT systems. Agreement to these terms, including confirming the user will adhere to Council policies, is required from the user before access is permitted.</i></p> <p><i>We consider this recommendation closed.</i></p>
<p>Payroll masterfile</p> <p>The District Council works with Technology One to develop a payroll masterfile change report.</p>	2018	<p>Implemented</p> <p>The report has been implemented.</p> <p>Going forward, the District Council should also consider implementing an independent review of Masterfile changes from this report to further improve the internal control over master file changes.</p>
<p>Drinking water quality performance measures</p> <p>Report compliance against the new Drinking Water Quality Assurance Rules (DWQAR).</p>	2023	<p>Closed</p> <p>The District Council has reported compliance against the new rules.</p>

Recommendation	First raised	Status
Beneficial		
<p>Tolerable variance settings between P/O and invoice amount</p> <p>Update system settings for the tolerable variance between a purchase order and accepted invoice to be the lower of \$1,000 and 5%. Any variance above this will trigger an approval from the appropriate authority.</p>	2023	<p>Closed</p> <p>No issued noted this year.</p>

Appendix 2: Corrected misstatements

Current year misstatements	Reference	Assets	Liabilities	Equity	Financial performance
		Dr (Cr)	Dr (Cr)	Dr (Cr)	Dr (Cr)
Building – PPE Roading and footpaths – PPE WIP - PPE	1	108,144 63,119 (171,263)			
Building – PPE WIP – PPE Depreciation Expense Accumulated Depreciation – PPE	2	60,589,522 (60,589,522) (503,000)			503,000
Revaluation reserve – Equity Vested assets revenue	3			1,900,000	(1,900,000)

Explanation of corrected misstatements

- 1 Adjustment relates to amounts not capitalised in the Closing WIP balance that were previously missed.
- 2 Adjustment relates to capitalisation of Library and Civic building from February 2024 and relevant depreciation expense.
- 3 Adjustment relates to assets found during the year that were initially recognised through the revaluation reserve in equity instated of vested assets revenue.

Corrected disclosure deficiencies

Detail of disclosure deficiency	
Several corrected misstatements and amended disclosures were made through the audit. Examples of corrected errors include:	
1	According to draft 1 of the financial statement, note 24 (Accounts Payable), there was a misclassification of revenue in advance from exchange, non-exchange, and rates revenue.
2	Parks and reserves in note 23 (Property, Plant and Equipment) have been correctly reclassified from the infrastructure assets category to restricted assets.
3	The roading valuation was not included in draft 1 of the financial statement due to Council's use of NZTA indices in the revaluation producing a result below the materiality threshold but has subsequently been updated to reflect the Stats NZ indices (as requested by us) for the correct

Detail of disclosure deficiency

	amount in the balance sheet, OCI, and PPE note. Found assets have been excluded from valuation and disclosed under PPE addition and vested asset revenue.
4	LG core assets disclosure in note 23 has been updated correctly for the current and prior year. Land under road accounted at cost was incorrectly included in the replacement cost disclosure.
5	A number of other reclassification adjustments have been made in note 23 (PPE) for correct disclosure.
6	In note 27 (Borrowings), prior year figures were disclosed incorrectly. Secured loans – ACL also did not agree with ACL's audited financial statement.
7	Note 28 (Derivative Financial Instruments) for the current year has been corrected, and the disclosure has been updated from non-current liability to non-current asset, consistent with the face of the financial statement.
8	The audit fee disclosure has been updated to exclude items related to disbursement. Audit fees from assurance services and audit fee recovery from the prior year have also been updated.
9	Note 13 (Aging of Trade Receivables) was incorrectly calculated for receivables below 12 months and above 12 months.
10	Note 32 (Commitments and Operating Leases) had a number of errors that needed correction.
11	Stocks and bonds have been correctly classified as non-current assets based on their maturity.
12	Tax disclosure in note 11 has been corrected for taxation expense and deferred tax asset/liability for both the District Council and group disclosure. These included prior year adjustments requested by us which needed to be amended in the current year's tax disclosures.
13	Note 17 (Investment Associate) group disclosure for RDRML races valuation error in the prior year has been corrected in the current year and put through revaluation surplus in OCI.
14	The Funding Impact Statement for the Whole of Council has been updated for the annual plan figure, consistent with the 2023/24 annual plan, and the current year actuals also needed correction.
15	Financial prudence benchmarks were incorrectly calculated, or prior year disclosures were incorrect.
16	Note 37 (Remuneration Banding Disclosure) was incorrectly disclosed.
17	Errors in the prior year comparative and budget figures were identified and corrected.
18	Several minor wording disclosures, including other information, were updated to be in line with accounting standards and for internal consistency with the annual report.

Corrected performance reporting misstatements

Detail of misstatement	
1	Several SSP targets were incorrectly included in the draft and have been updated.
2	Significant variances between actuals and targets were not adequately explained and have been updated accordingly.
3	Internal inconsistencies between the “Key results for the year” and the relevant performance measure result.
4	Correction in the reported result for Reduction in serious injury crashes on local roads and the related footnote.

Appendix 3: Disclosures

Area	Key messages
Our responsibilities in conducting the audit	<p>We carried out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the financial statements and performance information and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001.</p> <p>The audit of the financial statements does not relieve management or the District Council of their responsibilities.</p> <p>Our Audit Engagement Letter contains a detailed explanation of the respective responsibilities of the auditor and the District Council.</p>
Auditing standards	<p>We carried out our audit in accordance with the Auditor-General's Auditing Standards. The audit cannot and should not be relied upon to detect all instances of misstatement, fraud, irregularity or inefficiency that are immaterial to your financial statements. The District Council and management are responsible for implementing and maintaining your systems of controls for detecting these matters.</p>
Auditor independence	<p>We are independent of the District Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: <i>International Code of Ethics for Assurance Practitioners</i>, issued by New Zealand Auditing and Assurance Standards Board.</p> <p>Other than the audit, the audit on the District Council's long-term plan 2024-34, and the assurance engagement for the Debenture Trust Deed, we have no relationship with, or interests in, the District Council, or its subsidiaries.</p>
Fees	<p>The audit fee for the year is \$251,000, as detailed in our Audit Proposal Letter.</p> <p>Other fees charged in the period are \$103,000 for long-term plan 2024-2034 audit and \$7,000 for Ashburton District Council Debenture Trust Deed audit.</p>
Other relationships	<p>We are not aware of any situations where a spouse or close relative of a staff member involved in the audit occupies a position with the District Council or its subsidiaries that is significant to the audit.</p> <p>We are not aware of any situations where a staff member of Audit New Zealand has accepted a position of employment with the District Council or its subsidiaries during or since the end of the financial year.</p>

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7. *Transwaste Canterbury Limited Constitution and Shareholders Agreement*

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Executive Team Member	<i>Helen Barnes; Group Manager Business Support</i>

Summary

- The purpose of this report is to update Council on recent changes to Transwaste Canterbury Limited's company constitution and shareholders agreement.
- The Canterbury Regional Landfill Joint Committee approved the changes to both company documents on behalf of its five member councils at its 7 April 2025 meeting.

Recommendation to Council

1. **That** the Audit and Risk Committee recommends that Council receives the report noting the changes to Transwaste Canterbury Limited's Constitution and Shareholders Agreement.

Background

Transwaste Canterbury Limited

1. Transwaste Canterbury Limited (**Transwaste Canterbury**) owns and operates the Kate Valley landfill in the Hurunui district. Transwaste Canterbury is jointly owned by the following parties:
 - a. Waste Management NZ Limited: 50% shareholding;
 - b. Christchurch City Council: 38.9% shareholding;
 - c. Waimakariri District Council: 3.9% shareholding;
 - d. Selwyn District Council: 3% shareholding;
 - e. Ashburton District Council: 3% shareholding; and
 - f. Hurunui District Council: 1.2% shareholding.
2. The Board of Transwaste Canterbury Limited recently undertook a comprehensive review of the governance structure of the company. As a result, the Board has proposed changes to both its company constitution and shareholders agreement.
3. At the 7 April 2025 meeting of the Canterbury Regional Landfill Joint Committee (**Joint Committee**), the changes to both the company constitution and shareholders agreement were approved by the Joint Committee as per the following resolution recorded in the Joint Committee's [Minutes](#):

9. Amendments to Transwaste Canterbury Limited Constitution and Shareholders Agreement

Joint Committee Decisions under Delegation

Officer Recommendations accepted without change

Part C

That the Canterbury Regional Landfill Joint Committee:

1. Receives the information in the Amendments to Transwaste Canterbury Limited Constitution and Shareholders Agreement Report.
 2. Adopts the amended Transwaste Canterbury Limited Constitution and Transwaste Canterbury Limited Shareholders Agreement.
 3. Alongside Waste Management New Zealand, jointly appoints Grant Miller as independent chair of Transwaste Canterbury Limited, effective upon the date in which Transwaste Canterbury Limited reaches shareholder endorsement in entirety.
 4. Delays the appointment of the vacant Transwaste Canterbury Limited directorship until after the 2025 Local Government Elections.
4. The Joint Committee comprises of representatives from the five councils that are shareholders in Transwaste Canterbury. These five councils have delegated the voting rights attached to their shares in Transwaste Canterbury to the Joint Committee. Therefore, the individual councils, including ADC, do not need to individually approve any changes to Transwaste Canterbury's constitution and shareholders agreement.

5. The purpose of this report is to provide an information only update to the Audit and Risk Committee on the changes to the constitution and shareholders agreement.

Changes to Constitution and Shareholders Agreement

6. Transwaste Canterbury's constitution updated and shareholders agreement are contained in Attachment E and Attachment F respectively of the Joint Committee's 7 April 2025 [Meeting Agenda](#).
7. The majority of the changes to the constitution and shareholders agreement are administrative, for example, to reflect current legislation or wording expected in modern company constitutions, or to reflect the current ownership and operational structure of the company.
8. The substantive changes are summarised below:
 - a. The number of directors on the Transwaste Canterbury Board has been reduced. Both Group A (Waste Management NZ) and Group B (Council) shareholders can now only appoint up to three directors each. This is a reduction from each Group appointing four directors each. There must be an equal number of Group A and Group B directors.
 - b. An independent chairperson must now also be appointed, and will be appointed by ordinary resolution of the shareholders for a maximum term of up to five years (unless reappointed for a further term). Previously, the chairperson role was rotated biannually between the Group A and Group B directors. The independent chairperson does not vote at Board meetings.
 - c. The number of Group A and Group B shares have increased from 1,000 to 10,000,000 for each group. However, this change reflects the actual shareholding in the company as documented on the Companies Office website.

New Independent Board Chair

9. With the change to an independent chair for the Board of Directors, Sheffield Executive Recruitment publicly advertised the role of independent chair and undertook the shortlisting and interviews of candidates.
10. Grant Miller, a Selwyn District Council councillor and current Board director, was recommended as the preferred candidate following this process.
11. As noted in the Joint Committee's resolution in paragraph 3 above, the Joint Committee, alongside Waste Management New Zealand, has agreed to jointly appoint Grant Miller as independent chair of Transwaste Canterbury.
12. As Mr Miller's appointment as chair creates a vacancy on the Transwaste Canterbury Board, the Joint Committee has agreed to delay the appointment to replace Mr Miller until after the 2025 local body elections.
13. The current chair, Gill Cox, is resigning as chair and director of the Board.

Legal/policy implications

Constitution and Shareholders Agreement

14. Transwaste Canterbury's constitution sets out the rules on how a company will be governed, including the rights, powers and duties of the company, the board, each director and each shareholder.
15. A shareholders agreement is a legally binding document that sets out further powers, rights and obligations that the shareholder owners have to each other and the company.
16. Buddle Findlay has prepared the amendments to the constitution and the shareholders agreement, and these changes have been reviewed and approved by the Transwaste Canterbury Board, Waste Management New Zealand and the Joint Committee.
17. The changes to Transwaste Canterbury's constitution and shareholders agreement are intended to provide a more effective governance structure.

Climate change

18. The recommendation in this report is not considered to impact on, or be affected by climate change.
19. However, Transwaste Canterbury's Kate Valley landfill is a comprehensively engineered waste management facility. Decomposing organic material in the landfill produces gas (predominantly methane). As methane is a greenhouse gas with a high potential impact on global warming if it escapes into the atmosphere, the landfill is engineered to prevent methane escaping into the environment by collecting the gas through a network of pipes. The gas is then used as fuel to drive generators to produce electricity for the national power grid.

Strategic alignment

20. The recommendation relates to Council's community outcome of "*a prosperous economy built on innovation, opportunity and high quality infrastructure*" because Transwaste Canterbury is an innovative public-private partnership which operates a highly engineered waste management facility.

Wellbeing		Reasons why the recommended outcome has an effect on this wellbeing
Economic	✓	The changes to the constitution and shareholders agreement are intended to provide a more effective governance structure for Transwaste Canterbury, which should have a positive impact on the wellbeings.
Environmental	✓	
Cultural	✓	
Social	✓	

Financial implications

Requirement	Explanation
What is the cost?	No cost to Council
Is there budget available in LTP / AP?	N/A
Where is the funding coming from?	N/A
Are there any future budget implications?	No
Reviewed by Finance	<i>Name; Position to be entered by the reviewer</i>

Significance and engagement assessment

Requirement	Explanation
Is the matter considered significant?	No
Level of significance	Low
Rationale for selecting level of significance	N/A
Level of engagement selected	1. Inform – one-way communication
Rationale for selecting level of engagement	This report is an information only report, as Council is not required to approve the changes to the constitution and shareholders agreement in its individual capacity. Therefore, there is nothing to consult with the wider public on.
Reviewed by Strategy & Policy	Mark Low; Strategy and Policy Manager

Audit and Risk Committee

Terms of Reference

Purpose

The purpose of the Audit & Risk Committee is to provide oversight of Council's audit processes, statutory compliance and internal risk management in a manner that promotes the current and future interests of the community (Local Government Act 2002).

Membership

Membership of the Committee comprises:

- Cr Russell Ellis (Chair)
- Cr Leen Braam (Deputy Chair)
- Cr Carolyn Cameron
- Cr Liz McMillan
- Cr Richard Wilson
- External appointee – Murray Harrington
- Mayor, Neil Brown (ex-officio)

The quorum is four members.

Meeting Frequency

The Audit & Risk Committee will meet on a six-seven weekly cycle, or on an as-required basis as determined by the Chair and Group Manager Business Support.

Committee members shall be given not less than 5 working days' notice of meetings.

Delegations

The Audit & Risk Committee has no delegated authority to make decisions. Its role is to consider and review matters of strategy, policy or significance in its sphere of Council business, and (if appropriate) to make recommendations to full Council.

Sphere of business

- To receive and consider the project plan and timetable for the following projects –
 - Long Term Plan (LTP) and any amendments
 - Annual Plan & Budget
 - Annual Report and Audit
- To receive progress reports on the above projects, where appropriate, and review significant issues and risks arising.
- To establish and maintain effective relationships with Council's auditors, including meeting with the audit representatives regarding significant policy and planning processes as appropriate, reviewing the Annual Audit Plan, and considering matters of significance raised by Council's auditors and action required.
- To receive reports on all external party audits of any and all Council activities, and review significant issues and risks arising.

- To be the primary monitoring mechanism for Council's Council Controlled Organisations (CCOs) and Council Controlled Trading Organisations (CCTOs) and shareholdings. Review the CCOs' draft statements of intent and advise CCOs of any comments.
- To provide overview of Council's performance management framework as included in the Council's LTP and Annual Plan documents.
- To provide overview of Council's statutory compliance and legal matters, monitoring any areas of statutory non-compliance.
- To provide overview of risk management and insurance. Review corporate risk assessment and internal risk management practices. Review insurance arrangements annually and monitor insurance claims.
- Monitor and review Health & Safety related matters. Participate in national risk management practices and implementation of risk management processes.
- To consider matters of organisational services in the area of Health & Safety.
- To receive the EA Networks Centre monthly income and expenditure reports, and any other matters directed to the Committee by Council. [\[21/06/23\]](#)

Reporting

The Audit & Risk Committee will report to the Council.

Reviewed

21/06/23