

Audit and Risk Committee

AGENDA

Notice of Meeting:

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

Date: Wednesday 8 May 2024
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
1.05pm	Dereck Ollsson – Audit Director

ORDER OF BUSINESS

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

Minutes

- 4 Confirmation of Minutes – 27/03/24 **3**

Reports

- 5 Audit of Annual Report 2022-2023 **5**
- 6 Bancorp Treasury Report March 2024 **51**
- 7 Management of Accounts Receivable **63**
- 8 Biennial Building Consent Authority Accreditation **67**
- 9 EA Networks Centre income & expenditure **116**

Business transacted with the public excluded

- 10 Minutes 27/03/24 **PE 1**
 - Health & Safety Section 7(2)(a) Protection privacy of natural persons
- 11 Building Claim Section 7(2)(h) Commercial activities **PE 2**
- 12 Health & Safety Report Section 7(2)(a) Protection privacy of natural persons **PE 37**

4. *Audit & Risk Committee Minutes*

Minutes of the Audit & Risk Committee meeting held on Wednesday 27 March 2024, commencing at 2.00pm, in the Hine Paaka Council Chamber, Te Whare Whakatere, 2 Baring Square East, Ashburton.

Present

Councillors Russell Ellis (Chair), Leen Braam, Carolyn Cameron, Liz McMillan and Richard Wilson
Mayor Neil Brown and Murray Harrington (via MS Teams)

Also present:

Councillors Phill Hooper and Lynette Lovett.

In attendance

Hamish Riach (CE), Jane Donaldson (GM Compliance and Development), Neil McCann (GM Infrastructure and Open Spaces), Leanne Macdonald (GM Business Support), Sarah Mosley (GM People & Facilities) and Carol McAtamney (Governance Support).

Staff present for the duration of their reports: Katie Perry (People & Capability Manager) and Julie Crahay (Safety & Wellness Lead), Ellen Nicol (Recreation Services Manager), Mark Chamberlain (Roading Manager)

1 Apologies
Nil.

2 Extraordinary Business
Nil.

3 Declarations of Interest
Nil.

4 Confirmation of Minutes – 14/02/24

That the minutes of the Audit & Risk Committee meeting held on 14 February 2024, be taken as read and confirmed.

Wilson/Braam

Carried

5 EA Networks Centre Poolsafe Audit

That the Audit & Risk Committee receives the report on the EA Networks Centre annual Poolsafe Audit.

Braam/McMillan

Carried

6 EA Networks Centre financial report

That the Audit & Risk Committee receives the EA Networks Centre financial report.

McMillan/Wilson

Carried

7 NZTA Waka Kotahi Investment Audit Report

A request was made for an update on the progress made on the implementation of the recommendations made in the audit report after a 12 month period.

Recommendation to Council

That the Audit & Risk recommends to Council that the NZTA Waka Kotahi Investment Audit Report be received.

Cameron/Harrington Carried

8 Ashburton Contracting Ltd Draft Statement of Intent 2024-25

Recommendation to Council

1. **That** the Audit & Risk committee receives the Ashburton Contracting Limited 2024-25 draft Statement of Intent and refers it to Council for approval.
2. **That** Council formally advises the ACT Board of any comments on the draft Statement of Intent before 1 May 2024

McMillan/Braam Carried

9 Transwaste Interim Dividend 2024

Transwaste Chairman Gill Cox will be invited to present to Council the financial performance of the company and how it relates to Council as a 3% shareholder.

Recommendation

That Council receives the Transwaste dividends report.

McMillan/Cameron Carried

Business transacted with the public excluded – 2.35pm

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:	
10	Audit & Risk Committee minutes	Section 7(2)(a)	Protection of privacy of natural persons
11	Health & Safety	Section 7(2)(a)	Protection of privacy of natural persons

Cameron/Braam Carried

The meeting concluded at 3.21pm.

8 May 2024

5. 2022/23 Audit Report to Council

Author *Erin Register: Finance Manager*

GM responsible *Leanne Macdonald: Group Manager Business Support*

Summary

- The purpose of this report is to receive Audit New Zealand's Report to Council issued as a result of the 2022/23 Annual Report Audit.
- Audit New Zealand issued an unmodified audit opinion on 31 October 2023.
- The report contains commentary on the key areas of the audit findings and has audit recommendations and staff comments addressing those recommendations.

Recommendation

- 1. That** the Audit and Risk Committee receives the 2022/23 Audit New Zealand Report to Council.

Attachment

Audit NZ report to Council on the audit year to June 2023

Background

The current situation

1. Audit New Zealand has issued its Report to Council after completing the 30 June 2023 Annual Report audit.
2. Audit New Zealand issued an unmodified audit opinion dated 31 October 2023. This is within the legislative timeframe of 31 October 2023, which is the pre-COVID completion date (as opposed to 31 December over the last three years).
3. Clause 2.2 confirms the financial statements are free from material misstatement.
4. Included within the audit opinion is an “emphasis of matter” around the Government’s Three Waters Reform Programme. This is not dissimilar to the prior year. The emphasis refers to the amended changes in legislation establishing the ten entities, as opposed to four entities and the staggered timeframe. With the change in Government and the repealing of this legislation and establishing Local Water Done Well, this may be updated in this year’s audit opinion to reflect the progress in understanding the implications for Ashburton District Council.
5. Matters identified during the audit include:
 - While there has been further improvement in the timeliness, the quality of information supplied to Audit NZ, there is still room for improvement.
 - Limitations in the Financial Management Information System to provide a rates aged debtor report for rates remains an issue, although improved on the previous year.
 - Audit New Zealand also identified some perceived weaknesses around the use of a generic administrator and password settings (see clauses 4.1, 4.2 and 4.3). Clause 4.1 they have listed as urgent.
 - Report compliance against the new drinking water quality assurance rules has been raised, however, for this report Councils had the option of reporting against the former drinking water standards or the new standards. Staff had confirmed with Audit NZ ahead of the audit that they would report against these standards for the 2022/23 audit and move to reporting against the new standards for the 2023/24 audit.
 - It has been confirmed that Councils will be required to report against the Water Services Regulations 2022, with the Non-Financial Performance Measures Rules currently being amended.
 - Accounting for RDRML’s revalued assets was a significant challenge in this audit for the Auditors and the Finance team (clause 4.4). Receiving and confirming the valuation calculations, the useful life of some of the assets, and the assumptions used. ADC relies on the expertise of the RDRML and accepts their response in regards to extending the life of some assets further than initially assessed.

- The use of spreadsheets for managing disclosures such as commitments, contract registers and fixed asset registers was observed as requiring enhancement. This will be a work in progress as resources are identified to create and implement the appropriate systems.
- As a result of clauses 4.5 and 4.6 an interest register has been created to maintain a record of the Executive Teams annual disclosures and the tolerable variance settings has been adjusted to reflect Audit NZ’s recommendations.

Pages 26 to 37 reflect prior year outstanding recommendations, of which the relevant activity managers have updated. These pages also notes the six outstanding actions that have been implemented or resolved.

Options analysis

6. There are no options for this report. The Audit and Risk Committee is simply receiving the Audit Report to Council.

Legal/policy implications

7. There are no legal implications in receiving the report, and none of the audit findings have policy implications.

Strategic alignment

8. The recommendation relates to Council’s all community outcomes.

Wellbeing		Reasons why the recommended outcome has an effect on this wellbeing
Economic	✓	The audit and audit findings are part of the accountability process in delivering all council outcomes.
Environmental	✓	
Cultural	✓	
Social	✓	

Financial implications

Requirement	Explanation
What is the cost?	The costs of annual audits are included in the annual plans.
Is there budget available in LTP / AP?	Yes
Where is the funding coming from?	This cost sits under the Treasury activity.
Are there any future budget implications?	No
Reviewed by Finance	Leanne Macdonald; Group Manager: Business Support

Significance and engagement assessment

9. The recommendation and the recommendations within the report are not considered significant.

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	The recommendation is simply to receive the audit report to Council. The Council’s Annual Report is a statutory reporting document which is required to include an Audit Opinion. This is publicly available following adoption.
Reviewed by Strategy & Policy	Mark Low; Strategy and Policy Manager

Report to the Council on the audit of

Ashburton District Council

For the year ended 30 June 2023

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Key messages

We have completed the audit for the year ended 30 June 2023. 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 31 October 2023. Our audit report included an emphasis of matter paragraph regarding Government's Three Waters Reform programme.

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
25 March 2024

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
<p>Needs to be addressed <i>urgently</i></p> <p>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.</p>	Urgent
<p>Address at the earliest reasonable opportunity, <i>generally within six months</i></p> <p>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.</p>	Necessary
<p>Address, <i>generally within six to 12 months</i></p> <p>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.</p>	Beneficial

1.1 New recommendations

The following table summarises our recommendations and their priority.

Recommendation	Reference	Priority
<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>	4.1	Urgent
<p>Drinking water quality performance measures</p> <p>Report compliance against the new Drinking Water Quality Assurance Rules (DWQAR).</p>	3	Necessary

Recommendation	Reference	Priority
<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>	4.2	Necessary
<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>	4.3	Necessary
<p>Incorrect inputs in the RDRML PPE valuation</p> <p>Review the RDRML PPE valuation against the inputs used to ensure accuracy.</p>	4.4	Necessary
<p>Related Parties – Interest Register</p> <p>Maintain an interest register for executive members to identify potential related party transactions for annual reporting purposes.</p>	4.5	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>	4.6	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	2	-	4	6
Total	5	12	6	23

2 Our audit report

2.1 We issued an unmodified audit report



We issued an unmodified audit report on 31 October 2023. 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.

Without modifying our audit opinion, we include an emphasis of matter paragraph to draw attention to the disclosure in the financial statements, relating to the inherent uncertainties in the Government's proposed Three Waters Reform programme as follows:

Without modifying our opinion, we draw attention to note 44 on page 216, which outlines developments in the Government's water services reform programme.

The Water Services Entities Act 2022, as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023 and the Water Services Legislation Act 2023 on 31 August 2023, establishes 10 publicly owned water services entities to carry out responsibilities for the delivery of three waters services and related assets and liabilities currently controlled by local authorities. Water services entities' establishment dates are staggered, with all the water services entities becoming operational between 1 July 2024 and 1 July 2026. The financial impact of the water services reform on the council as outlined in note 36 remains uncertain until the relevant water services entity's establishment date is known, and the allocation schedule of assets, liabilities, and other matters to be transferred is approved.

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 have discussed with management any misstatements that we found, other than those which were clearly trivial. There were no significant misstatements identified during the audit that required correcting.

2.3 Corrected misstatements

We also identified misstatements that were corrected by management. The corrected misstatements are listed in Appendix 3.

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 July 2023, 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 we received was generally commendable, we encountered some challenges in auditing accounts receivables and commitments. This was primarily due to the absence of essential standard listings and reports, such as aged debtor reports and organisation wide contracts register, as well as a detailed income listing in advance by customer. We recognise that this issue stems from the limitations of the District Council's Financial Management Information System (FMIS). The finance team has undertaken substantial reconciliation efforts to compensate for this system constraint. However, these reconciliations can be intricate to track, susceptible to human error, and sometimes unable to generate the necessary information, such as a reliable aged debtor report.

Furthermore, we conducted supplementary assessments on the RDRML valuation, specifically regarding its RDR race, and the resulting changes to the District Council's disclosure in the investment in associate and joint venture note. Additionally, we scrutinised changes to the District Council's financial instruments note, in accordance with the requirements outlined by PBE IPSAS 41. In these areas, we identified several disclosure deficiencies, necessitating additional discussions with management and corrections to the note disclosure.

Lastly, we observed that the District Council's use of spreadsheets for gathering, maintaining, and reporting information for certain key disclosures, such as commitments, requires enhancement. The information provided for audit contained numerous errors as it requires consolidation from the various internal departments, and hence susceptible to human error.

We also encountered challenges in reconciling equity and the reserve balance due to prior-year adjustments to the investment in associates' balance as requested by the auditors in the previous year. This resulted in us having to review multiple versions of the financial statements due to corrections being made in the relevant disclosures.

In the previous year, we raised a recommendation regarding the preparation of the draft annual report (see Appendix 1 below). We emphasise the importance of a robust internal quality control and monitoring process to ensure the delivery of a high-quality annual report.

We appreciate management's cooperation throughout this process. However, we will be seeking approval from the Office of the Auditor-General to negotiate an additional fee for recovery.

3 Matters raised in the Audit Plan



In our Audit Plan of 4 August 2023, 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 District Council has investments in other entities. PBE IPSAS standards include specific requirements for how these investments are to be accounted for.</p> <p>In our report to the District Council for the year ended 30 June 2022, we reported that the council was not in compliance with the applicable PBE IPSAS standards for its investments in Rangitata Diversion Race Management Limited (RDRML) and Eastfield Investments Limited Joint Venture (JV).</p> <p>We also recommended actions the District Council may need to take to be able to comply with these requirements including:</p> <ol style="list-style-type: none"> 1 Identifying all relevant accounting requirements applicable to the District Council's investments. 2 Considering seeking accounting advice in relation to this matter. 3 For investment in RDRML, to ensure that the Company's assets at 30 June 2023 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 method of accounting. 4 For investment in the JV, to ensure that either the JV or the District Council measure the fair value of all the JV's investment properties (including land), to be measured at fair value in accordance with the applicable requirements of PBE IPSAS 16. 	<p>We have:</p> <ul style="list-style-type: none"> • reviewed Council and group accounting for investments in associated entities and joint ventures; • reviewed RDRML's infrastructure valuation and assessed whether the requirements of PBE IPAS 16 (including the appropriateness of the valuation basis) have been met; • reviewed Eastfield Investments Limited JV's 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 identified several misstatements in the draft financial statements which was subsequently corrected in the final version of the annual report.</p>

Audit risk/issue	Outcome
<p>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 will also consider whether the investment in the JV should be accounted as a joint operation or a joint venture in accordance with PBE IPSAS 37, <i>Joint Venture</i>.</p>	
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 Council's approach and appropriate disclosures were made in the annual report in all material aspects.</p>
Valuation of infrastructure assets held at fair value	
<p>The District 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.</p>	<p>We had discussions with management and noted that no revaluation was performed this year on the District Council's significant infrastructure assets such as roads and water systems.</p>

Audit risk/issue	Outcome
<p>Because of the recent inflationary environment most councils have been revaluing more frequently. We understand the District Council plans to revalue its roading assets in 2023.</p> <p>We also understand for other infrastructure assets, the District 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. 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>	<p>As noted below, we have reviewed the District Council's fair value assessment and noted that the movement of the assets individually or in combination with other asset classes is not significant enough to warrant a revaluation for the current year.</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, such as roads and water systems. We noted that the movement of the assets individually or in combination with other asset classes is not significant enough to warrant a revaluation for the current year.</p> <p>We have reviewed Council's assessment for reasonableness, including the appropriateness of the assumptions used. We are satisfied with Council’s assessment.</p>

Audit risk/issue	Outcome
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 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>	<p>We have reviewed the District Council's impairment consideration for its <i>property, plant, and equipment</i> (PPE). We have reviewed the reasonableness of the council's assessment, including the appropriateness of the assumptions used. There are no concerns to be reported.</p>
Affordable water reform	
<p>The Affordable water reform programme (the Reform) is expected to result in significant structural changes to the management, funding and ownership of water supply, wastewater, and stormwater assets in the local government sector.</p> <p>The Government has recently announced a number of changes to the reform.</p>	<p>We have reviewed the District Council's disclosures to ensure that they accurately reflect the significance and uncertainty of the reforms on the District Council.</p> <p>Because the impact could be significant but uncertain, we have included information in our audit report to draw the readers' attention to the District Council's disclosure about the reforms.</p>

Audit risk/issue	Outcome
<p>On 13 April 2023, the Government outlined changes to the number of water services entities and a staggering of their establishment dates starting from early 2025, with all the water services entities to be established by 1 July 2026. The timing of the transfer of assets and liabilities is therefore uncertain until amendments to existing legislation are passed.</p> <p>The Bill to enable the transfer of three waters related assets and liabilities to the water services entities is currently with the select committee and will need to be passed to enable water assets to transfer to the related water entity.</p> <p>The council should ensure that sufficient disclosure about impact of the reform (to the extent that the impact is known) is included in the annual report.</p>	
Drinking water quality performance measures	
<p>Providing safe drinking water is a core function of the District Council and reporting how the council has performed in respect of this function in the annual report is important performance information.</p> <p>The regulatory regime in place over the safety of drinking water has transitioned in the current year from the Drinking Water Quality Standards (DWS) to the new Drinking Water Quality Assurance Rules (DWQARs) which came into effect on 14 November 2022.</p> <p>Performance measures about compliance with the DWS are currently mandated by the Department of Internal Affairs who have issued mandatory performance measures that are required to be reported against in Council's annual report.</p> <p>There are currently no similar performance measures with respect to the new DWQARs. Despite this it is important that the District Council includes appropriate performance information about their compliance with the new DWQARs.</p>	<p>We have reviewed the District Council 'reported result against its target and noted 'not achieved' in the current year.</p> <p>We noted that the District Council reported against the former drinking water standards for the year, <i>The Drinking Water Standards for New Zealand 2005 (rev 2018) (DWSNZ)</i>. The Office of the Auditor-General considers that it is more appropriate to report against the equivalent provisions of the new Drinking Water Quality Assurance Rules (DWQAR) from their effective date. These are the Rules that the drinking water regulator (Taumata Arowai) has put in place and will be reporting compliance on in its annual reports. However, it is acceptable for the current year that if local authorities have followed the DIA guidance and reported compliance with the former drinking water standards post mid-November 2022.</p> <p>We recommend that Council report compliance against the new Drinking Water Quality Assurance Rules (DWQAR) going forward.</p>

Audit risk/issue	Outcome
<p>This performance information will be subject to audit and therefore it is important that Council is able to support the performance results that they report.</p>	
The risk of management override of internal controls	
<p>There is an inherent risk in every organisation of fraud resulting from management override of internal controls.</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>
New accounting standard - Adoption of PBE FRS 48 <i>Service Performance Reporting</i>	
<p>PBE FRS 48, <i>Service Performance Reporting</i>, replaced that part of PBE IPSAS 1, <i>Presentation of Financial Statements</i>, that deals with service performance reporting requirements and is effective for annual reporting periods beginning on or after 1 January 2022, that is, for the District Council, it is for the year ended 30 June 2023.</p> <p>The objective of the standard is “to establish principles and requirements for an entity to present service performance information that is useful for accountability and decision-making purposes in a general purpose financial report”. PBE FRS 48 requires an appropriate and meaningful mix of performance measures and/or descriptions, including, where appropriate, measures of both the goods and services provided and of what has been achieved in the District Council’s areas of responsibility.</p> <p>In addition, PBE FRS 48 imposes additional disclosure obligations on entities.</p>	<p>We have reviewed Council’s compliance with the new standard.</p> <p>We reviewed the PBE FRS 48, Service Performance Reporting checklist and ensured all disclosure requirements are met.</p> <p>We are satisfied that the appropriate disclosures were made in the annual report in all material aspects.</p>

Audit risk/issue	Outcome
<p>For example, paragraph 44 requires an entity to “disclose those judgements that have the most significant effect on the selection, measurement, aggregation and presentation of service performance information reported in accordance with this Standard that are relevant to an understanding of the entity’s service performance information”. Further, if the District Council changes what it reports as service performance information compared to the previous year, then PBE FRS 48 requires the District Council to explain the nature of the changes and their effect.</p>	

4 Other matters identified during the audit

4.1 Use of generic Administrator network account

We tested the design, implementation, and operating effectiveness of the District Council's general IT controls to identify any potential control weaknesses. Through our assessment of the IT network, we noted that the generic administrator network account is in use, and its usage is not being monitored. This raises the risk that someone will use this generic administrator account inappropriately to make changes to the District Council's IT systems, without the District Council being able to identify who made the change. Although the account usage is not monitored, we understand that usage is logged.

We recommend that management:

- 1 Cease use of the generic Administrator network account and ensure that all staff use their own unique network privileged accounts to perform their work.
- 2 Immediately change the password if the District Council is not able to fully remove usage of this account, so that previous users can no longer access it. Any future usage should then be specifically requested and approved.

Management comment:

The use of the account is legacy, and its maintenance is required for a specific corporate data system. 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.

4.2 Network password settings below current acceptable standards

The network password settings in use by the District Council do not meet the current standards for best practice security of information systems. The New Zealand Information Security Manual (NZISM) outlines criteria for network password settings that ensure users' passwords are difficult to guess; minimising the risk of the account being exploited by an unauthorised user. In our assessment of the District Council's General IT Control environment, we noted that the network password settings in place failed to meet a number of the NZISM password expectations, such as maximum password age and password complexity. This raises the risk of unauthorised and inappropriate access to Council systems and technology.

We recommend that management improve network password requirements in line with the New Zealand Information Security Manual guidance.

Management comment:

Council 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.

4.3 Consistent IT change management processes

We noted that there are various practices for logging of changes to IT technology and systems, and no formalised policy or procedures in place to ensure consistent approvals and testing. The establishment of an IT change management policy would ensure that there is standard set of minimum requirements that can be followed for any changes made to the IT system. This would help to prevent any unintended consequences across the District Council as a result of any changes made to the IT system. Without a formalised policy in place, there is an increased risk that erroneous and unauthorised changes to the District Council's IT systems could go undetected.

We recommend that management implement formalised IT change management procedures to be followed for all changes to IT technology and systems. This should include logging, approval, and testing.

Management comment:

Noted. A centralised location for simple recording all production system changes is in place and its use will be reinforced. The ability to expand on this is constrained by the resource available to implement and support, which may impact the delivery of changes in a timely manner as change is not the sole domain of Information Systems.

4.4 Incorrect inputs in the RDRML PPE valuation

Our review of the RDRML PPE valuation identified instances of errors and misstatements due to incorrect inputs used in the valuation model.

These errors included:

- The canal length being incorrect in the valuation calculation, resulting in a \$10 million overstatement in the valuation.
- The valuer being uncertain about the useful life of the siphon, stating it could be 30 or 40 years instead of the 21 years currently being used in the calculation. This amounts to an \$8.5 million or \$16 million understatement respectively for the valuation.

Due to the large value of RDRML's PPE, any incorrect figures or assumptions used as the inputs of the valuation model could result in significant errors. There is a risk that RDRML's PPE could be materially misstated in the District Council's group financial statements.

We recommend that management review the valuation against the inputs used for accuracy.

Management comment:

This was RDRML's valuation model and measurements using their expertise and external valuers. We are uncertain how ADC is able to confirm the length of a canal or the useful life of a siphon. We rely on the accuracy of the experts. Furthermore according to the questions we asked of RDRML, while there is a standard practice for assessing the useful life of some of RDRML's assets, due to RDRM's investment in their assets, they are experiencing a greater life expectancy.

4.5 Related Parties – Interest Register

We noted that The District Council does not keep an Interest Register for executive members. Without ongoing documentation of the interests of executive members, the risk is raised that potential related party transactions are not identified at year-end for annual reporting purposes, as well as potential conflicts of interest not being identified.

We recommend that management keep an Interest Register for executive members, to ensure that all related party transactions are identified at year end for appropriate disclosure in the financial statements.

Management comment:

Noted, and a register will be created, as executive members do complete declarations noting any interests that require disclosure. These are requested annually from the finance team at the end of each financial year.

4.6 Tolerable variance settings between P/O and invoice amount

We noted per our ISAA work on expenditure systems that the tolerable variance between a purchase order and the accepted invoice has been set to the higher of \$1,000 and 5%. Although this control works as described, there is the potential for the system to accept a larger invoice with a variance of 5%. For example, the largest invoice in 2023, \$2.9 million, could be accepted with a variance of \$145,000. This poses a risk of material misstatement, as the expenditure can be approved without appropriate authority.

We recommend that management update the system settings for tolerable variance between purchase orders and accepted invoices to be the lower of \$1,000 and 5%. Any variance above this will then trigger an approval from the appropriate authority.

Management comment:

Noted, and will review.

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 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 2023:

- 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 2022 continued through into 2023, with ACL recording total revenue for 2023 of \$47.296 million, compared with last year's \$50.288 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 stated 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

Description	Where to find it
Setting and administering fees and levies for cost recovery	
<p>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 matters public organisations should consider when calculating the costs of producing goods or providing services and setting charges to recover those costs.</p>	<p>On the Office of the Auditor-General’s website under publications.</p> <p>Link: Setting and administering fees and levies for cost recovery: Good practice guide</p>
Good practice in reporting about performance	
<p>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.</p>	<p>On Audit New Zealand’s website under good practice.</p> <p>Link: Good practice in reporting about performance – Audit New Zealand (auditnz.parliament.nz)</p>
Managing conflicts of interest involving council employees	
<p>This article discusses findings across four councils on how conflicts of interest of council employees, including the chief executive and staff, are managed.</p>	<p>On the Office of the Auditor-General’s website under publications.</p> <p>Link: Getting it right: Managing conflicts of interest involving council employees</p>
Establishing a new “public entity”	
<p>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.</p>	<p>On the Office of the Auditor-General’s website under publications.</p> <p>Link: Accountability requirements to consider when establishing a new “public entity”</p>
Covid-19 implications for financial reporting and audit in the public sector	
<p>Audit New Zealand Executive Director, Steve Walker and Head of Accounting, Robert Cox joined an online panel hosted by Victoria University of Wellington and the External Reporting Board. They discuss the effects of Covid-19 and the economic recovery on financial reporting and audit in the public sector.</p>	<p>On our website under good practice.</p> <p>Link: Covid-19 page</p> <p>Link: Webinar</p>

Description	Where to find it
Model financial statements	
<p>Our model financial statements reflect best practice we have seen. They are a resource to assist in improving financial reporting. This includes:</p> <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. 	<p>Link: Model Financial Statements</p>
Client substantiation file	
<p>When you are fully prepared for an audit, it helps to minimise the disruption for your staff and make 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>	<p>On our website under good practice.</p> <p>Link: Client Substantiation File</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>On the Office of the Auditor-General's website under 2019 publications.</p> <p>Link: Conflicts of interest</p>

Description	Where to find it
<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>Severance payments</p>	
<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. 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>
<p>The Auditor-General’s report on the results of recent audits</p>	
<p>The Office of the Auditor-General publishes a report on the results of each cycle of annual audits for the sector.</p>	<p>On the Office of the Auditor-General’s website under publications.</p> <p>Link: Insights into local government: 2021 — Office of the Auditor-General New Zealand (oag.parliament.nz)</p>
<p>Good practice</p>	
<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>

Description	Where to find it
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>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 ending 30 June 2024.</p>	<p>2022</p>	<p>Open</p> <p>A considerable amount of extra work was required in order to assess the reliability of reports for rates receivable and payable, and to reconcile these reports to the financial statements.</p> <p>Management comment</p> <p><i>Work continues in this area. The recommendation above is a generalisation. There was only one area (Rates Receivables) where the report from the system appeared to be unreliable. The Finance Manager and technicians from TechOne were able to produce a work around. Work continues in this area to enable the system to produce better reports in this area.</i></p> <p><i>Please note excluding the rates receivable report (referred to above), officers were able to provide requested information for the samples. The primary delay appeared to be with inexperienced auditors who did not understand the Receivables in Advance balances are adjusted to Income in Advance at EOY. Fortunately, a more experienced auditor was able to validate this standard process.</i></p>
<p>Inadequate internal controls over 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>	<p>2022</p>	<p>Open</p> <p>We identified material misstatements to commitments.</p> <p>This matter is still outstanding. Refer commentary under item 2.4.</p> <p>Management comment</p> <p><i>Noted. Once contracts have been signed off by all relevant parties, and approved by Council or relevant Group Manager or</i></p>

Recommendation	First raised	Status
		<p><i>CE, managers are required to enter these contracts into a central repository in THOR. As long as there is reliance on a manual process there remains a risk that contracts will be missed and commitments not accurately recorded.</i></p>
<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>	<p>2020</p>	<p>Open</p> <p>Refer new items 4.1 to 4.3 as well.</p> <p>Management comment</p> <p><i>No generic review exists. Each manager is responsible for identifying access rights and application level.</i></p> <p><i>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>Necessary</p>		
<p>No Central Contracts Register</p> <p>We recommend management to implement a central contracts' register.</p>	<p>2022</p>	<p>Open</p> <p>We continue to make this recommendation as the finding above regarding internal controls over registers is also applicable and relevant here.</p> <p>Management comment</p> <p><i>No change. As with commitments, there is a central repository within THOR where all managers are expected to save their contracts.</i></p>
<p>Late invoicing of completed work</p> <p>We recommend that all completed work are invoiced on a timely basis.</p>	<p>2022</p>	<p>Some progress</p> <p>Whilst we noted improvements in the prior year, during our audit testing we noted some instances of invoices being issued months after work was completed.</p> <p>Management comment</p> <p><i>We believe there was a major improvement this year. There is always going to be timing issues as the end of year approaches.</i></p>

Recommendation	First raised	Status
<p>Revaluation deficiencies</p> <p>As part of revaluation review of infrastructure assets and investment properties 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. • No cut off procedure has been performed for roading assets and additional asset has been added to RAMM that were related to 2022 resulting a subsequent change to the valuation. • 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. • Errors have been identified in investment property valuation including incorrect value and asset 	<p>2022</p>	<p>Open</p> <p>No revaluation this year. Will remain open until we confirm this has been addressed during the next revaluation cycle.</p> <p>Management comment</p> <p><i>We are not aware of any issues this year.</i></p>

Recommendation	First raised	Status
<p>reference have been reported contradicting the source data resulting a revised revaluation report has been produced.</p> <p>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.</p>		
<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>Open</p> <p>Refer item 4.1.</p> <p>Management comment</p> <p><i>Status Quo – It is controlled, with only those who have this role assigned due to their required level to perform their role. We would accept any risk at the current level.</i></p>
<p>Infrastructural asset valuation</p> <p>The condition of assets be considered as part of future valuation processes.</p>	2020	<p>Some progress</p> <p>The stock water error has been corrected in the financial statements, but the wastewater and storm water valuations were not. They were assessed as not material.</p> <p>We understand that the District Council are currently implementing a new asset management system (Infor Public Sector (IPS) Asset Management System) to replace the manual spreadsheets used. This will address the issue of errors in the valuation spreadsheets. The system is expected to be operational by mid-December.</p> <p>Management comment</p> <p><i>Noted.</i></p>

Recommendation	First raised	Status
<p>Capital WIP – second bridge across the Ashburton river</p> <p>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.</p>	2020	<p>Open</p> <p>We note that the District Council approved the detailed business case (DBC) for the now \$113.6 million second urban bridge project and it is now in negotiation with Waka Kotahi NZ Transport Agency (NZTA), to seek project approval.</p> <p>Management comment</p> <p><i>Noted; the project is anticipated to go ahead.</i></p>
<p>Preparation of the draft annual report</p> <p>The District Council:</p> <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	<p>Some progress</p> <p>Management comment</p> <p><i>Noted, and reviews were built into the timeline. Acknowledge there is always room for improvement.</i></p>
<p>Contract management</p> <p>The District Council design and implement a fully functional contract management system.</p>	2019	<p>Open</p> <p>We understand that the Technology One contracts module is still to be implemented.</p> <p>Management comment</p> <p><i>No progress on this recommendation and there is no plan to implement a system over the next few years of the IS and organisations work programme and the cost has not been budgeted in the 2024-34 long-term plan.</i></p>
<p>Payroll masterfile</p> <p>The District Council works with Technology One to develop a payroll masterfile change report.</p>	2018	<p>Open</p> <p>We were advised that a report showing bank account changes was implemented in June 2023. However, a standard Masterfile change report was not noted as being produced and reviewed by an appropriate person during our testing over the audit period.</p>

Recommendation	First raised	Status
		<p>This matter will be closed once we have audited the control during next year's interim audit.</p> <p>Management comment</p> <p><i>Since June 2023 payroll has been running a bank report each pay period which shows any changes that have been made to bank accounts in Tech One. This is run and printed off for finance to cross check with the pay calculation report during their checking of the pay. It is signed off by the person who has checked it in finance and stored in the payroll library on THOR.</i></p> <p><i>We consider the matter closed.</i></p>
<p>Internal audit</p> <p>The District Council continues to formally develop an internal audit function to provide assurance to the governing body and management.</p>	2018	<p>Open</p> <p>This matter is still outstanding.</p> <p>Management comment</p> <p><i>No change.</i></p>
<p>Solid waste fixed asset register</p> <p>Develop a detailed solid waste asset register.</p>	2017	<p>Open</p> <p>The solid waste fixed asset register is still maintained in two excel spreadsheets.</p> <p>Management comment</p> <p><i>No change.</i></p> <p><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. Currently an asset management system has not been included in the 2024-34 long-term plan.</i></p>
<p>Depreciation on infrastructure assets</p> <p>Depreciate infrastructural additions when they are completed and ready for use.</p> <p>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.</p>	2009	<p>Open</p> <p>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.</p> <p>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</p>

Recommendation	First raised	Status
		<p>depreciated even when the project is complete and the asset is ready for use.</p> <p>Management comment</p> <p><i>In regard to infrastructure assets, for the majority they are not completed until the later part of the financial year, including receiving all invoices from suppliers, so at this stage, the few exceptions of earlier completion remain immaterial. The time to administer a staged process of recognition, reconciliation and capitalisation is not justified. Should materiality change, this process will be reviewed. Operational assets, such as fleet vehicles and IT equipment are capitalised when they are procured and in use.</i></p>
Beneficial		
<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. 	<p>2020</p>	<p>Open</p> <p>We have reviewed the current ADC policies around sensitive expenditure against good practise guidance issued by the Office of the Auditor-General and note that this matter is still outstanding.</p> <p>Management comment</p> <p><i>No change.</i></p> <p><i>No change.</i></p>

Recommendation	First raised	Status
<ul style="list-style-type: none"> • 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; • 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; • 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. 		<p><i>No change, although Staff are advised of a set value for the Xmas event per head and it is very clear that it does not include alcohol.</i></p> <p><i>No change.</i></p> <p><i>No change.</i></p> <p><i>No change.</i></p> <p><i>No change.</i></p> <p><i>Remains very clear in the Asset disposal Policy and consider this matter closed.</i></p> <p><i>No change.</i></p> <p><i>Noted. No issues appear to have arisen. The Koha is charged to a very specific ledger code for easy identification.</i></p> <p><i>Noted. Not aware of any issues arising from this.</i></p>

Recommendation	First raised	Status
<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>	<p>2020</p>	<p>Open</p> <p>This matter is still outstanding.</p> <p>Management comment</p> <p><i>As with the access rights comment, this is an organisational responsibility not solely IS. Where there are contracts in place this acknowledgement should form part of the contract.</i></p>

Implemented or closed recommendations

Recommendation	First raised	Status
Urgent		
<p>Accounting for investments in associated entities and/or joint ventures</p> <p>We recommend that management ensure that investments in Rangitata Diversion Race Management Limited (RDRML) and Eastfield Investments Limited JV, are accounted for in accordance with all the relevant requirements for the year ended 30 June 2023.</p>	2022	<p>We have:</p> <ul style="list-style-type: none"> • reviewed Council and group accounting for investments in associated entities and joint ventures; • reviewed RDRML’s infrastructure valuation and assessed whether the requirements of PBE IPAS 16 (including the appropriateness of the valuation basis) have been met; • reviewed Eastfield Investments Limited JV’s 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>This matter was resolved in the current year.</p>
<p>Accounting for investment in equity instruments</p> <p>We recommend management to recognise the District Council’s investment in Transwaste at fair value through Other Comprehensive Income. This would require the District Council (in conjunction with other Councils affected) to engage and obtain an independent valuation from Transwaste Limited.</p>	2022	<p>Management comment</p> <p><i>This was not deemed material and consider the matter closed.</i></p>

Recommendation	First raised	Status
Beneficial		
<p>Duplicated assets on the asset register</p> <p>We recommend management formalise the process of checking for duplicates in IPS and the Geographical Information System (GIS) to ensure the asset register is accurate.</p>	2022	<p>There are no disposals of “duplicate” assets in the current year. Per discussion with Maree McNally (Assets Information Utilities Officer) on 10 October 2023, there was a big clean-up last year hence no disposals of duplicates in the 23FY.</p>
<p>Negative rates in Funding Impact Statements (FIS)</p> <p>We recommend that negative rates in the Economic Development and Miscellaneous GOA Funding Impact Statements are addressed in the next long-term plan round.</p>	2022	<p>This was resolved in the current year. No negative rates were identified.</p>
<p>Reconciliation of NZTA job ledger to general ledger</p> <p>The NZTA job ledger is reconciled to the general ledger on a regular basis.</p> <p>The District Council Roading Manager keeps records for subsidies and grants from NZTA including information of actual expenditure against these funds that are recorded in relevant job ledger. Up to 2020, a report was run which reconciled this job ledger to the GL for NZTA purposes.</p> <p>The person who ran that report until 2020 left the District Council in 2020 and the District Council has been unable to run this report.</p>	2020	<p>As per discussion with Mark Chamberlain (Roading Manager), the reconciliation was done in the past. He now tracks expenditure by using reports from Tech One (job reports). The total from the job reports usually agrees to the GL and should there be material differences he investigates further. Therefore, the issue is no longer applicable.</p>
<p>Approval of Mayors credit card and travel expenditure</p> <p>The Mayor’s credit card and travel expenditure be approved by the Chair of the Audit and Risk Committee.</p>	2020	<p>Closed</p> <p>We note that the Mayor’s expenditure is now approved by the Group Manager of Business Support as per Council’s policy. We understand that this is to avoid “circular approval”. Although contrary to the best practice advice as outlined by the Office of the Auditor-General in their guide, we can accept this as a valid and reasonable business practice.</p>

Recommendation	First raised	Status
		<p>Management comment</p> <p><i>The Mayors Credit card is being signed off by the Group Manager Business Support as per the Sensitive Expenditure Policy – page 5. We are not aware of any instances where it has not been signed off by the GM Business Support during the 2023/24 year. No instances were raised and we believe this matter is closed.</i></p>

Appendix 2: Uncorrected misstatements

Note	Statement of comprehensive income		Statement of financial position	
	Dr \$000	Cr \$000	Dr \$000	Cr \$000
1	444			444

Explanation for uncorrected misstatements

- 1 Parking sensors to be expensed (Dr) as repairs and maintenance and removed (Cr) from Work in Progress, as it was removed from the scope of the Street Renewal project.

Appendix 3: Corrected misstatements

Current year misstatements	Reference	Assets	Liabilities	Equity	Financial performance
		Dr (Cr)	Dr (Cr)	Dr (Cr)	Dr (Cr)
Ratepayers Equity - DR Other Revenue - CR	1			382,000	(382,000)
Ratepayers Equity - DR Investment in Associates - CR	2	(977,000)		977,000	
Total parent		(977,000)		1,359,000	(382,000)
Investment in Associates – DR Ratepayers Equity - CR	3	1,116,000		(1,116,000)	
Ratepayers Equity - DR Deficit in Associates and JV - CR	4			406,000	(406,000)
Total group		1,116,000		(710,000)	(406,000)

Explanation of corrected misstatements

- 1 To correct error in the draft one FS.
- 2 To correct prior year error on investment in associate (RDRML), bringing back to accounting at cost.
- 3 To correct the opening equity for group investment in associate, bringing back to accounting at fair value.
- 4 To included RDRML and Eastfield's deficit for the year.

Corrected disclosure deficiencies

Detail of disclosure deficiency	
<p>There were several corrected misstatements and amended disclosures made through the audit. Examples of corrected errors include:</p>	
1	<p>Several significant misstatements were identified in note 32, including errors in the underlying spreadsheet that affected relevant disclosures. These errors resulted in Operating and Maintenance commitments being overstated by \$29 million and Capital commitments being overstated by \$3 million.</p>
2	<p>Note 17 - Investment in associates and Joint venture required substantial changes to disclosure to be consistent with accounting policy and to incorporate disclosure adjustments for the infrastructure asset valuation performed for RDRML.</p>
3	<p>The adoption of PBE IPSAS 41 resulted in significant disclosure deficiencies in several disclosures, including note 13 Trade and other receivables, note 16 Other financial assets, and note 34 Financial instruments.</p>
4	<p>Equity and reserves, both on the face of the financial statements and in the notes, had significant reconciliation issues due to accounting adjustments in note 17 - Investment in associates and Joint venture. This process took longer than expected and involved multiple follow-ups with management and reviews of multiple versions of the financials.</p>
5	<p>Several classification errors were identified, including in note 17 - Investment in associates and Joint venture, note 24 Trade and other payables, and note 27 Borrowings.</p>
6	<p>Audit fees disclosure were corrected.</p>
7	<p>Prudence benchmarks disclosures were corrected.</p>
8	<p>Errors noted in note 11 Tax disclosure were corrected.</p>
9	<p>Errors in the annual report, including funding impact statement for calculation, prior year, and budget figures, were identified and corrected.</p>
10	<p>Several minor wording disclosures, including other information, were updated to be in line with accounting standards and for internal consistency with the annual report.</p>

Corrected performance reporting misstatements

Detail of misstatement	
1	<p>Several SSP targets were incorrectly included in the final version of the annual report and have been updated.</p>
2	<p>Additionally, significant variances between actuals and targets were not adequately explained and have been updated accordingly.</p>

Appendix 4: 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, 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 \$194,698, as detailed in our Audit Proposal Letter.</p> <p>Other fees charged in the period are \$6,500 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>

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

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6. *Bancorp Treasury Report – March 2024*

Author *Erin Register: Finance Manager*
General Manager responsible *Leanne Macdonald; Group Manager - Business Support*

Summary

- The Bancorp Treasury Services Ltd provides a quarterly report as part of the contractual treasury services.
- Attached is the third report for the 2023-24 financial year, being for the period ending March 2024.
- This report is presented for Council’s information, and is made up of four sections –
 - 1 Economic Commentary
 - 2 Liquidity, Funding and Hedging Bands
 - 3 Interest Rate Risk Management
 - 4 Investment Portfolio.

Recommendation

- 1. That** Council receives the Bancorp Treasury report for the March 2024 quarter.

Attachment

Appendix 1 Ashburton DC Dashboard as at 31 March 2024.

The current situation

- Page 4 notes that Council's average cost of funds has continued to increase, moving from 4.64% to 4.71%. While still low in comparison to many Councils, the impact of interest rates is noted. Officers continue to monitor the interest rates, keeping a fine line between balancing floating and fixed rates, operating within our treasury policy and assessing the market movements. Page 5 also shows ADC is compliant within the Treasury Policy.
- The economic movement is a mixed bag with the Reserve Bank remaining cautious even with increasing unemployment and contracting retail volumes. This has resulted in the market predicting interest rates cuts as early as August 2024. As a result, Bancorp are projecting that ADC interest rate will be below 4% (3.91%) by April 2026 (page 5). This is later than the last quarterly projection of late 2025.

Background

1. Bancorp Treasury Services Ltd (Bancorp) provide a service to Ashburton District Council to support Council in managing their Treasury - Investment and Liability Policy.
2. Bancorp provide quarterly treasury reports that covers global and NZ market updates, along with Ashburton District Council specific updates on our investment and liability portfolios.

Legal/policy implications

3. There are no legal implications.

Financial implications

4. There are no financial implications as this report forms part of Bancorp's contractual services.

Requirement	Explanation
What is the cost?	This is part of the annual contractual fee of \$33,000 plus GST.
Is there budget available in LTP / AP?	Yes
Where is the funding coming from?	Treasury Consultancy - 132.30308.0000.
Are there any future budget implications?	No
Finance review required?	Leanne Macdonald, Group Manager – Business Support.

Significance and engagement assessment

Requirement	Explanation
Is the matter considered <i>significant</i> ?	No
Level of significance	Low
Level of engagement selected	Inform - one way
Rationale for selecting level of engagement	The community will be informed of the Bancorp Report through the usual media channels.
Reviewed by Strategy & Policy	Mark Low; Strategy and Policy Manager

Next steps

- There are no further steps.



Treasury Dashboard Report

31 March 2024



BANCORP

BANCORP TREASURY SERVICES LIMITED

Economic Commentary

Global (for the March 2024 quarter)

The first quarter of 2024 was another volatile one for the US bond market, with the 10-year treasury starting the year at 3.88% and closing on 31 March at 4.32%, which was back at the quarter's highs. Within the quarter, there was significant volatility with both sharp rallies and significant sell offs in rates.

The February US Federal Open Market Committee ("FOMC") statement provided some positivity about interest rate cuts with the removal of the previous reference that "additional policy firming" may be required. The statement did however highlight that the timing of the easing cycle will be data-dependent stating that, "*The Committee does not expect it will be appropriate to reduce the target range until it has gained greater confidence that inflation is moving sustainably toward 2.0%.*" Market pricing is assigning a 64% chance that the first cut will occur in June and a 100% chance that it will happen in July.

New York Fed member, John Williams, continued to push back against an aggressive cutting cycle given the stickiness of inflation stating, "*at some point, I think it will be appropriate to pull back on restrictive monetary policy, likely later this year. But it's really about reading that data and looking for consistent signs that inflation is not only coming down but is moving towards that 2% longer-run goal.*"

One of the key questions for 2024, with the global GDP growth outlook deteriorating, was which country, or economic block, will contribute to global growth alongside the US, or if the US falters. At this stage, it appears highly unlikely that the Chinese economy will provide such stimulus given that the domestic economy appears to be in a deflationary spiral with CPI at -0.3% and PPIs at -2.7% for the last 12 months, with the ongoing monthly declines worse than those seen in the Asian Crisis in the late 1990s. While GDP printed at 5.2% for 2023, it was China's slowest annual pace of annual growth since the 1990s and many independent analysts argue that it was closer to zero given the ongoing plunge in property prices and construction levels. IMF President, Kristalina Georgieva, probably summed it up best at the meeting in Davos when she stated, "*China needs structural reforms to continue to open up the economy, to balance their growth model more towards domestic consumption.*"

The increasing and worrying risk for both New Zealand and the global economy continues to be China. This was reinforced again last week, when the People's Bank of China ("PBOC") announced its biggest ever reduction in the benchmark mortgage rate, as authorities again tried to support the struggling property market and thus the broader economy. The 25bps cut to the five-year loan prime rate ("LPR") was the largest since the reference rate was introduced in 2019 and was more than what was expected. The LPR now stands at 3.95% from 4.20% previously, while the one-year LPR was left unchanged at 3.45%.

Australian inflation rose 3.4% in the January year, its lowest level since November 2021. The increase was led by insurance and financial services (8.2%), alcohol and tobacco (6.7%), food and non-alcoholic beverages (4.4%), and housing (4.6%).

Economic Commentary

New Zealand (for the March 2024 quarter)

3

	OCR	90 day	2 years	3 years	5 years	7 years	10 years
31 Dec 2023	5.50%	5.63%	4.64%	4.32%	4.09%	4.07%	4.14%
31 Mar 2024	5.50%	5.63%	4.85%	4.90%	4.38%	4.38%	4.46%
Change	0%	0%	+0.21%	+0.58%	+0.29%	+0.31%	+0.32%

The March 2024 quarter saw significant volatility, with the benchmark 5-year swap opening the year at 4.08%, reaching a high of 4.77% on 14 February before closing the quarter at 4.37%. At the shorter end of the yield curve the 2 year swap traded in a 4.64% to 5.27% range, finishing the quarter at 4.79%.

The year opened with significant optimism that significant rate cuts were on the near-term horizon, with this being a function of optimism of significant cuts from both the US Fed and the RBNZ, with at one point six 25 basis point rate cuts being built into market pricing of both the NZ and US markets.

The Reserve Bank of New Zealand (“RBNZ”) seemed to want to temper these expectations with a speech from its Chief Economist Paul Conway on the 30th January saying that while the September GDP print was very weak and the June number was revised lower, its focus was on continuing capacity pressures, stronger than expected private demand, continuing strong net inward migration and that non-tradeable inflation was uncomfortably high at 5.9%. The message from this was that the RBNZ has a long way to get inflation back to the midpoint of 2.0%.

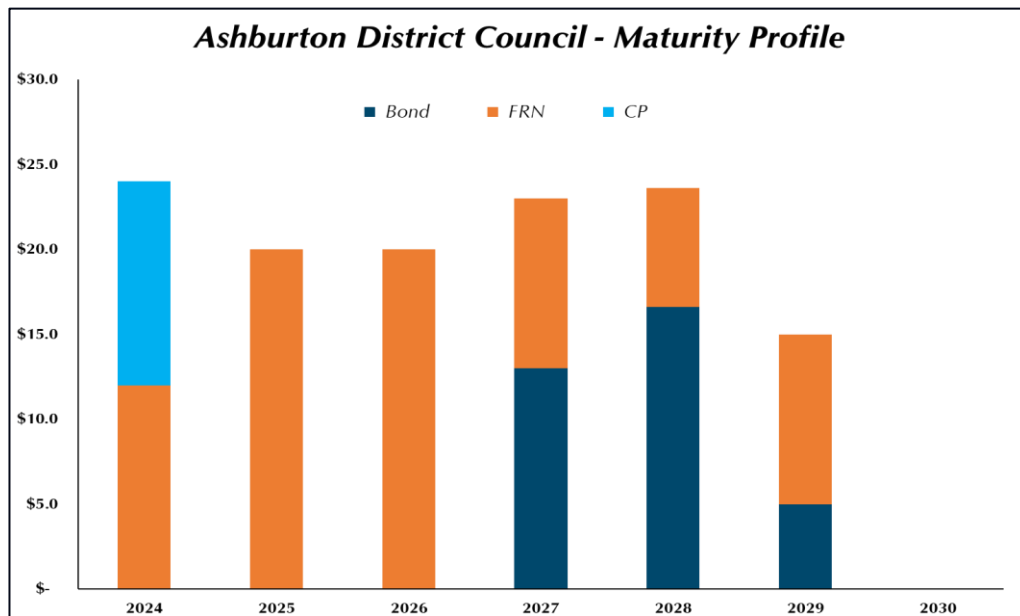
This statement was likely behind one of the strangest calls from a local bank for quite some time, with the ANZ coming out with a revised forecast of two consecutive OCR increases, which would have taken the rate from 5.50% to 6.00%, the market reaction was severe flipping from a 40% chance of a cut in May to the strong probability of an increase and pushing swap rates noticeably higher.

The RBNZ’s Monetary Policy Committee (“MPC”) torpedoed any hopes the ANZ had, maintaining the OCR at 5.50% with the MPC statement and the Q&A session taking a slightly ‘dovish’ stance. The RBNZ downgraded its 2024 CPI and unemployment forecasts and lowered its OCR forecasts slightly with the central bank projecting rate cuts to start in H1 2025 with the OCR falling to 3.00% by 2026. In the Q&A session, Governor Orr confirmed the committee had considered raising rates but decided to hold on to a “*very strong consensus*”. This saw the local swaps curve immediately fall by 25bps to 30bps with the market projecting the first cut to occur in August this year and for the OCR to be 4.00%-4.25% by July 2025. Recent data tends to favour the easing cycle starting sooner than the RBNZ is projecting, with unemployment up to 4.0% in Q4 and retail sales volumes contracting by 1.9% over the same period, despite surging immigration and higher retail pricing, while residential building consents are down 28% on an annual basis.

NZ economic data throughout the quarter has been almost universally poor, with the only exception being tourism-related data. When adjusting the poor economic data with the strong net migration, the per capita data reveals an even poorer economic picture. Adding to this theme are regular announcements of job losses occurring in both the private and public sectors. On the 21st of March, Q4 2023 GDP data officially confirmed NZ was in a recession with a 0.1% contraction in the December quarter.



Liquidity, Funding and Hedging Bands



Debt
\$125.6m
 External Council Drawn Debt

LGFA Debt
\$125.6m
 Funds Drawn from LGFA

Headroom = cash in bank, term deposits and fixed rate bonds
\$20.9m

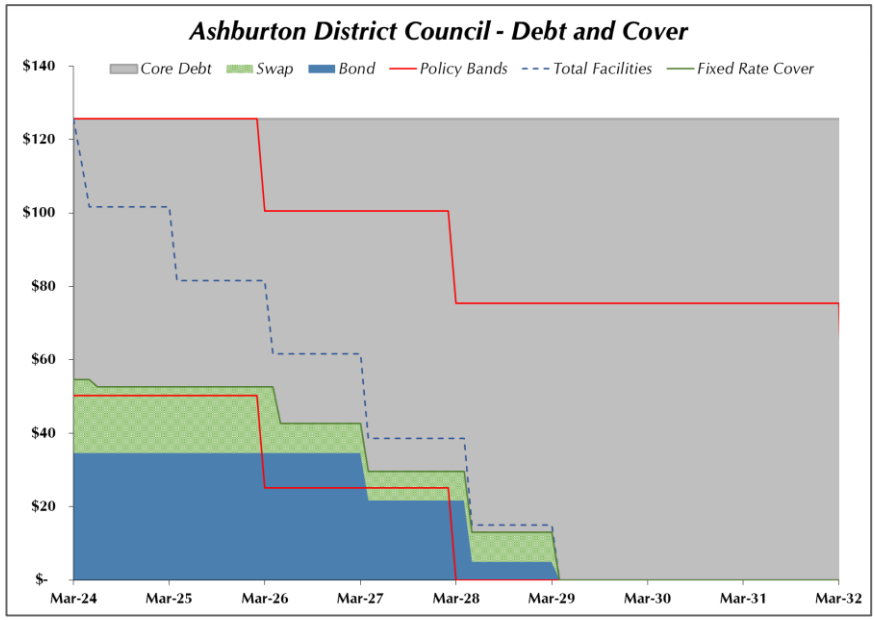
Liquidity Ratio (must be >110%)
116.6%
 Definition: (Cash Reserves + Lines of Credit + Drawn Debt)/Drawn Debt

Cost of Funds as at 31 March 2024
4.71%

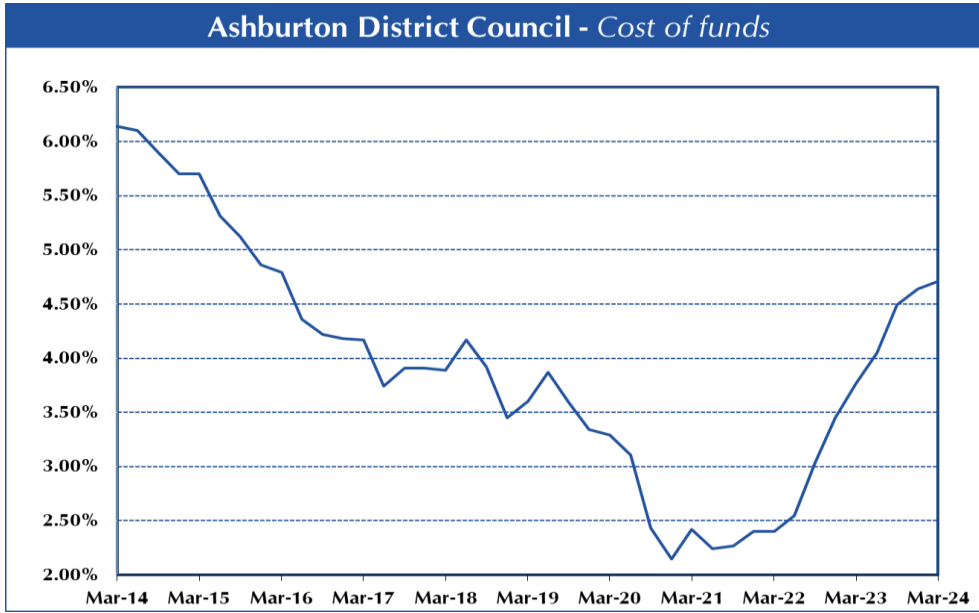
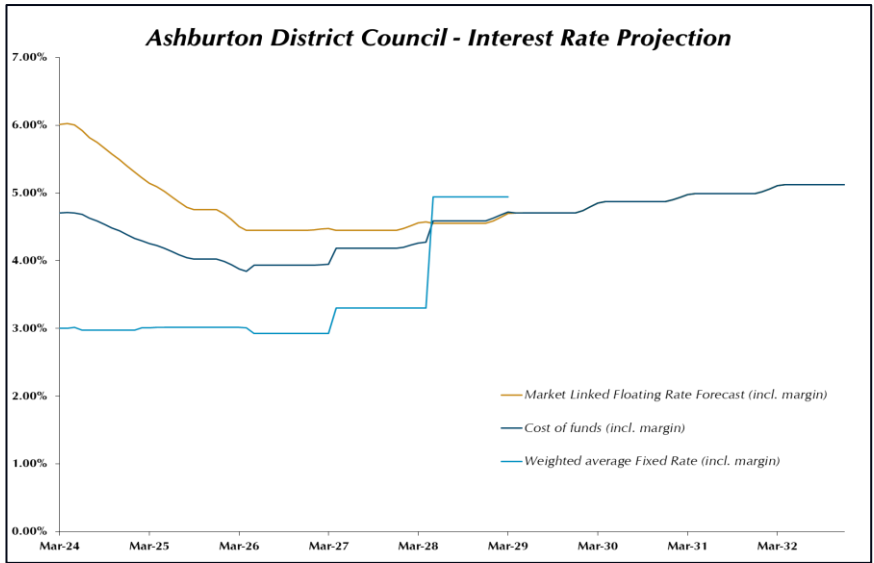
Policy Compliance	Compliant
Have all transactions been transacted in compliance with policy?	Yes
Is fixed interest rate cover within policy control limits?	Yes
Is the funding maturity profile within policy control limits?	Yes
Is liquidity within policy control limits?	Yes
Are counterparty exposures within policy control limits?	Yes

Fixed Rate Hedging Bands			
	Minimum	Maximum	Policy
0 - 2 years	40%	100%	Compliant
2 - 4 years	20%	80%	Compliant
4 - 8 years	0%	60%	Compliant

Interest Rate Risk Management



Current % of Debt Fixed	43.5%
Current % of Debt Floating	56.5%
Value of Fixed Rate (m)	\$54.6
Value of Forward Starting Cover	\$8.0
Value of Floating Rate (m)	\$71.0
Total Facilities In Place	\$125.6



Ashburton DC funding

As at 31 March

Listed below are Ashburton DC's individual debt tranches as at 31 March incorporating Commercial Paper ("CP"), Floating Rate Notes ("FRN"), and Fixed Rate Bonds ("FRB"). All of which are sourced from the LGFA. These total \$125.6m.

Instrument	Maturity	Yield	Margin	Amount
LGFA FRN	15-Apr-24	6.19%	0.55%	\$5,000,000
LGFA FRN	15-Apr-24	5.86%	0.22%	\$2,000,000
LGFA FRN	15-Apr-24	5.92%	0.28%	\$5,000,000
LGFA CP	15-May-24	5.88%	N/A	\$12,000,000
LGFA FRN	15-Apr-25	6.00%	0.37%	\$7,000,000
LGFA FRN	15-Apr-25	5.93%	0.29%	\$3,000,000
LGFA FRN	15-Apr-25	5.99%	0.35%	\$5,000,000
LGFA FRN	15-Apr-25	6.05%	0.41%	\$5,000,000
LGFA FRN	15-Apr-26	6.27%	0.63%	\$10,000,000
LGFA FRN	15-Apr-26	6.02%	0.38%	\$5,000,000
LGFA FRN	15-Apr-26	6.24%	0.60%	\$5,000,000
LGFA FRB	15-Apr-27	1.23%	N/A	\$5,000,000
LGFA FRB	15-Apr-27	0.97%	N/A	\$5,000,000
LGFA FRN	15-Apr-27	6.19%	0.55%	\$5,000,000
LGFA FRN	15-Apr-27	6.38%	0.74%	\$5,000,000
LGFA FRB	15-Apr-27	5.19%	N/A	\$3,000,000
LGFA FRB	15-May-28	2.01%	N/A	\$16,600,000
LGFA FRN	15-May-28	6.42%	0.76%	\$7,000,000
LGFA FRN	20-Apr-29	6.24%	0.60%	\$10,000,000
LGFA FRB	20-Apr-29	5.08%	N/A	\$5,000,000
Total				\$125,600,000

LGFA Borrowing Rates

As at 31 March

Listed below are the credit spreads and applicable interest rates as at 31 March 2024 for Commercial Paper (“CP”), Floating Rate Notes (“FRN”) and Fixed Rate Bonds (“FRB”), at which Ashburton District Council (“ADC”) could source debt from the Local Government Funding Agency (“LGFA”).

Maturity	Margin	FRN (or CP Rate)	FRB
3 month CP	0.15%	5.79%	N/A
6 month CP	0.15%	5.72%	N/A
April 2024	0.27%	5.91%	5.85%
April 2025	0.37%	6.01%	5.70%
April 2026	0.44%	6.08%	5.30%
April 2027	0.57%	6.21%	5.14%
May 2028	0.66%	6.30%	5.08%
April 2029	0.75%	6.39%	5.10%
May 2030	0.83%	6.47%	5.16%
May 2031	0.92%	6.56%	5.28%
April 2033	0.99%	6.63%	5.39%
May 2035	1.07%	6.71%	5.53%
April 2037	1.13%	6.77%	5.66%

Investment Portfolio

As at 31 March

As at 31 March, ADC's Fixed Interest Portfolio ("FIP") had a nominal value of \$4,000,000 and a market value of \$3,994,024. The makeup of the FIP as at 31 March, including its valuation, is shown in the following table.

Issue	Rating	Maturity Date	Nominal Value	Coupon Rate	Yield	% of Portfolio	Duration	Gross Price
ANZ	A	17-Sep-26	\$1,000,000	2.99%	6.45%	23.11%	2.34	\$922,945
Westpac	A	16-Sep-27	\$1,100,000	6.19%	6.15%	27.64%	3.09	\$1,104,119
Kiwibank	AA	19-Oct-27	\$1,000,000	5.73%	5.10%	25.83%	3.17	\$1,031,670
Westpac	A	14-Feb-29	\$900,000	6.73%	6.00%	23.42%	4.11	\$935,290
Total			\$4,000,000	5.40%	5.91%	100.00%	3.17	\$3,994,024



Disclaimer

IMPORTANT NOTICE

Statements and opinions contained in this report are given in good faith, but in its presentation, Bancorp has relied on primary sources for the information's accuracy and completeness. Bancorp does not imply, and it should not be construed, that it warrants the validity of the information. Moreover, our investigations have not been designed to verify the accuracy or reliability of any information supplied to us.

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7. *Management of Accounts Receivable*

Author	<i>Lauretta Smith; Accountant</i>
Activity Manager	<i>Erin Register; Finance Manager</i>
Executive Team Member	<i>Leanne Macdonald; Group Manager Business Support</i>

Summary

- The purpose of this report is to provide an update on our management of outstanding Receivables.

Recommendation

- **That** the Audit and Risk Committee receive the report of accounts receivable.

Background

The current situation

1. Ashburton District Council have receivables in the form of rates and other debtors. Outstanding debts are being actively managed.
2. Council engages an external debt management organisation for outstanding debtor invoices. As at the end of March we had 53 outstanding debtor accounts being managed.
3. No outstanding rates accounts are currently managed externally. However, Debt Management Central (DMC), a local authority shared service, is about to manage our prior year's outstanding rates. DMC collect outstanding debt for approximately 34 councils across NZ and focus only on local government debt, particularly rating debt.
4. As at 31 March 2024, the total outstanding rates were \$2,150,118 (2023; \$2,335,541). \$1,521,993 (2023; \$2,381,663) of this total relates to outstanding rates from year ending June 2023 and prior.

5. See below summary of Other Debtors outstanding as at 31 March 2024:

	Three Months	Two Months	One Month	Current	Balance
Sundry Debtors	(29,769)	(123,053)	(2,510)	1,988,808	1,833,476
Building and Resource Consents	74,987	13,659	53,251	196,438	338,335
Rental Debtors	130,687	559	28,394	64,804	224,443
Resource Recovery Park Debtors	7,324	673	169,675	6,437	184,110
Water Billing	81,417	32,035	54	(3)	113,503
Infringements	3,453	7,415	22,861	32,150	65,879
Licences	(3,083)	123	3,182	22,366	22,588
Animals	15,500	66	289	215	16,070
EA Networks Centre	1,100	2,040	3,956	7,976	15,071
Halls and Reserve Boards	-	3,578	79	3,002	6,658
Certificates	(7,245)	1,203	2,328	5,230	1,516
Airport	(12)	20	(15)	152	145
Trade Waste Debtors	(461)	-	-	-	(461)
Forestry Debtors	(633)	4	-	-	(628)
	273,266	(61,678)	281,544	2,327,573	2,820,705

6. Other debtors over \$10,000 outstanding greater than 90 days are as follows:

Debtor Type	\$10,000 - \$30,000	\$30,000 - \$50,000	\$50,000 - \$100,000	Total
Rental	1	1	1	3
Sundry		1		1
Applications	4	1		5

Rental

The debtor in the \$50,000 - \$100,000 category is currently negotiating an acceptable payment plan. Property is working with the lawyers to sort the debt in the \$30,000 - \$50,000 category. The final debtor in the \$10,000 - \$30,000 category has been sent to our external debt manager for collection.

Sundry

The debt is an internal allocation requiring correction which will be resolved this month.

Applications

Of the five outstanding:

one indicated they will pay by end of March but funds have not yet been received. This is being actively followed with the department with options for the next step being discussed.

two have had a payment extension (one for 3 months and one for 12 months)

one has been sent final demand and

one is sitting with our external debt manager to collect.

Legal/policy implications

Terms of Trade

7. We are currently looking into our debtor invoices and ensuring we have the correct disclosure statement to be legally able to charge collection fees and interest on sundry debt.
8. Rates collection is legislated by the Local Government (Rating) Act 2002, and we apply penalties in accordance with the Rating Act and these penalties are adopted annually as part of our annual plan process.

Financial implications

Requirement	Explanation
What is the cost?	Cashflow on the organisation
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	Leanne Macdonald, Group Manager – Business Support

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	Inform – one-way communication
Rationale for selecting level of engagement	To provide assurance the councils accounts receivable are being actively managed.
Reviewed by Strategy & Policy	Mark Low; Strategy and Policy Manager

Audit and Risk Committee

8 May 2024

8. Biennial Building Consent Authority Audit

Author	<i>Michael Wong; Building Services Manager</i>
Activity Manager	<i>Michael Wong; Building Services Manager</i>
Executive Team Member	<i>Jane Donaldson; Group Manager Compliance & Development</i>

Summary

- Council had its biennial accreditation assessment audit from 19 February to 22 February 2024. This is a requirement for all Building Consent Authorities. International Accreditation New Zealand (IANZ) identified eleven general non-compliances that Council must clear prior to its accreditation certificate being renewed. Council has until 24 May 2024 to achieve this.

Recommendation to Council

- **That** the Audit and Risk Committee recommends to Council that the Building Consent Authority Audit report be received.
- **That** Council be notified when the non-compliances are cleared by IANZ and Council's accreditation is renewed.

Attachment

Appendix 1 IANZ Assessment Report

Background

The current situation

1. From 31 March 2009, only registered Building Consent Authorities (BCAs) have been permitted to perform building consenting and certifying functions in terms of the Building Act 2004.
2. The Ministry for Business, Innovation and Employment (MBIE) has published regulations and criteria for accrediting Building Consent Authorities. IANZ is currently contracted by MBIE to undertake the assessments of Building Consent Authorities against these criteria for registration by MBIE.
3. The Building (Accreditation of Building Consent Authorities) Regulations 2006 require each Building Consent Authority to have appropriate policies, systems and procedures in writing that record how it ensures that it implements effective policies, procedures and systems. They also require each BCA to record the key decisions it makes, the reasons for them, and the outcomes and actions of those decisions.
4. The assessment audit is carried out every two years to check compliance against the Regulations.
5. Following the assessment audit, a report is provided to Council with any non-compliances that need to be completed prior to accreditation being renewed for a further two year period. Failure to answer the non-compliances satisfactorily may result in Council losing its accreditation.
6. In July 2017 there were some new regulations introduced and the format of the assessment was changed to a more stringent procedure. Corrective action requests became serious or general non-compliances.

The February 2024 Assessment

7. The assessment report (attached) shows we received 2 'serious' non-compliances (none last time), 14 'general' non-compliances (10 last time), 24 recommendations (7 last time) and 1 advisory note (0 last time). Like the last assessment, there were no technical non-compliances with all of the non-compliances relating to administrative matters. To date, the two serious non-compliances were cleared on the day we were told during the audit and three general non-compliances were cleared before the audit finished, leaving 11 general non-compliances to attend to. To date, six have been cleared.

Legal/policy implications

8. The following sections of the Building Act 2004 relate to the Council as a Building Consent Authority.

Section 12 Role of building consent authority and territorial authority

[Building Act 2004 No 72 \(as at 15 November 2021\), Public Act 12 Role of building consent authority and territorial authority – New Zealand Legislation](#)

Section 14F Responsibilities of building consent authority

[Building Act 2004 No 72 \(as at 15 November 2021\), Public Act 14F Responsibilities of building consent authority – New Zealand Legislation](#)

Section 212 Territorial authority must act as a building consent authority for its district

[Building Act 2004 No 72 \(as at 15 November 2021\), Public Act 212 Territorial authority must act as building consent authority for its district – New Zealand Legislation](#)

Section 215 Territorial authority must gain accreditation and be registered

[Building Act 2004 No 72 \(as at 15 November 2021\), Public Act 215 Territorial authority must gain accreditation and be registered – New Zealand Legislation](#)

Section 251 Criteria for accreditation

[Building Act 2004 No 72 \(as at 15 November 2021\), Public Act 251 Criteria for accreditation – New Zealand Legislation](#)

Section 254 Revocation of accreditation

[Building Act 2004 No 72 \(as at 15 November 2021\), Public Act 254 Revocation of accreditation – New Zealand Legislation.](#)

Strategic alignment

9. The recommendation relates to Council’s community outcome of a prosperous economy because the more building work that takes place (without further oversight) is of benefit for the whole community.

Wellbeing		Reasons why the recommended outcome has an effect on this wellbeing
Economic		
Environmental	✓	The built environment will continue to grow safely
Cultural		
Social	✓	The public has confidence that our BCA performance is open to scrutiny

Financial implications

Requirement	Explanation
What is the cost?	Within existing budget
Is there budget available in LTP / AP?	Yes
Where is the funding coming from?	Within existing budget
Are there any future budget implications?	Only if accreditation is not renewed and statutory management is implemented
Reviewed by Finance	<i>Leanne Macdonald, Group Manager – Business Support</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
Rationale for selecting level of engagement	The BCA accreditation process is a statutory process all BCAs are required to complete every two years. No wider community engagement is required. Council must follow statutory requirements and to communicate openly with elected members about the report.

Reviewed by Strategy & Policy	Mark Low; Strategy and Policy Manager
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Next step

10. Accreditation renewed.

Date	Action / milestone	Comments
June 2024	Building Services Manager to advise Council when non-compliances are cleared and accreditation is renewed	



The NZ mark of competence
Tohu Matatau Aotearoa


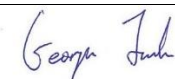
BUILDING CONSENT AUTHORITY ACCREDITATION INITIAL ASSESSMENT REPORT

Ashburton District Council

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BCA AND ASSESSMENT DETAILS

ORGANISATION DETAILS							
Organisation:		Ashburton District Council					
Address for service:		2 Baring Square East, Ashburton 7700					
Client Number:	7476	Accreditation Number:	64				
Chief Executive:		Mr Hamish Riach					
Chief Executive Contact Details:		Hamish.Riach@adc.govt.nz					
Responsible Manager:		Mr Michael Wong					
Responsible Manager Contact Details:		Michael.Wong@adc.govt.nz					
Authorised Representative:		Mr Michael Wong					
Authorised Representative Contact Details:		Michael.Wong@adc.govt.nz					
Quality Manager:		Mr Michael Wong					
Quality Manager Contact Details:		Michael.Wong@adc.govt.nz					
Number of FTEs	Technical	9.4	Support functions	5			
Total FTEs should = technical FTEs + admin FTEs + vacancies		0	Vacancies (Support)	0			
Activity during the previous 12 months		Building Consents					
		R1	474	R2	55	R3	32
		C1	30	C2	6	C3	2
		CCCs			665		
		New compliance schedules			12		
		BCA Notices to Fix			1		
ASSESSMENT TEAM							
Assessment Date:		19 February 2024 to 22 February 2024					
Lead Assessor:		Adrienne Woollard					
Lead Assessor Contact Details:		awoollard@ianz.govt.nz					
Technical Expert:		Brendan Guyton					
Observer:		Jon King (MBIE)					
ASSESSMENT FINDINGS							
		This assessment (RR):		Last assessment (RR):			
Total # of "serious" non-compliances:		2		0			
Total # of "general" non-compliances:		14		10			
Total # of non-compliances outstanding:		11		6			
Recommendations:		24		7			
Advisory notes:		1		0			
Date all action plans must be accepted:		9 April 2024					
Date all non-compliances must be cleared:		7 June 2024					
NEXT ASSESSMENT							
Recommended next assessment type:		Routine Reassessment					
Recommended next assessment month:		February 2026					
IANZ REPORT PREPARATION							
Prepared by: Adrienne Woollard		Date: 22 February 2024		Signature: 			
Checked by: Georgina Jackson		Date: 8 March 2024		Signature: 			

INTRODUCTION

This report relates to the routine accreditation assessment of the **Ashburton District Council Building Consent Authority (BCA)** which took place on site during **February 2024** to determine compliance with the requirements of the *Building (Accreditation of Building Consent Authorities) Regulations 2006* (the Regulations).

This report is based on the document review, witnessing of activities and interviews with the BCA's employees undertaken during the accreditation assessment.

A copy of this report, and subsequent information regarding progress towards clearance of non-compliances, will be provided to the Ministry of Business, Innovation and Employment (MBIE) in accordance with International Accreditation New Zealand's (IANZ) contractual obligations. This report may also be made publicly available by the BCA as long as this is not done in a way that misrepresents the content within. It may also be released under the Local Government Meetings and Official Information Act 1987 consistent with any ground for withholding that might be applicable. IANZ may also be required to release this report and assessment documentation if requested under the Official Information Act 1987.

ASSESSMENT SUMMARY

This assessment identified that the BCA had a well-managed quality system in place, with passionate and experienced staff dedicated to achieving good outcomes for both the BCA and its clients. Good recording of reasons for technical decisions, both for processing and inspection, was noted.

As the BCA was relatively small in size there was considerably more verbal communications between staff than would be experienced in a larger BCA. While verbal communications were appropriate on many occasions, in some cases important information had not been suitably recorded. This meant that the BCA was on some occasions not able to demonstrate that it had carried out functions that had obviously been discussed in some depth. The lack of recording has resulted in a number of findings being raised requiring better recording of discussions and outcomes.

The BCA was not meeting the statutory requirements for issue of building consents within 10/20 working days. As this issue was a repeat from that observed during the previous assessment, this resulted in two serious non-compliances being raised during the assessment. The BCA was able to demonstrate that while they had experienced a shortage of employees/contractors in previous years they now had appropriate resources available. The overtime consents were demonstrated to be a hangover from the previous shortage and therefore would take a while to work through the system. This explanation was documented during the assessment and therefore the two serious non-compliances were accepted as cleared.

While several non-compliances were addressed by the BCA during the assessment, there were however, still some outstanding issues. These are detailed below. The outstanding non-compliances must be addressed in order for accreditation to continue.

CONTINUING ACCREDITATION

Accreditation is a statement, by IANZ, that your organisation complies with the Regulations and MBIE BCA accreditation scheme guidance documents (as relevant). Where non-compliance with the Regulations has been identified, the Act requires that it must be addressed.

IDENTIFYING AND NUMBERING OF NON-COMPLIANCES

Non-compliance numbers have been issued to each Regulation and sub-Regulation which was assessed and found to be non-compliant, however, where more than one non-compliance is identified within one Regulation or sub-Regulation, then only one finding number is generated.

Regulations 7(2)(d)(v) and 7(2)(f) had been split out into their component parts to enable easy recording and management of the key issues.

Where both a Serious Non Compliance (SNC) and a General Non Compliance (GNC) have been issued for the same Regulation, each of these are recorded separately.

STEPS TO ADDRESSING NON-COMPLIANCES IDENTIFIED

Step 1	<p>Action plans Non-compliances raised during the assessment have been summarised and recorded in detail in this report. BCA to analyse the root cause of the finding within the finding tables nested under the relevant regulation, and then develop and document an action plan to address each finding (including documenting the evidence that will be submitted to address the finding).</p>	Required to be submitted within 10 working days of the receipt of this report.
Step 2	<p>IANZ Reviews the action plans provided IANZ will analyse the submitted action plans with the proposed evidence of implementation indicated, and will respond to the BCA accordingly with required improvements and/or acceptance of the plan.</p>	IANZ has a KPI of 10 working days to review and respond. Action plans and proposed evidence required to be accepted within 20 working days of the receipt of this report.
Step 3	<p>Submitting clearance evidence Upon the acceptance of all action plans, the BCA can proceed to provide clearance evidence to IANZ.</p>	BCA to submit a separate email to address each GNC, ideally containing all listed proposed evidence.
Step 4	<p>Review of clearance evidence Upon receiving clearance evidence, IANZ will review the appropriateness of the evidence to clear the identified non-compliance(s). Note that where the evidence provided does not provide sufficient assurance that the non-compliance has been addressed then IANZ may request further information to be satisfied, even if supply of that information was not detailed in the original action plan.</p>	IANZ has a KPI of 10 working days to review and respond to each piece of clearance evidence provided.
Step 5	<p>Last date for information submission The BCA must provide its final clearance information in sufficient time to allow for review, revision and resubmission of the information before the last date for final information submission provided.</p>	If insufficient or incomplete information is received by the last date for information submission, the BCA must apply for an extension of time (if relevant). Alternatively, an initial notice of possible revocation of accreditation may be issued.
Step 6	<p>Final clearance The BCA must clear all identified non-compliances.</p>	Within 3 months of the issuing of this report (unless an extension is granted or a finding is conditionally cleared waiting for future information).

If you do not agree with the non-compliances identified, or if you need further time to address non-compliances, please contact the Lead Assessor as soon as possible. Where you are seeking an extension to an agreed timeframe to address a non-compliance, your Chief Executive is required to make a formal request for an extension of the timeframe. These will only be granted for unpredictable and unmanageable reasons.

Please note that failure to provide timely objective evidence that identified non-compliances have been effectively and sustainably resolved may result in a recommendation to revoke accreditation.

If you have a complaint about the assessment process, please refer to the BCA Accreditation disagreements guidance which can be found [here](#), or contact the IANZ Lead Assessor, IANZ Programme Manager – Building, or IANZ Operations Manager - Inspection and BCA sectors, for further information about the IANZ appeals and complaints process.

RISK ASSESSMENT

The BCA's risk, both to the Territorial Authority, as a BCA and also as an organisation accredited by IANZ was assessed. The BCA was considered to pose a **Low Risk**. The Risk Decision table is displayed below for reference.

High risk	A non-functioning BCA - depending on extent and type of risk and agreed management method. E.g. there is a pattern of failure to follow a policy, procedure or system (PPS) by a single or multiple employees, and/or that the PPS had not been consistently and effectively implemented.	Some form of monitoring within 6 months
Medium risk	The BCA is not currently compliant and is unlikely to demonstrate substantial compliance at the next assessment, or there was a failure to implement PPS over two or more assessment cycles.	1 year
Low risk	“Normal” risk (the BCA is likely to remain substantially compliant over the next two years).	2 years
Extra Low risk	The BCA is almost fully compliant and likely to remain that way.	Reduced monitoring at next 2 yearly assessment

The main reasons for considering this risk category were:

- The BCA had a stable workforce that had a good knowledge of both technical and quality system requirements.
- The BCA was observed in the examples reviewed, to be making well considered technical decisions, with good recording of reasons for decisions noted.
- Although two serious non-compliances were raised, these were both cleared during the assessment so were no longer considered to contribute to the risk rating of the BCA.
- The items that were identified, with the exception of Compliance Schedules, were in general minor in nature and the assessment team was confident that once they were addressed that the BCA would remain compliant.

NEXT ACCREDITATION ASSESSMENT

Unless your BCA undergoes a significant change, requiring some form of interim assessment, or the BCA is unable to clear the identified non-compliances within the agreed timeframe, the next assessment of the BCA is planned as a **Routine Reassessment** for **February 2026**.

You will be formally notified of your next assessment six weeks prior to its planned date.

ABBREVIATIONS

the Act	the Building Act 2004
AOB	Accredited Organisation Building
BCA	Building Consent Authority
BCO	Building Control Officer
the Code	the Building Code
CCC	Code Compliance Certificate
Consent	Building Consent
CI	Continuous improvement
Col	Conflict of Interest
Forms Regulations	Building (Forms) Regulations 2004
GNC	General Non-compliance
IANZ	International Accreditation New Zealand
IQP	Independent Qualified Person
MBIE	Ministry of Business, Innovation and Employment
LBP	Licensed Building Practitioner
NCAS	National Competence Assessment System
NTF	Notice to Fix
the Regulations	Building (Accreditation of Building Consent Authorities) Regulations 2006
RFI	Request for Further Information
SNC	Serious Non-compliance

ASSESSMENT OBSERVATIONS AND RECORDS OF NON-COMPLIANCE

Regulation 6A(1) A system for notification

Observations and comments, including good practice and performance

The BCA had appropriately documented its system for notifying the building consent accreditation body and the Ministry of any of the matters listed within Regulation 6A(1) within 20 working days of the matter taking place.

The BCA had not made any significant changes requiring notification to IANZ and MBIE, so implementation of this Regulation was not able to be assessed.

Regulation 7(2)(a) Providing consumer information

Observations and comments, including good practice and performance

The BCA provided consumer information regarding how to apply for a consent, and how an application was processed, inspected, and certified. While several minor changes were noted to be required to the information documented on the Council's website, these changes were made during the assessment. The consumer information then met the requirements of Regulation 7(2)(a).

GNC 1 – resolved during the assessment.

Regulation 7(2)(b) Receiving building consent applications

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for receiving applications in accordance with Regulation 7(2)(b).

Implementation was seen to be appropriate where building consent applications could be received in hard copy or electronically. Any hard copy documents were then scanned into the BCA's system.

Regulation 7(2)(c) Checking building consent applications

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for checking applications in accordance with Regulation 7(2)(c).

The procedure stated that the application would be checked (vetted) within 48 hours of receipt. While this was generally happening appropriately, on some occasions this had not occurred. It is recommended that the BCA ensures that it vets all applications within 48 hours of receipt as defined within the procedure.

See Recommendation R1

Regulation 7(2)(d)(i) Recording building consent applications

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for recording applications in accordance with Regulation 7(2)(d)(i).

All applications were seen to have been appropriately recorded in its TechOne system.

Regulation 7(2)(d)(ii) Assessing building consent applications

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for assessing applications in accordance with Regulation 7(2)(d)(ii).

Applications were assessed and categorised using the NCAS building categories and the categorisation was then recorded within the BCA's system.

Regulation 7(2)(d)(iii) Allocating building consent applications

Observations and comments, including good practice and performance

The BCA had documented its procedure for allocating applications in accordance with Regulation 7(2)(d)(iii), however, the procedure (BC2) did not fully describe how the BCA would determine if Technical Leadership was required when considering the application. Nor did it indicate how any required work allocated to technical leaders during processing would be recorded.

The BCA was seen to be appropriately allocating work and seeking informal technical leadership as required so this is not raised as a non-compliance however the BCA is strongly recommended to consider providing further details in their procedure.

See Recommendation R2

Regulation 7(2)(d)(iv) Processing building consent applications

Observations and comments, including good practice and performance

The BCA had documented its procedure for processing building consent applications to establish whether the applications complied with the requirements of the Act, the Building Code, and any other applicable regulations under the Act specified for buildings in procedure BC2. The procedures were mostly appropriate however, some clarification is required, as below:

- B14 item 13 indicated the process of managing a Minor Variation on site (at the time of inspection) but this procedure did not correctly represent the process the BCA was currently undertaking.
- The procedure did not provide a process for managing Minor Variations before inspections were engaged.
- The procedure did not discuss the process of a Minor Variation requirement when the Specified Systems and/or Performance Standards were found to differ between the Building Consent and the pre-issued Compliance Schedule.
- The procedure did not include processes for consideration of current registered product

certificates. The consideration of registered product certificates was also not documented within the BCA's processing checklist.
See GNC 2

Implementation of the processing procedure was mostly found to be appropriate, with good recording of reasons for decisions noted however, it was observed that in some cases the BCA was not documenting the reason where a processor altered the building category of the application. It is therefore recommended that the BCA ensures that the reason for processors altering the building category of the application is always recorded.
See Recommendation R3

It was also noted that the BCO had on occasions not appropriately managed the clock within TechOne when complete RFI responses were received. It is recommended that the BCA works to ensure that the TechOne clock is appropriately managed, including providing any necessary training.
See Recommendation R4

General Non-compliance No. 2: Action Plan accepted Cleared select date.

Breach of requirement:	Regulation 7(2)(d)(iv)						
Breach of requirement:	Regulation(s)	<input checked="" type="checkbox"/> 5(a)	<input checked="" type="checkbox"/> 5(b)	<input type="checkbox"/> 5(c)	<input type="checkbox"/> 6(b)	<input type="checkbox"/> 6(c)	<input type="checkbox"/> 6(d)
FINDING DETAILS							
<p>The BCA's procedure for processing of building consent applications requires clarification as follows:</p> <ul style="list-style-type: none"> • B14 item 13 indicated the process of managing a Minor Variation on site (at the time of inspection) but this procedure did not correctly represent the process the BCA was currently undertaking. • The procedure did not provide a process for managing Minor Variations before inspections were engaged. • The procedure did not discuss the process of a Minor Variation requirement when the Specified Systems and/or Performance Standards were found to differ between the Building Consent and the pre-issued Compliance Schedule. • The procedure did not include processes for consideration of current registered product certificates. The consideration of registered product certificates was also not documented within the BCAs processing checklist. 							
IMPORTANT DATES							
Date this action plan was accepted by IANZ:						Click or tap to enter a date.	
Final date evidence of implementation can be accepted from BCA:						24 May 2024	
PLAN OF ACTION <i>(To be provided by BCA)</i>							
PROPOSED EVIDENCE OF IMPLEMENTATION <i>(To be provided by BCA):</i>							
EVIDENCE OF IMPLEMENTATION AND ANY DISCUSSIONS:							
Date ORG (Initials)							
Date ORG (Initials)							
NON COMPLIANCE CLEARED							
Signed:						Date: Click or tap to enter a date.	

Regulation 7(2)(d)(v) Granting and issuing building consents and Compliance with Form 5

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for granting and issuing consents, in accordance with Regulation 7(2)(d)(v).

During review of a sample of issued building consents some items were identified that did not fully meet the requirements of the legislation, and/or the BCA’s procedures and information as follows:

- Within the Form 3s that were relevant to the Building Consent applications reviewed, it was identified that within the notice it indicated that the invoice would be sent once approval of the Building Consent was given and that the payment was due by the 20th of the month following the invoice. This largely differed from the BCAs procedure and the Consumer information within the Council’s website.
- Within the review of the Form 5s (building consents) associated with commercial consents that contained specified systems, the BCA had not listed the Performance Standards of the Specified Systems within the Form (or on a draft Compliance Schedule indicated as an attachment to the Form 5) as required by the Forms Regulations.
- Within the review an example was identified where the Form 2 only requested a Building Consent (not a PIM) and within the “internal PIM check” a section 37 was identified as being required. Section 37(3)(b) requires the TA to provide a Section 37 notice to the BCA and the BCA is required under section 51(1)(3)(4) to provide the information to the applicant. The relevant Form 5 was issued without the required Form 4 indicated as an attachment.

See GNC 3

Issued building consents generally met expectations except advice notes added to the consent were at times not relevant to the work the consent was issued for. It is recommended that the BCA ensure that all advice notes are relevant to the scope of the building work (e.g. surveying should not be required for an internal fitout).

See Recommendation R5

General Non-compliance No. 3: Action Plan accepted Cleared select date.

Breach of requirement:	Regulation 7(2)(d)(v)						
Breach of requirement:	Regulation(s)	<input type="checkbox"/> 5(a)	<input type="checkbox"/> 5(b)	<input checked="" type="checkbox"/> 5(c)	<input type="checkbox"/> 6(b)	<input type="checkbox"/> 6(c)	<input type="checkbox"/> 6(d)

FINDING DETAILS

During review of a sample of issued building consents some items were identified that did not fully met the requirements of the legislation, and/or the BCA’s procedures and information as follows:

- Within the Form 3s that were relevant to the Building Consent applications reviewed it was identified that within the notice it indicated that the invoice would be sent once approval of the Building Consent was given and that the payment was due by the 20th of the month following the invoice. This largely differed from the BCA procedure and the Consumer information within the Council’s website.
- Within the review of the Form 5s (building consents) associated with commercial consents that contained specified system the BCA had not listed the Performance Standards of the Specified Systems within the Form (or on a draft Compliance Schedule indicated as an attachment to the Form 5) as required by the Forms Regulations.
- Within the review an example was identified where the Form 2 only requested a Building Consent (not a PIM) and within the “internal PIM check” a section 37 was identified as being required. Section 37(3)(b) requires the TA to provide a Section 37 notice to the BCA and the

BCA is required under section 51(1)(3)(4) to provide the information to the applicant. The Form 5 was issued without the required Form 4 indicated as an attachment.	
IMPORTANT DATES	
Date this action plan was accepted by IANZ:	Click or tap to enter a date.
Final date evidence of implementation can be accepted from BCA:	24 May 2024
PLAN OF ACTION <i>(To be provided by BCA)</i>	
PROPOSED EVIDENCE OF IMPLEMENTATION <i>(To be provided by BCA):</i>	
EVIDENCE OF IMPLEMENTATION AND ANY DISCUSSIONS:	
Date ORG (Initials)	
Date ORG (Initials)	
NON COMPLIANCE CLEARED	
Signed:	Date: Click or tap to enter a date.

Regulation 7(2)(d)(v) Lapsing building consents
Observations and comments, including good practice and performance
<p>The BCA had appropriately documented its procedure for lapsing of Building Consents, in accordance with Regulation 7(2)(d)(v).</p> <p>The BCA was actively monitoring building consents as they reached 10 months from the date of issue (when they sent a reminder letter) and 12 months from the date of issue (where they recorded the consent as lapsed in their system if no application for an extension of time was received and granted). A number of examples were reviewed. On one occasion no reason for extension had been recorded (which is especially important where it is a second or subsequent extension). It is recommended that the BCA records the reason for the extension for each extension granted.</p> <p>See Recommendation R6</p>

Regulation 7(2)(d)(v) Compliance with statutory timeframes for granting and issuing building consents
Observations and comments, including good practice and performance
<p>Building Consents were not always granted within the time limits specified in section 48 of the Building Act. During the assessment the BCA gathered information and met to discuss whether it had sufficient employees and contractors. The outcome of the meeting was that the BCA determined that the cause of the identified issue of building consents not being issued within 20 working days was that there were a number of historical consent applications on RFI, already over 20 days, that were now being issued and this was skewing the results. The BCA was able to determine that they had been substantially compliant with the 20-day clock for consents received since September 2023 when the historical consents were excluded from the dataset.</p>

This issue was raised as SNC 1 and considered to be resolved during the assessment after providing the meeting minutes to the assessor indicating substantial (approximately 95%) “current” compliance versus compliance of “historical applications” that were already over 20 days and could therefore not be addressed within the 20-day timeframe.

Regulation 7(2)(e) Planning, performing and managing inspections

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for planning, performing and managing inspections in accordance with Regulation 7(2)(e).

Inspections were adequately planned as part of processing.

A number of inspections were witnessed during the assessment and a selection of inspection records were reviewed. Inspectors were seen to be making well considered technical decisions and keeping good records of the reasons for their decisions.

Regulation 7(2)(f) Application for code compliance certificates

Observations and comments, including good practice and performance

The BCA had a documented procedure for Application for a Code Compliance Certification, however, within the procedure (BI4 – item 1) the BCA indicated that documentation greater than the requirement of section 92 was required in order for a CCC application to be accepted.
See GNC 4A

Within the review of the procedure (BI4) and the Form 6 template it was noted that the BCA had not accounted for the requirement for consideration of current manufacturers certificates issued by a registered manufacturer, that relate to any modular components. It is recommended that the BCA include this consideration as required. Note: The reason that this item is raised as a recommendation and not a non-compliance is that there are currently no manufacturer certifiers to provide the certificates.
See Recommendation R7

General Non-compliance No. 4A: Action Plan accepted Cleared select date.

Breach of requirement:	Regulation 7(2)(f)						
Breach of requirement:	Regulation(s)	<input checked="" type="checkbox"/> 5(a)	<input checked="" type="checkbox"/> 5(b)	<input type="checkbox"/> 5(c)	<input type="checkbox"/> 6(b)	<input type="checkbox"/> 6(c)	<input type="checkbox"/> 6(d)
FINDING DETAILS							
Within the procedure for Application for a Code Compliance Certification procedure (BI4 – item 1) the BCA indicated that documentation greater than the requirement of section 92 was required in order for a CCC application to be accepted.							
IMPORTANT DATES							
Date this action plan was accepted by IANZ:						Click or tap to enter a date.	
Final date evidence of implementation can be accepted from BCA:						24 May 2024	
PLAN OF ACTION <i>(To be provided by BCA)</i>							

PROPOSED EVIDENCE OF IMPLEMENTATION <i>(To be provided by BCA):</i>	
EVIDENCE OF IMPLEMENTATION AND ANY DISCUSSIONS:	
Date ORG (Initials)	
Date ORG (Initials)	
NON COMPLIANCE CLEARED	
Signed:	Date: Click or tap to enter a date.

Regulation 7(2)(f)	Preparing and issuing code compliance certificates
Observations and comments, including good practice and performance	
<p>The BCA had appropriately documented its procedure for the preparation and issuing of Code Compliance Certificates.</p> <p>During the assessment a selection of issued CCCs were reviewed. Within this review it was identified that the BCA was not listing the Compliance Schedule as an attachment as required by the prescribed form.</p> <p>See GNC 4B</p> <p>Further to the above, a recent example of a CCC was noted where the fire alarm was certified as meeting the requirements of NZS4512:2021 by the inspector but the installers certificate (as required by the standard) had not been provided or requested. It is recommended that the BCA ensures that it receives all of the documentation required by the specified Performance Standard for Specified Systems to support the decision to issue the CCC.</p> <p>See Recommendation R8</p>	

General Non-compliance No. 4B: Action Plan accepted Cleared select date.

Breach of requirement:	Regulation 7(2)(f)						
Breach of requirement:	Regulation(s)	<input type="checkbox"/> 5(a)	<input type="checkbox"/> 5(b)	<input checked="" type="checkbox"/> 5(c)	<input type="checkbox"/> 6(b)	<input type="checkbox"/> 6(c)	<input type="checkbox"/> 6(d)
FINDING DETAILS							
<p>The BCA was not listing the Compliance Schedule as an attachment to a CCC where the building work contained specified systems, as required by the prescribed form.</p>							
IMPORTANT DATES							
Date this action plan was accepted by IANZ:						Click or tap to enter a date.	
Final date evidence of implementation can be accepted from BCA:						24 May 2024	
PLAN OF ACTION <i>(To be provided by BCA)</i>							
PROPOSED EVIDENCE OF IMPLEMENTATION <i>(To be provided by BCA):</i>							

EVIDENCE OF IMPLEMENTATION AND ANY DISCUSSIONS:	
Date ORG (Initials)	
Date ORG (Initials)	
NON COMPLIANCE CLEARED	
Signed:	Date: Click or tap to enter a date.

Regulation 7(2)(f) 24-month CCC decisions	
Observations and comments, including good practice and performance	
<p>The BCA had appropriately documented its procedure for making a 24-month decision on whether to issue a Code Compliance Certificate where no application for Code Compliance Certificate had been received, in accordance with Regulation 7(2)(f). It is however recommended that the BCA add to its procedure its process that it uses for if it chooses to issue a CCC at 24 months, in order to reflect the TechOne workflow. See Recommendation R9</p> <p>In some cases, the BCA was incorrectly requiring the applicant to provide a CCC application at 24 months. It is therefore recommended that the BCA changes its letter template to exclude a requirement for CCC application at 24 months. See Recommendation R10</p> <p>Implementation was not always fully adequate, where the BCA had not always followed its procedure to send a letter at 18 months notifying of its 24-month CCC decision requirement. An IT glitch meant that in some cases the TechOne 18-month alert was not correctly generated. The Council was aware that this issue required fixing but was yet to be able to allocate sufficient resources to the issue. The BCA had developed a workaround manual report however, as this was not always working effectively this is not accepted as a long-term solution. See GNC 4C</p>	

General Non-compliance No. 4C: Action Plan accepted Cleared select date.

Breach of requirement:	Regulation 7(2)(f)						
Breach of requirement:	Regulation(s)	<input type="checkbox"/> 5(a)	<input type="checkbox"/> 5(b)	<input checked="" type="checkbox"/> 5(c)	<input type="checkbox"/> 6(b)	<input type="checkbox"/> 6(c)	<input type="checkbox"/> 6(d)
FINDING DETAILS							
<p>The BCA had not always followed its procedure to send a letter at 18 months notifying of its 24-month CCC decision requirement. An IT glitch meant that in some cases the TechOne 18-month alert was not correctly generated. The Council was aware that this issue required fixing but was yet to be able to allocate sufficient resources to the issue. The BCA had developed a workaround manual report however, as this was not always working effectively, this is not accepted as a long-term solution.</p>							
IMPORTANT DATES							
Date this action plan was accepted by IANZ:						Click or tap to enter a date.	
Final date evidence of implementation can be accepted from BCA:						24 May 2024	
PLAN OF ACTION <i>(To be provided by BCA)</i>							

PROPOSED EVIDENCE OF IMPLEMENTATION <i>(To be provided by BCA):</i>	
EVIDENCE OF IMPLEMENTATION AND ANY DISCUSSIONS:	
Date ORG (Initials)	
Date ORG (Initials)	
NON COMPLIANCE CLEARED	
Signed:	Date: Click or tap to enter a date.

Regulation 7(2)(f)	Compliance with statutory timeframes for code compliance certificates
Observations and comments, including good practice and performance	
<p>The BCA's compliance with the statutory timeframe for issuing Code Compliance Certificates within 20 working days was seen to be averaging nearly 100%, which was considered to be substantially compliant.</p> <p>While the BCA was not recording its monitoring of the days taken to refuse CCCs when considering applications at 24 months from granting of consents, it reported that these were being monitored daily and did not exceed 20 working days. Recent examples reviewed indicated that the BCA was appropriately making a decision within 20 working days.</p> <p>Within the review of CCC applications, one example was viewed where the clock had not been managed correctly within TechOne. The BCA is recommended that they ensure consistent implementation of the documented procedure. See Recommendation R11</p>	

Regulation 7(2)(f)	Compliance schedules
Observations and comments, including good practice and performance	
<p>The BCA had documented its procedure for the preparation and issuing of Code Compliance Certificates, however, within the discussion with the BCA they indicated that as part of the process of issuing a Compliance Schedule a BCO would check that the pre-issued Compliance Schedule was checked against the Building Consent to ensure that all of the information aligned. This process was not articulated clearly within the procedure (BI4 – item 7). See GNC 4D</p> <p>Procedure BI4 – item 7 reads as if it implies that a Compliance Schedule Statement is “always” issued with the Compliance Schedule. This is not always the case, and it is recommended that the procedure reflects this. See Recommendation R12</p> <p>The technical expert undertook an in-depth review of the latest large Building that had a Compliance Schedule issued. This had multiple Specified Systems so was selected as an example to ensure that all Specified Systems and their Inspection, Maintenance and Reporting requirements were captured and recorded appropriately. The following issues were identified and discussed with the BCA:</p> <ul style="list-style-type: none"> • The makes of the various systems were not documented when the make should have been known by the BCA (refer section 103 (1)(a) of the Act). Not recording the make also caused an 	

issue in relation to understanding the relevance of some of the inspection and maintenance procedures documented. In particular, the inspection and maintenance section of some of the specified systems indicated to refer to the manufacturers recommendations but as no make was indicated the “manufacturer” could not be confirmed from the document.

Note: in this case the make was identified within the certification documentation provided with the CCC application and was also provided within the issued building consent documentation.

- Three of the system descriptions recorded were not correct to the specified system listed.
- The Compliance Schedule was not clear on the location of the Specified Systems within the building.
- Some of the Performance Standards listed were:
 - Not technically correct for the system (as an inappropriate year was indicated).
 - Not referring to the applicable amendment.
 - Not as per the certification documentation.
 - Where it was relevant to require multiple Performance Standards for the system only one was referenced (SS9).
 - Some of the Performance Standards were written at a level whereby the IQP would not understand the required measure.
- The frequency requirement of inspections to some Specified Systems was not appropriate for the listed Performance Standard.
- The inspection and maintenance standard referenced to one Specified System (SS9) was not appropriate as it did not describe the complete procedure required to be undertaken by the IQP.
- Two Specified Systems discussed inspection and maintenance requirements that were not relevant to the system.

This CS reviewed was part of many staged consents for the building but none of the building consents issued indicated that a Compliance Schedule was required as part of the Form 5.

See GNC 4D

Within the review of Compliance Schedules some areas were identified within the document that the BCA could consider amending:

- The relevant Building Consent/s were not listed.
- There was no version control documented.
- Not all of the relevant Building Information had been captured.
- The building use was not recorded (Suggest Building Regulations 1992 Clause A1 Classified Uses and Building Use from Schedule 2 of the Building (Specified Systems, Change the Use, & Earthquake-prone Buildings) Regs 2005.
- Occupant load for the building not indicated.
- Summary of systems not indicated.
- Page numbers not provided to the document.
- No attachments indicated for the document (for example, location plans, etc.).
- The document was not signed and dated by the BCA.
- The section of the Act referenced at the header of the document was not the appropriate section of the Act – consider the MBIE exemplar as guidance.

See Recommendation R13

General Non-compliance No. 4D: Action Plan accepted Cleared select date.

Breach of requirement:	Regulation 7(2)(f)						
Breach of requirement:	Regulation(s)	<input checked="" type="checkbox"/> 5(a)	<input checked="" type="checkbox"/> 5(b)	<input checked="" type="checkbox"/> 5(c)	<input type="checkbox"/> 6(b)	<input type="checkbox"/> 6(c)	<input type="checkbox"/> 6(d)
FINDING DETAILS							
<p>Within the discussion with the BCA, they indicated that as part of the process of issuing a Compliance Schedule a BCO would check that the pre-issued Compliance Schedule was checked against the Building Consent to ensure that all of the information aligned. This process was not articulated clearly within the procedure (B14 – item 7).</p> <p>The technical expert undertook and in-depth review of the latest large Building that had a Compliance</p>							

Schedule issued. This had multiple Specified Systems so was selected as an example to ensure that all Specified Systems and their Inspection, Maintenance and Reporting requirements were captured and recorded appropriately. The following issues were identified and discussed with the BCA:

- The make of the various systems was not documented when the make should have been known by the BCA (refer section 103 (1)(a) of the Act). If the make was not recorded this could cause a potential difficulty in relation to understanding the relevance of some of the inspection and maintenance procedures documented. In particular, the inspection and maintenance section of some of the specified systems indicated to refer to the manufacturers recommendations but as no make was indicated the “manufacturer” could not be confirmed from the document.

Note: in this case the make was identified within the certification documentation provided with the CCC application and was also provided within the issued building consent documentation.

- Three of the system descriptions recorded were not correct to the specified system listed.
- The Compliance Schedule was not clear on the location of the Specified Systems within the building.
- Some of the Performance Standards listed were:
 - Not technically correct for the system (as an inappropriate year was indicated).
 - Not referring to the applicable amendment.
 - Not as per the certification documentation.
 - Where it was relevant to require multiple Performance Standards for the system only one was referenced (SS9).
 - Some of the Performance Standards were written at a level whereby the IQP would not understand the required measure.
- The frequency requirement of inspections to some Specified Systems was not appropriate for the listed Performance Standard.
- The inspection and maintenance standard referenced to one Specified System (SS9) was not appropriate as it did not describe the complete procedure required to be undertaken by the IQP.
- Two Specified Systems discussed inspection and maintenance requirements that were not relevant to the system.

The Compliance Schedule reviewed was part of many staged consents for the building but none of the building consents issued indicated that a Compliance Schedule was required as part of the Form 5.

IMPORTANT DATES	
Date this action plan was accepted by IANZ:	Click or tap to enter a date.
Final date evidence of implementation can be accepted from BCA:	24 May 2024
PLAN OF ACTION <i>(To be provided by BCA)</i>	
PROPOSED EVIDENCE OF IMPLEMENTATION <i>(To be provided by BCA):</i>	
EVIDENCE OF IMPLEMENTATION AND ANY DISCUSSIONS:	
Date ORG (Initials)	
Date ORG (Initials)	
NON COMPLIANCE CLEARED	
Signed:	Date: Click or tap to enter a date.

Regulation 7(2)(f) Notices to fix
Observations and comments, including good practice and performance
<p>The BCA had appropriately documented its procedure for issuing Notices to fix in accordance with Regulation 7(2)(f).</p> <p>Within the review of three NTFs (Form 13) some issues were identified:</p> <ul style="list-style-type: none"> • 1 NTF listed multiple addresses as being relevant to the notice when only one address was relevant. • None of the NTFs made reference to the relevant building consent(s), as required by the prescribed form. <p>See GNC 4E</p> <p>The BCA is recommended to ensure that they only reference the relevant breaches of the Building Act as the contravention and ensure that the remedy is clear if the BCA requires approval via application (e.g. if an Amendment/Minor Variation is required).</p> <p>See Recommendation R14</p>

General Non-compliance No. 4E: Action Plan accepted Cleared select date.

Breach of requirement:	Regulation 7(2)(f)						
Breach of requirement:	Regulation(s)	<input type="checkbox"/> 5(a)	<input type="checkbox"/> 5(b)	<input checked="" type="checkbox"/> 5(c)	<input type="checkbox"/> 6(b)	<input type="checkbox"/> 6(c)	<input type="checkbox"/> 6(d)
FINDING DETAILS							
<p>Within the review of three NTFs (Form 13) some issues were identified:</p> <ul style="list-style-type: none"> • 1 NTF listed multiple addresses as being relevant to the notice when only one address was relevant. • None of the NTFs made reference to the relevant building consent(s), as required by the prescribed form. 							
IMPORTANT DATES							
Date this action plan was accepted by IANZ:					Click or tap to enter a date.		
Final date evidence of implementation can be accepted from BCA:					24 May 2024		
PLAN OF ACTION <i>(To be provided by BCA)</i>							
PROPOSED EVIDENCE OF IMPLEMENTATION <i>(To be provided by BCA):</i>							
EVIDENCE OF IMPLEMENTATION AND ANY DISCUSSIONS:							
Date ORG (Initials)							
Date ORG (Initials)							
NON COMPLIANCE CLEARED							
Signed:				Date: Click or tap to enter a date.			

Regulation 7(2)(g) Customer inquiries
Observations and comments, including good practice and performance
<p>The BCA had appropriately documented its procedure for receiving and managing customer inquiries about building control functions in accordance with Regulation 7(2)(g).</p> <p>The BCA appeared to be answering all inquiries within the described time (acknowledged with 48 hours). The BCA stated that it usually responded on the same day but there was no way of monitoring the response timeframes to determine if the requirements of the procedure were being met unless this was recorded in an email chain (but the response may be a phone call). The assessor noted that all inquiries on the phone record had been signed off, however, it was not clear whether they had been addressed within the stated timeframe.</p> <p>See GNC 5</p>

General Non-compliance No. 5: Action Plan accepted Cleared select date.

Breach of requirement:	Regulation 7(2)(g)						
Breach of requirement:	Regulation(s)	<input type="checkbox"/> 5(a)	<input type="checkbox"/> 5(b)	<input checked="" type="checkbox"/> 5(c)	<input type="checkbox"/> 6(b)	<input type="checkbox"/> 6(c)	<input type="checkbox"/> 6(d)
FINDING DETAILS							
<p>The BCA appeared to be answering all inquiries within the described time (acknowledged with 48 hours). The BCA stated that it usually responded on the same day however, there was no way of monitoring the response timeframes to determine if the requirements of the procedure were being met unless this was recorded in an email chain (but the response may be a phone call).</p>							
IMPORTANT DATES							
Date this action plan was accepted by IANZ:					Click or tap to enter a date.		
Final date evidence of implementation can be accepted from BCA:					24 May 2024		
PLAN OF ACTION <i>(To be provided by BCA)</i>							
PROPOSED EVIDENCE OF IMPLEMENTATION <i>(To be provided by BCA):</i>							
EVIDENCE OF IMPLEMENTATION AND ANY DISCUSSIONS:							
Date ORG (Initials)							
Date ORG (Initials)							
NON COMPLIANCE CLEARED							
Signed:				Date: Click or tap to enter a date.			

Regulation 7(2)(h) Customer complaints
Observations and comments, including good practice and performance
<p>The BCA had documented its procedure for receiving and managing customer complaints about building control functions, however, the documented service standards were missing details of</p>

resolution timeframes.

This issue was raised as GNC 6 and resolved during the assessment by an amendment to the procedure.

The BCA was seen to be appropriately receiving and responding to complaints within the documented timeframes.

Regulation 8(1) Forecasting workflow

Observations and comments, including good practice and performance

The BCA had documented its procedure to forecast its workflow, however, this was documented at a high level and did not fully describe the BCA's system of actively forecasting its workflow rather than completing this process on an annual basis. The procedure did not fully describe the reports that would be maintained to meet the requirements of this Regulation.

The BCA did complete annual reporting however, this did not fully cover all of the requirements of this Regulation in a single location but rather the information was scattered over many places (and sometimes just remembered).

It is therefore strongly recommended that the BCA capture in its Annual strategic review document (or elsewhere) a summary to address each part of this Regulation (as described in the MBIE Guidance) including:

- The volume of building control work it has processed, inspected and approved over the past two years, identifying any obvious peaks and/or fluctuations, and any seasonal or other patterns.
- Known pressures impacting the performance of its building control functions such as limited access to technical leadership or specialist technical resources.
- Internal or external factors that might influence the volume of building control work, such as new internal systems, the impact of environmental events and/or interest rates, and the month in which the factor/s may have any influence.
- The consenting, inspecting and compliance work it forecasts it will undertake for each category, using the BCA's nominated competency assessment system assessment levels.
- The number of full-time equivalent staff needed (capacity) at each level of competency (capability).
- The technical leadership or specialist experts it reasonably expects to need.
- What it plans to do to address any capacity or capability gaps.

See Recommendation R15

Regulation 8(2) Identifying and addressing capacity and capability needs

Observations and comments, including good practice and performance

The BCA had documented its procedure for identifying and addressing capacity and capability needs.

The BCA had not always ensured that it had sufficient staff resources or contractors to enable it to comply with the specified time limits according to section 48 (10 day (Multi use approval) and 20-day timeframe for processing Building Consent applications) of the Building Act.

During the assessment the BCA gathered information and met to discuss whether it had sufficient employees and contractors. The outcome of the meeting was that the BCA determined that the cause of the identified issue of building consents not being issued within 20 working days was that there were a number of historical consent applications on RFI, already over 20 days, that were now being issued and this was skewing the results. The BCA was able to determine and record that they had been

substantially compliant with the 20-day clock for consents received since September 2023 when the historical consents were excluded from the dataset.

This issue was raised as SNC 2 and is now considered to be cleared.

Regulation 9 Allocating work

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure to allocate work in accordance with Regulation 9.

Work was seen to be appropriately allocated to employees assessed as competent to complete the work (or to appropriately supervised employees).

Regulation 10(1) Assessing prospective employees

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for establishing the competence of a person who applied to it for employment as an employee performing building control functions in accordance with Regulation 10(1).

Regulation 10(2) Assessing employees performing building control functions

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for assessing annually (or more frequently) the competence of its employees performing building control functions in accordance with Regulation 10(2).

Sighted competency assessments had been undertaken as planned and were up to date.

Regulation 10(3)(a) to (f) Competence assessment system

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure which specified the technical requirements for a competence assessment system in accordance with Regulation 10(3).

All competence assessments were found to have been undertaken as per the BCA's competency framework (based on the National Building Consent Authority Competency Assessment System) however, within the review of some of the competency assessments there were issues identified as follows:

- The procedure (CA2 – item 10) indicated that the assessor would provide a recommended level of competency of the BO to each clause of the NZBC, but this is not what is recorded within the outcome of the assessment. The procedure requires revision to reflect implementation or implementation requires revision to reflect procedure.
- Some competency records had not been signed and dated by the BCO.

- Inconsistent results were observed between the assessment performance indicator and/or the outcome statement compared to what had been recorded within the Skills Matrix.

See **GNC 7**

General Non-compliance No. 7: Action Plan accepted Cleared select date.

Breach of requirement:	Regulation 10(3)(a) to (f)						
Breach of requirement:	Regulation(s)	<input checked="" type="checkbox"/> 5(a)	<input checked="" type="checkbox"/> 5(b)	<input checked="" type="checkbox"/> 5(c)	<input type="checkbox"/> 6(b)	<input type="checkbox"/> 6(c)	<input type="checkbox"/> 6(d)
FINDING DETAILS							
<p>Within the review of some of the competency assessments there were issues identified as follows:</p> <ul style="list-style-type: none"> • The procedure (CA2 – item 10) indicated that the assessor would provide a recommended level of competency of the BO to each clause of the NZBC, but this is not what is recorded within the outcome of the assessment. The procedure requires revision to reflect implementation or implementation requires revision to reflect procedure. • Some competency records had not been signed and dated by the BCO. • Inconsistent results were observed between the assessment performance indicator and/or the outcome statement compared to what had been recorded within the Skills Matrix 							
IMPORTANT DATES							
Date this action plan was accepted by IANZ:						Click or tap to enter a date.	
Final date evidence of implementation can be accepted from BCA:						24 May 2024	
PLAN OF ACTION <i>(To be provided by BCA)</i>							
PROPOSED EVIDENCE OF IMPLEMENTATION <i>(To be provided by BCA):</i>							
EVIDENCE OF IMPLEMENTATION AND ANY DISCUSSIONS:							
Date ORG (Initials)							
Date ORG (Initials)							
NON COMPLIANCE CLEARED							
Signed:				Date: Click or tap to enter a date.			

Regulation 11(1) The training system

Observations and comments, including good practice and performance

The BCA had developed a training system in accordance with Regulation 11(1). Where omissions were detected, they were addressed under their relevant Regulation in this report.

Regulation 11(2)(a) Making annual (or more frequent) training needs assessments

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for making annual (or more frequent) training needs assessments in accordance with Regulation 11(2)(a).

Training needs were seen to have been identified and recorded as part of competence assessments.

Regulation 11(2)(b) Preparing training plans that specify the training outcomes required

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for preparing training plans that specified the training outcomes required in accordance with Regulation 11(2)(b).

The BCA had prepared competence assessments that recorded training needs. Training needs were added to Personal Development Review (PDR) records by employees and discussed with their manager during PDR discussions. However, there was no recorded check of the training requirements on the competence assessment by the manager against those recorded on the PDR, to ensure that all required needs were considered.

The PDR records did not always record the desired outcomes of training or how the BCA would monitor the application of each of the training items. This did not appear to have been recorded elsewhere.

PDRs did not always record the planned date for the completion of training.

There was no recorded method for monitoring the application of training.
See GNC 8

General Non-compliance No. 8: Action Plan accepted Cleared select date.

Breach of requirement:	Regulation 11(2)(b)						
Breach of requirement:	Regulation(s)	<input type="checkbox"/> 5(a)	<input type="checkbox"/> 5(b)	<input checked="" type="checkbox"/> 5(c)	<input type="checkbox"/> 6(b)	<input type="checkbox"/> 6(c)	<input type="checkbox"/> 6(d)
FINDING DETAILS							
<p>Training needs were added to PDR records by employees and discussed with their manager during PDR discussions. However, there was no recorded check of the training requirements on the competence assessment by the manager against those recorded on the PDR to ensure that all required needs were considered.</p> <p>The PDR records did not always record the desired outcomes of training or how the BCA would monitor the application of each of the training items. This did not appear to have been recorded elsewhere.</p> <p>PDRs did not always record the planned date for the completion of training.</p> <p>There was no recorded method for monitoring the application of training.</p>							
IMPORTANT DATES							
Date this action plan was accepted by IANZ:					Click or tap to enter a date.		
Final date evidence of implementation can be accepted from BCA:					24 May 2024		
PLAN OF ACTION <i>(To be provided by BCA)</i>							

PROPOSED EVIDENCE OF IMPLEMENTATION <i>(To be provided by BCA):</i>	
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Date ORG (Initials)	
NON COMPLIANCE CLEARED	
Signed:	Date: Click or tap to enter a date.

Regulation 11(2)(c) Ensuring that employees receive the training agreed for them
Observations and comments, including good practice and performance
<p>The BCA had appropriately documented its procedure for ensuring that employees received the training agreed for them in accordance with Regulation 11(2)(c).</p> <p>PDRs did not always record all training identified as a training need in the relevant competence assessment, so it was concluded that there was not an appropriate system for ensuring that all required training was provided.</p> <p>See GNC 9</p>

General Non-compliance No. 9: Action Plan accepted Cleared select date.

Breach of requirement:	Regulation 11(2)(c)						
Breach of requirement:	Regulation(s)	<input type="checkbox"/> 5(a)	<input type="checkbox"/> 5(b)	<input checked="" type="checkbox"/> 5(c)	<input type="checkbox"/> 6(b)	<input type="checkbox"/> 6(c)	<input type="checkbox"/> 6(d)
FINDING DETAILS							
<p>Personal Development Reviews (PDRs) did not always record all training identified as a training need in the competence assessment, so it was concluded that there was not an appropriate system for ensuring that all required training was provided.</p>							
IMPORTANT DATES							
Date this action plan was accepted by IANZ:						Click or tap to enter a date.	
Final date evidence of implementation can be accepted from BCA:						24 May 2024	
PLAN OF ACTION <i>(To be provided by BCA)</i>							
PROPOSED EVIDENCE OF IMPLEMENTATION <i>(To be provided by BCA):</i>							
EVIDENCE OF IMPLEMENTATION AND ANY DISCUSSIONS:							
Date ORG (Initials)							
Date ORG (Initials)							

NON COMPLIANCE CLEARED	
Signed:	Date: Click or tap to enter a date.

Regulation 11(2)(d) Monitoring and reviewing employees' application of the training they have received, including by observing relevant activities
Observations and comments, including good practice and performance
<p>The BCA had appropriately documented its procedure for monitoring and reviewing employees' application of the training they had received, including by observing relevant activities, in accordance with Regulation 11(2)(d).</p> <p>Training needs were added to PDR records however, the PDR records did not always record how the BCA would monitor the application of each of the training items. While it was mentioned that supervision records would capture the monitoring of the application of training, the records reviewed did not provided this detail. As there was no recorded method for monitoring the application of training, there were no records of this occurring according to the documented method.</p> <p>See GNC 10</p>

General Non-compliance No. 10: Action Plan accepted Cleared select date.

Breach of requirement:	Regulation 11(2)(d)						
Breach of requirement:	Regulation(s)	<input type="checkbox"/> 5(a)	<input type="checkbox"/> 5(b)	<input checked="" type="checkbox"/> 5(c)	<input type="checkbox"/> 6(b)	<input type="checkbox"/> 6(c)	<input type="checkbox"/> 6(d)
FINDING DETAILS							
<p>The PDR records did not always record how the BCA would monitor the application of each of the training items.</p> <p>As there was no recorded method for monitoring the application of training there were no records of this occurring according to the documented method.</p>							
IMPORTANT DATES							
Date this action plan was accepted by IANZ:					Click or tap to enter a date.		
Final date evidence of implementation can be accepted from BCA:					24 May 2024		
PLAN OF ACTION <i>(To be provided by BCA)</i>							
PROPOSED EVIDENCE OF IMPLEMENTATION <i>(To be provided by BCA):</i>							
EVIDENCE OF IMPLEMENTATION AND ANY DISCUSSIONS:							
Date ORG (Initials)							
Date ORG (Initials)							
NON COMPLIANCE CLEARED							
Signed:					Date: Click or tap to enter a date.		

Regulation 11(2)(e) Supervising employees doing a technical job under training

Observations and comments, including good practice and performance

The BCA had documented its procedure to supervise its employees doing a technical job under training, however, within the review of processing building consents some issues were identified within the function of supervision as follows:

- The procedure was not clear in relation to how supervision would be recorded. A review of the implementation of supervision indicated that the supervisor was only signing the processing checklist, not recording his or her supervision decision and reasons for decisions regarding whether the processing checklist had been completed appropriately by the person being supervised. This process did not meet the requirements of Regulation 6 (c) and (d) in relation to documenting reasoning and outcome.
- One example was reviewed where supervision was not performed when required.
- The procedure described requirements for direct and indirect supervision, but the Skills Matrix did not differentiate between direct and indirect supervision requirements.

See GNC 11

General Non-compliance No. 11: Action Plan accepted Cleared select date.

Breach of requirement:	Regulation 11(2)(e)						
Breach of requirement:	Regulation(s)	<input type="checkbox"/> 5(a)	<input type="checkbox"/> 5(b)	<input checked="" type="checkbox"/> 5(c)	<input type="checkbox"/> 6(b)	<input checked="" type="checkbox"/> 6(c)	<input checked="" type="checkbox"/> 6(d)
FINDING DETAILS							
<p>Some issues were identified within the function of processing supervision as follows:</p> <ul style="list-style-type: none"> • The procedure was not clear in relation to how supervision would be recorded. A review of the implementation of supervision indicated that the supervisor was only signing the processing checklist, not recording his or her supervision decision and reasons for decisions regarding whether the processing checklist had been completed appropriately by the person being supervised. This process did not meet the requirements of Regulation 6 (c) and (d) in relation to documenting reasoning and outcome. • One example was reviewed where supervision was not performed when required. • The procedure described requirements for direct and indirect supervision, but the Skills Matrix did not differentiate between direct and indirect supervision requirements, so it was unclear how the procedure was to be implemented. 							
IMPORTANT DATES							
Date this action plan was accepted by IANZ:					Click or tap to enter a date.		
Final date evidence of implementation can be accepted from BCA:					24 May 2024		
PLAN OF ACTION <i>(To be provided by BCA)</i>							
PROPOSED EVIDENCE OF IMPLEMENTATION <i>(To be provided by BCA):</i>							
EVIDENCE OF IMPLEMENTATION AND ANY DISCUSSIONS:							
Date ORG (Initials)							
Date ORG (Initials)							

NON COMPLIANCE CLEARED	
Signed:	Date: Click or tap to enter a date.

Regulation 11(2)(f) Recording employees' qualifications, experience and training
Observations and comments, including good practice and performance
<p>The BCA had appropriately documented its procedure for recording employees' qualifications, experience, and training in accordance with Regulation 11(2)(f).</p> <p>Qualifications, known experience and completed training were appropriately recorded and had been filed in individual employee folders, with some additional qualification records being added during the assessment.</p>

Regulation 11(2)(g) Recording continuing training information
Observations and comments, including good practice and performance
<p>The BCA had appropriately documented its procedure for recording continuing training information in accordance with Regulation 11(2)(g).</p> <p>Employees each maintained a record of learning regarding their continuing training information.</p>

Regulation 12(1) A system for choosing and using contractors to perform its building control functions
Observations and comments, including good practice and performance
<p>The BCA had appropriately documented its procedure for choosing and using contractors to perform its building control functions in accordance with Regulation 12(1).</p>

Regulation 12(2)(a) Establishing contractors' competence
Observations and comments, including good practice and performance
<p>The BCA had appropriately documented its procedure to establish contractors' competence in accordance with Regulation 12(2)(a).</p> <p>The BCA did not currently use contractors so there were no recent records available for review of assessing contractor competence.</p>

Regulation 12(2)(b) Engaging contractors
Observations and comments, including good practice and performance
<p>The BCA had documented its procedure for engaging contractors.</p>

While email records were maintained of previous engagement of contractors the BCA was not currently using any contractors so there were no current records available to review. It is however suggested that the BCA may like to prepare and use where appropriate a form to record consideration of engagement of a contractor to allow its records of any future engagement of a contractor to be maintained in one location.

See Advisory Note A1

Regulation 12(2)(c) Making written or electronic agreements with contractors

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for making written or electronic agreements with contractors in accordance with Regulation 12(2)(c).

The BCA did not currently engage any contractors so there were no current contractor records to review.

Regulation 12(2)(d) Recording contractors' qualifications

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for recording contractors' qualifications in accordance with Regulation 12(2)(d).

The BCA did not currently engage any contractors so there were no current contractor records to review.

Regulation 12(2)(e) Monitoring and reviewing contractors' performance

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for monitoring and reviewing contractors' performance in accordance with Regulation 12(2)(e).

The BCA did not currently engage any contractors so there were no current contractor records to review.

Regulation 12(2)(f) Annually (or more frequently) assessing contractors' competence

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for annually (or more frequently) assessing contractors' competence in accordance with Regulation 12(2)(f).

The BCA did not currently engage any contractors so there were no current records of the annual assessment of contractor's competence to review.

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Regulation 13(a) Identifying employees and contractors who are competent to provide technical leadership

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for identifying employees and contractors who were competent to provide technical leadership in accordance with Regulation 13(a).

Technical leaders had been recorded within the BCA's Skills Matrix.

Regulation 13(b) Giving the employees and contractors the powers and authorities to enable them to provide the leadership

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for giving its employees and contractors powers and authorities to enable them to provide technical leadership in accordance with Regulation 13(b).

The powers and authorities of the technical leader were described within the appropriate Job Description.

Regulation 14 Ensuring necessary (technical) resources

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for ensuring it had a system for providing, and for ensuring the continuing availability of and continuing appropriateness of the technical information, facilities, and equipment that its employees and contractors needed to perform building control functions.

Records of calibrations were up to date and well maintained. Moisture meters were allowed a tolerance of $\pm 2\%$ moisture. It was recommended that the BCA reduce this to $\pm 1\%$ moisture as per the manufacturer's instruction. This procedure was amended during the assessment and was planned to be implemented when the meters were next calibrated.

See Recommendation R16

Where items had been repaired or replaced, appropriate steps taken had been clearly outlined and reasons were recorded.

Regulation 15(1)(a) A building consent authority must record its organisational structure

Observations and comments, including good practice and performance

The BCA had appropriately documented its organisational structure and its reporting lines within the Council in accordance with Regulation 15(1)(a).

Regulation 15(1)(b) A building consent must record in the structure its reporting lines and relationships with external parties

Observations and comments, including good practice and performance

The BCA had appropriately documented in the structure, the reporting lines and accountabilities, and the relationships the authority had with external organisations in accordance with Regulation 15(1)(b). These did not include its relationship with Building Consent applicants/owners of buildings. It was also not specific regarding the exact relationship (who relates to who). It is therefore recommended that the chart recording the BCA's external relationships is more descriptive regarding relationships with the BCA to include detail of all appropriate relationships.

See Recommendation R17

Regulation 15(2) A building consent authority must record roles, responsibilities, powers, authorities and any limitation on powers and authorities

Observations and comments, including good practice and performance

The BCA had appropriately documented the roles, responsibilities, powers, authorities and any limitation on powers and authorities for its employees and contractors performing building control functions, in accordance with Regulation 15(2).

The BCA had appropriately recorded roles and responsibilities within job descriptions. Delegated powers and authorities were recorded within the Council's delegations register. While all required delegations were documented, a conversation regarding delegation of authority to refuse building consent under section 95A was held. While it could be argued that this authority is covered under the delegation under Section 94 it is recommended that for clarity the Council provides a separate delegation under Section 95A.

See Recommendation R18

Regulation 16(1) A system for giving every application for a building consent its own uniquely identified file

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for allocating every application for building consent and building consent amendment its own unique identification in accordance with Regulation 16(1).

Applications were identified with the format BC0123/YY.

Amendments were identified using the parent building consent number with a suffix applied as appropriate for amendments. For example, BC0123/YY.01, .02 etc.

Each stage of staged building work received a unique building consent number, linked to other consent numbers for that project.

Regulation 16(2)(a) System for ensuring that all information relevant to an application for a building consent is put on the application's file

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for ensuring that all information relevant to an application for a building consent was put on the application's file in accordance with Regulation 16(2)(a).

Applications were managed through the BCA's TechOne and document management system.

Regulation 16(2)(b) System for ensuring that all information relevant to an application for a building consent is kept in a way that makes it readily accessible and retrievable

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for ensuring that all information relevant to an application for a building consent was kept in a way that made it readily accessible and retrievable in accordance with Regulation 16(2)(b).

Data was stored electronically and found to be accessible and retrievable as required.

Regulation 16(2)(c) System for ensuring that all information relevant to an application for a building consent is stored securely

Observations and comments, including good practice and performance

While the BCA had not fully documented a procedure for ensuring that all information relevant to an application for a building consent was stored securely in accordance with Regulation 16(2)(c), this function was demonstrated to be effectively managed by the Council's IT department.

Property and building information was stored in THOR (the Council's document management system). The Council used profile connected and passworded access, scheduled backups, and deletion management to ensure that data was stored securely. Regular training was also provided to help protect from security threats.

Regulation 17(1) A quality assurance system that covers management and operations and covers the policies, procedures and systems described in regulations 5 to 16 and 18

Observations and comments, including good practice and performance

The BCA had developed a quality assurance system that covered its management and operations. The quality assurance system covered the policies, procedures, and systems described in regulations 5 to 16 and 18.

Where omissions were detected, they have been addressed under their relevant Regulation in this report.

Regulation 17(2)(b) The policy on quality

Observations and comments, including good practice and performance

The BCA had appropriately documented its quality policy, which included quality objectives, and quality performance indicators for its building control functions at a high level, in accordance with Regulation 17(2)(b).

The BCA had also documented a number of KPIs that it used for measuring its performance against.

Regulation 17(2)(d) Regular management reporting and review, including of the quality system

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for reviewing its management system annually (or more frequently) against the expected standards for performance and high-level performance indicators from its quality policy in accordance with Regulation 17(2)(d).

The BCA undertook monthly organisational meetings and annual strategic management reviews.

Regulation 17(2)(e) Supporting continuous improvement

Observations and comments, including good practice and performance

The BCA had documented its procedure for supporting continuous improvement in accordance with Regulation 17(2)(e). The procedure did not recognise that suggestions for improvement could come from contractors or customers. It is recommended that these sources of possible CIs are also included in the procedure.

See Recommendation R19

The BCA operated several systems to record its opportunities for improvement. In particular, audits, CI items, possible improvements, and issues recorded in meeting minutes were all managed separately, although they all represented possible improvements to the BCA's systems. Not all CI items were recorded in the CI register. While it is up to the BCA to determine the system that will work best for it, the BCA is strongly encouraged to operate one system to document and manage all opportunities for improvement. This could also document that very minor items such as correcting grammar in a procedure could be managed by some simplified system.

It is recommended that all items of improvement, including any audit findings and changes to forms or procedures, are captured in one place (i.e. the CI Register). Alternatively, the BCA is recommended to record its system for capturing all items of improvement and the various methods and locations.

See Recommendation R20

It was observed that better use of the CI register could be made by recording in separate columns the issue identified, what actions were planned to be taken to address the issue, and monitoring of the effectiveness of the actions taken, rather than combining this information together in a single (or two) column(s).

See Recommendation R21

Regulation 17(2)(h) Undertaking annual audits

Observations and comments, including good practice and performance

The BCA had documented its procedure for ensuring that an internal audit of every building control function occurred annually (or more frequently), however, the procedure did not provide detail regarding the auditing process. This lack of detail may have resulted in the inconsistency observed in audit records.

See Recommendation R22

While quality system audits against procedural requirements had been completed thoroughly, there were limited records of auditing of implementation of the procedures. There was little reference to the identification of samples that had been reviewed as evidence to support audit findings.

See GNC 12

While the procedure stated a sample size of 12 was to be used for audits, this was generally only applied to technical audits.

See GNC 12

In many cases there was no recording of actions taken to address audit findings. (Refer to the recommendation 19 above, regarding managing all findings in the CI system).

See GNC 12

In many cases the auditor was auditing their own work. The BCA must ensure that they have a plan to at least have some peer review of these, so nothing is missed.

See GNC 12

Technical audits did not record who had done the audit, the date and in-depth findings (these were generally just yes or no answers to questions). This could be an appropriate answer to some questions, however for questions regarding things like the appropriateness of recording of responses against code clauses, this was considered to be insufficient. It should be noted that appropriately completed technical audits are also very useful evidence to use to support Competence assessments.

See GNC 12

General Non-compliance No. 12: Action Plan accepted Cleared select date.

Breach of requirement:	Regulation 17(2)(h)						
Breach of requirement:	Regulation(s)	<input type="checkbox"/> 5(a)	<input type="checkbox"/> 5(b)	<input checked="" type="checkbox"/> 5(c)	<input type="checkbox"/> 6(b)	<input checked="" type="checkbox"/> 6(c)	<input type="checkbox"/> 6(d)

FINDING DETAILS

While quality system audits against procedural requirements had been completed thoroughly, there were limited records of auditing of implementation of the procedures. There was little reference to the identification of samples that had been reviewed as evidence to support audit findings.

While the procedure stated a sample size of 12 was to be used for audits, this was generally only applied to technical audits.

In many cases there was no recording of actions taken to address audit findings. (Refer to the recommendation under continuous improvement regarding managing all findings in the CI system).

In many cases the auditor was auditing their own work. The BCA must ensure that they have a plan to at least have some peer review of these, so nothing is missed.

Technical audits did not record who had done the audit, the date and in-depth findings (these were generally just yes or no answers to questions). This could be an appropriate answer to some questions however for questions regarding things like the appropriateness of recording of responses against code

clauses this was considered to be insufficient.	
IMPORTANT DATES	
Date this action plan was accepted by IANZ:	Click or tap to enter a date.
Final date evidence of implementation can be accepted from BCA:	24 May 2024
PLAN OF ACTION <i>(To be provided by BCA)</i>	
PROPOSED EVIDENCE OF IMPLEMENTATION <i>(To be provided by BCA):</i>	
EVIDENCE OF IMPLEMENTATION AND ANY DISCUSSIONS:	
Date ORG (Initials)	
Date ORG (Initials)	
NON COMPLIANCE CLEARED	
Signed:	Date: Click or tap to enter a date.

Regulation 17(2)(i) Identifying and managing conflicts of interest
Observations and comments, including good practice and performance
<p>The BCA had appropriately documented its procedure in its quality assurance system for identifying and managing conflicts of interest in accordance with 17(2)(i).</p> <p>The BCA had not had any conflicts that required declaration since December 2021, so there were no recent records available for review.</p>

Regulation 17(2)(j) Communicating with internal and external persons
Observations and comments, including good practice and performance
<p>The BCA had documented its procedure for communicating with internal and external persons, however, the procedure did not fully document who communications were to/from and who was responsible for giving approval, where required. The procedure did not document how the BCA ensured that all communications were made as planned.</p> <p>These issues were raised as GNC 13 and resolved during assessment by the BCA amending its procedure to provide further detail.</p> <p>The BCA was seen to be successfully communicating in many different ways, including face to face discussions, emails, meetings, meeting minutes, and using its website to communicate with prospective clients.</p>

Regulation 17(3) A quality manager

Observations and comments, including good practice and performance

The BCA had appointed a Quality Manager, named as Michael Wong, in its quality assurance system in accordance with Regulation 17(3).

Regulation 17(3A) Concerns and complaints about building practitioners**Observations and comments, including good practice and performance**

The BCA had documented its procedure to ensure that the BCA considered concerns raised about practitioners and decided whether to make and made complaints to relevant occupational or professional authorities about practitioners, who were practitioners of or within an occupation or profession.

The BCA was observed to be discussing concerns about practitioners during team meetings and briefly recording the discussion in the minutes. While this met the needs of the BCA at the time, this information was difficult to locate to use to monitor the performance of a particular practitioner as each month's minutes needed to be searched to retrieve the information. It is therefore recommended that the BCA maintain this information in a single location (e.g. a Concerns and Complaints about Practitioner Register).

See Recommendation R23

Regulation 17(4)(a) A system for ensuring that its employees and contractors & (b) comply with the authority's quality assurance system**Observations and comments, including good practice and performance**

The BCA had appropriately documented its procedure for ensuring that its employees complied with the authority's quality assurance system in accordance with Regulation 17(4)(a).

The BCA was reported to induct all of its new people (both employees and contractors) into their quality system however, no formal record of the induction was retained. It is recommended that all inductions are formally recorded with the date, items discussed, and names of people involved.

See Recommendation R24

Regulation 17(5)(a) Strategic management reporting and review**Observations and comments, including good practice and performance**

The BCA had documented its system for annual (or more frequently) reviewing its quality assurance system, however, not all items on the MBIE checklist were specifically covered in the procedure.

See GNC 14

Minutes of the strategic management review meeting held on 30 Oct 2023 to cover the July 2022 to June 2023 period were reviewed. While many appropriate items were discussed, not all of the requirements of the MBIE checklist were recorded as being discussed.

See GNC 14

General Non-compliance No. 14: Action Plan accepted Cleared select date.

Breach of requirement:	Regulation 17(5)(a)						
Breach of requirement:	Regulation(s)	<input checked="" type="checkbox"/> 5(a)	<input checked="" type="checkbox"/> 5(b)	<input checked="" type="checkbox"/> 5(c)	<input type="checkbox"/> 6(b)	<input type="checkbox"/> 6(c)	<input type="checkbox"/> 6(d)
FINDING DETAILS							
<p>Not all items on the MBIE checklist for Requirements for strategic management review were specifically covered in the procedure or meeting agenda template.</p> <p>While many appropriate items were discussed as part of the annual strategic management review, not all of the requirements of the MBIE checklist were recorded as being discussed.</p>							
IMPORTANT DATES							
Date this action plan was accepted by IANZ:					Click or tap to enter a date.		
Final date evidence of implementation can be accepted from BCA:					24 May 2024		
PLAN OF ACTION <i>(To be provided by BCA)</i>							
PROPOSED EVIDENCE OF IMPLEMENTATION <i>(To be provided by BCA):</i>							
EVIDENCE OF IMPLEMENTATION AND ANY DISCUSSIONS:							
Date ORG (Initials)							
Date ORG (Initials)							
NON COMPLIANCE CLEARED							
Signed:		Date: Click or tap to enter a date.					

Regulation 17(5)(b) Making appropriate changes in the quality assurance system	
Observations and comments, including good practice and performance	
<p>The BCA had appropriately documented its system for annually (or more frequently) making appropriate changes in the quality assurance system in accordance with Regulation 17(5)(b).</p> <p>The BCA used its audit and CI processes to identify any required changes and to implement and monitor the required changes.</p>	

Regulation 18(1) Technical qualifications	
Observations and comments, including good practice and performance	
<p>The BCA had appropriately documented its system for ensuring that each employee and contractor who performed the authority’s building control functions by doing a technical job held an appropriate technical qualification or was working towards one (unless exempted from the requirements).</p> <p>All employees and contractors performing a technical function were demonstrated to hold an</p>	

appropriate qualification. Records of qualifications were held in the master Competency Table.

Regulation 18(3) Technical qualifications

Observations and comments, including good practice and performance

The BCA had appropriately documented its procedure for establishing circumstances of employees and contractors that would make it unreasonable and impractical to require technical qualifications in accordance with Regulation 18(3)(a) and (b).

The BCA did not have any employees or contractors that were exempt from its requirements to hold an appropriate qualification.

SUMMARY OF RECOMMENDATIONS

Recommendations are intended to assist your BCA to maintain compliance with the Regulations. They are **not** conditions for accreditation but a failure to make changes may result in non-compliance with the Regulations in the future.

It is recommended that:

- R1 Regulation 7(2)(c)** It is recommended that the BCA ensures that it vets all applications within 48 hours of receipt as defined within the procedure.
- R2 Regulation 7(2)(d)(iii)** The BCA is recommended to amend the allocation procedure (BC2) to describe how the BCA will determine if Technical Leadership is required when considering the application and how any required work allocated to technical leaders during processing will be recorded.
- R3 Regulation 7(2)(d)(iv)** It is recommended that the BCA ensures that where a processor alters the building category of the application that the reason for the change is recorded.
- R4 Regulation 7(2)(d)(iv)** It is recommended that the BCA works to ensure that the TechOne clock is appropriately managed, including providing any necessary training.
- R5 Regulation 7(2)(d)(v)** It is recommended that the BCA ensure that all advice notes are relevant to the scope of the building work (e.g. surveying should not be required for an internal fitout).
- R6 Regulation 7(2)(d)(v)** It is recommended that the BCA records the reason for the extension for building consent lapse dates for each extension granted.
- R7 Regulation 7(2)(f)** Within the review of the procedure (BI4) and the Form 6 template it was noted that the BCA had not accounted for the requirement for consideration of current manufacturers certificates issued by a registered manufacturer, that relate to any modular components. It is recommended that the BCA include this consideration as required.
- R8 Regulation 7(2)(f)** A recent example of a CCC was noted where the fire alarm was certified as meeting the requirements of NZS4512:2021 by the inspector but the installers certificate (as required by the standard) had not been provided or requested. It is recommended that the BCA ensures that it receives all of the documentation required by the specified Performance Standard for Specified Systems to support the decision to issue the CCC.
- R9 Regulation 7(2)(f)** It is recommended that the BCA add to its procedure its process that it uses if it chooses to issue a CCC at 24 months, in order to reflect the TechOne workflow.
- R10 Regulation 7(2)(f)** It is recommended that the BCA changes its CCC 24-month letter template to exclude a requirement for CCC application at 24 months.
- R11 Regulation 7(2)(f)** Within the review of CCC applications, one example was viewed where the clock had not been managed correctly within TechOne. The BCA is recommended that they ensure consistent implementation of the documented procedure.
- R12 Regulation 7(2)(f)** Procedure BI4 – item 7 reads as if it implies that a Compliance Schedule Statement is “always” issued with the Compliance Schedule, this is not always the case, so it is recommended that the procedure reflects this.
- R13 Regulation 7(2)(f)** Within the review of Compliance Schedules some areas were identified within the document that the BCA could consider amending:
- The relevant Building Consent/s were not listed.
 - There was no version control documented.
 - Not all of the relevant Building Information had been captured.
 - The building use was not recorded (Suggest using Building Regulations 1992 Clause A1 Classified Uses and “Building Use” from Schedule 2 of the Building (Specified Systems, Change the Use, & Earthquake-prone Buildings) Regs 2005).

- Occupant load for the building not indicated.
- Summary of systems not indicated.
- Page numbers not provided to the document.
- No attachments indicated for the document (for example, location plans etc.).
- The document was not signed and dated by the BCA.
- The section of the Act referenced at the header of the document was not the appropriate section of the Act – consider the MBIE exemplar as guidance.

R14 Regulation 7(2)(f) The BCA is recommended to ensure that they only reference the relevant breaches of the Building Act as the contravention and ensure that the remedy is clear if the BCA requires approval via application (e.g. if an Amendment/Minor Variation is required).

R15 Regulation 8(1) It is strongly recommended that the BCA capture in its Annual strategic review document (or elsewhere) a summary to address each part of this Regulation (as described in the MBIE Guidance) including:

- The volume of building control work it has processed, inspected and approved over the past two years, identifying any obvious peaks, fluctuations, seasonal, or other patterns.
- Known pressures impacting the performance of its building control functions such as limited access to technical leadership or specialist technical resources.
- Internal or external factors that might influence the volume of building control work, such as new internal systems, the impact of environmental events and/or interest rates, and the month in which the factor/s may have any influence.
- The consenting, inspecting and compliance work it forecasts it will undertake for each category, using the BCAs nominated competency assessment system assessment levels.
- The number of full-time equivalent staff needed (capacity) at each level of competency (capability).
- The technical leadership or specialist experts it reasonably expects to need.
- What it plans to do to address any capacity or capability gaps.

R16 Regulation 14 Moisture meters were allowed a tolerance of $\pm 2\%$ moisture. It was recommended that the BCA reduce this to $\pm 1\%$ moisture as per the manufacturer's instruction. This procedure was amended during the assessment and would be implemented when the meters were next calibrated.

R17 Regulation 15(1)(b) It is recommended that the chart recording the BCA's external relationships is more descriptive regarding relationships with the BCA including detail of all appropriate relationships (who relates to who and including Building Consent applicants/owners of buildings).

R18 Regulation 15(2) It is recommended that for clarity the Council provides a separate delegation under Section 95A in its Delegations Manual.

R19 Regulation 17(2)(e) It is recommended that the procedure for supporting continuous improvement includes a process for suggestions for improvement to come from contractors or customers.

R20 Regulation 17(2)(e) It is recommended that all items of improvement, including any audit findings and changes to forms or procedures, are captured in one place (i.e. the CI Register). Alternatively, the BCA is recommended to record its system for capturing all items of improvement and the various methods and locations.

R21 Regulation 17(2)(e) It is recommended that better use of the CI register could be made by recording in separate columns the issue identified, what actions were planned to be taken to address the issue, and monitoring of the effectiveness of the actions taken, rather than combining this information together in a single (or two) column(s).

R22 Regulation 17(2)(h) It is recommended that the procedure for ensuring that an internal audit of every building control function occurred annually (or more frequently) provides detail regarding the auditing process as the lack of detail may have resulted in the inconsistency observed in audit records.

- R23 Regulation 17(3A)** It is recommended that the BCA maintain information about concerns about practitioners in a single location (e.g. a Concerns and Complaints about Practitioner Register).
- R24 Regulation 17(4)(a)** It is recommended that all inductions are formally recorded with the date, items discussed, and names of people involved.

SUMMARY OF ADVISORY NOTES

Advisory notes are intended to assist your BCA to improve compliance with accreditation requirements based on IANZ's experience. They are **not** conditions for accreditation and do not have to be implemented to maintain accreditation.

- A1 Regulation 12(2)(b)** It is suggested that the BCA may like to prepare and use where appropriate a form to record consideration of engagement of a contractor to allow its records of any future engagement of a contractor to be maintained in one location.

SUMMARY TABLE OF NON-COMPLIANCE

The following table summarises the non-compliance identified with the accreditation requirements in your BCA's accreditation assessment. Where a non-compliance has been identified, a Record of Non-compliance template has been prepared detailing the issue, and to enable you to detail your proposed corrective actions to IANZ. You must update and return a template for each non-compliance identified.

Regulatory requirement	Non-compliance (Serious / General)	Non-compliance identification number	Breach of Regulation 5/6? Enter "Y" where applicable						Resolved On-site? Yes/No	Date Non-compliance to be cleared by (DD/MM/YYYY)	Date Non-compliance cleared (DD/MM/YYYY)	Number of		Brief comment
			5(a)	5(b)	5(c)	6(b)	6(c)	6(d)				Recommendation	Advisory Note	
6(A)(1)	Choose item.													
6(A)(2)	Choose item.													
Regulation 7														
7(1)	Choose item.													
7(2)(a)	General	GNC 1			Y			Yes	N/A	22/2/2024				
7(2)(b)	Choose item.										R1			
7(2)(c)	Choose item.													
7(2)(d)(i)	Choose item.													
7(2)(d)(ii)	Choose item.													
7(2)(d)(iii)	Choose item.										R2			
7(2)(d)(iv)	General	GNC 2	Y	Y				No	07/07/2024		R3, R4			
7(2)(d)(v)	General	GNC 3 SNC 1			Y Y			No Yes	07/07/2024		R5, R6			
7(2)(e)	Choose item.													
7(2)(f)	General	GNC 4	Y	Y	Y			No	07/07/2024		R7, R8, R9, R10, R11, R12, R13, R14			
7(2)(g)	General	GNC 5			Y			No	07/07/2024					
7(2)(h)	General	GNC 6	Y	Y				Yes	N/A	22/2/2024				
Regulation 8														
8(1)	Choose item.										R15			
8(2)	Serious	SNC 2			Y			Yes	N/A	22/2/2024				
Regulation 9														
9	Choose item.													
Regulation 10														
10(1)	Choose item.													
10(2)	Choose item.													
10(3)(a)	General	GNC 7	Y	Y	Y			No	07/07/2024				Regulations 10(3)(a) to (f) is considered as ONE GNC only regardless of which sub regulation(s) the GNC(s) are applied to.	
10(3)(b)														
10(3)(c)														
10(3)(d)														
10(3)(e)														
10(3)(f)														
Regulation 11														
11(1)	Choose item.													
11(2)(a)	Choose item.													
11(2)(b)	General	GNC 8			Y			No	07/07/2024					
11(2)(c)	General	GNC 9			Y			No	07/07/2024					
11(2)(d)	General	GNC 10			Y			No	07/07/2024					
11(2)(e)	General	GNC 11			Y			No	07/07/2024					
11(2)(f)	Choose item.													
11(2)(g)	Choose item.													

Regulatory requirement	Non-compliance (Serious / General)	Non-compliance identification number	Breach of Regulation 5/6? Enter "Y" where applicable						Resolved On-site? Yes/No	Date Non-compliance to be cleared by (DD/MM/YYYY)	Date Non-compliance cleared (DD/MM/YYYY)	Number of		Brief comment
			5(a)	5(b)	5(c)	6(b)	6(c)	6(d)				Recommendation	Advisory Note	
Regulation 12														
12(1)	Choose item.													
12(2)(a)	Choose item.													
12(2)(b)	Choose item.											A1		
12(2)(c)	Choose item.													
12(2)(d)	Choose item.													
12(2)(e)	Choose item.													
12(2)(f)	Choose item.													
Regulation 13														
13(a)	Choose item.													
13(b)	Choose item.													
Regulation 14														
14	Choose item.										R16			
Regulation 15														
15(1)(a)	Choose item.													
15(1)(b)	Choose item.										R17			
15(2)	Choose item.										R18			
Regulation 16														
16(1)	Choose item.													
16(2)(a)	Choose item.													
16(2)(b)	Choose item.													
16(2)(c)	Choose item.													
Regulation 17														
17(1)	Choose item.													
17(2)(a)	Choose item.													
17(2)(b)	Choose item.													
17(2)(c)	Choose item.													
17(2)(d)	Choose item.													
17(2)(e)	Choose item.										R19, R20, R21			
17(2)(h)	General	GNC 12			Y		Y	No	07/07/2024		R22			
17(2)(i)	Choose item.													
17(2)(j)	General	GNC 13	Y	Y				Yes	N/A	22/2/2024				
17(3)	Choose item.													
17(3A)(a)	Choose item.										R23		Explanatory Note: Regulations 17(3A)(a) to (c) is considered as ONE GNC only regardless of which sub regulation(s) the GNC(s) are applied to.	
17(3A)(b)														
17(3A)(c)														
17(4)(a)	Choose item.										R24			
17(4)(b)	Choose item.													
17(5)(a)	General	GNC 14	Y	Y	Y			No	07/07/2024					
17(5)(b)	Choose item.													
Regulation 18														
18(1)	Choose item.													
18(3)(a)	Choose item.												Explanatory Note: Regulations 18(3)(a) and (b) is considered as ONE GNC only regardless of which sub regulation(s) the GNC(s) are applied to.	
18(3)(b)														

Ashburton District Council
EA Networks Centre - Income & Expenditure Report
for period ending 31 March 2024

Grand Total

	Transfers	Default	Facility Wide	Retail	Stadium & Meeting Rooms	Pool	Tinwald Pool	Learn to Swim	Gymnasium & Group Fit	Total	Variance	Percentage of Budget	
	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Budget Full Year		
Operating Income				5%	15%	22%	0%	30%	28%				
Fees	1,860	0	1,860	0	185,713	316,786	0	410,426	405,018	1,319,804	2,265,199	945,395	58%
Grants & Subsidies	0	0	0	0	30,000	4,513	0	30,359	11,865	76,737	83,440	6,703	92%
Sales	0	0	0	73,930	0	(516)	0	0	0	73,413	75,000	1,587	98%
Donations	300	0	300	0	0	0	0	0	0	300	0	(300)	0%
			0										
	2,160	0	2,160	73,930	215,713	320,783	0	440,785	416,883	1,470,254	2,423,639	953,385	61%
Operating Expenses				1%	23%	28%	0%	5%	6%				
			0										
Variable costs			0										
Financial / Professional Costs	30,117	0	30,117	0	0	0	0	0	0	30,117	87,133	57,016	35%
Promotional Costs	1,896	0	1,896	0	100	0	0	319	134	2,450	36,946	34,496	7%
General Costs	283	0	283	39	709	29,752	540	77	190	31,590	25,136	(6,454)	126%
Purchases	960	0	960	43,458	16,980	5,631	0	3,463	3,065	73,557	133,087	59,529	55%
Energy & Pool Costs	0	0	0	0	33,900	275,850	595	30,079	16,878	357,301	624,231	266,930	57%
Centre Maintenance	23,641	0	23,641	0	6,895	55,795	0	225	2,793	89,349	145,890	56,541	61%
Total Variable Cost	56,898	0	56,898	43,497	58,584	367,028	1,135	34,163	23,060	584,365	1,052,423	468,058	56%
Fixed costs													
Personnel Costs	548,264	0	548,264	0	46,513	503,612	0	373,841	391,767	1,863,998	2,532,249	668,250	74%
Insurance	8,617	0	8,617	0	378	4,911	9	3,028	4,364	21,307	16,555	(4,752)	129%
Office Costs	27,208	0	27,208	2,262	43,350	50,199	150	4,624	29,681	157,475	300,750	143,275	52%
Property Costs	15,909	0	15,909	0	0	821	0	0	0	16,730	9,911	(6,818)	169%
Interest	6,919	0	6,919	0	0	0	0	0	280	7,199	6,622	(576)	109%
Internal Rental	0	0	0	8,061	644,855	455,675	0	0	93,768	1,202,358	1,603,144	400,786	75%
Centre Overhead	(693,225)	0	(693,225)	1,137	199,797	248,713	0	154,598	88,980	0	0		
Total Fixed Cost	1,300,142	0	1,300,142	9,198	845,820	710,768	159	157,686	189,424	3,269,067	4,469,232	1,200,165	73%
Operating Profit (Loss)				21,235	(688,691)	(757,012)	(1,294)	248,936	204,399	(2,383,177)	(3,098,015)	(714,838)	77%
Non-Operating Income & Expenses													
Rates & Contributors	0	3,557,751	3,557,751	0	0	0	0	0	0	3,557,751	4,614,578	1,056,827	77%
Council Overhead Expense	0	(911,467)	(911,467)	(4)	(68)	(66)	0	(7)	(18)	(911,630)	(1,246,917)	(335,287)	73%
Overall Activity Profit / (Loss)			0	21,231	(688,758)	(757,079)	(1,294)	248,928	204,381	262,944	269,646	6,702	98%

			0											
Depreciation Costs			0											
Depreciation - Office Equipment	553	1,015	1,568	0	0	0	0	0	0	0	1,568	1,740	171	90%
Depreciation - Furniture & Fittings	0	10,247	10,247	95	1,743	1,709	0	190	468		14,453	17,489	3,036	83%
Depreciation - Computer Equipment	1,536	3,801	5,338	0	0	34	0	0	0		5,372	6,517	1,145	82%
Depreciation - Buildings	29,190	86,769	115,960	0	12,615	102	0	0	0		128,676	213,886	85,209	60%
Depreciation - Light Plant	206	78,475	78,682	0	7,782	13,321	149	0	26,382		126,316	168,815	42,499	75%
			0											
	31,486	180,308	211,795	95	22,140	15,167	149	190	26,850		276,385	408,446	132,061	68%
Net Result/Budget Balance											(13,441)	(138,800)		
			0											
Capital Expenditure and Loan Repayments			0											
Loan Principal Repayment	0	0	0	0	0	0	0	0	0		0	10,822	10,822	0%
Infrastructural Asset Additions	0	0	0	0	0	0	0	0	0		0	23,468	23,468	0%
Additions / Alterations	1,582	0	1,582	0	17,300	17,610	0	0	0		36,492	64,666	28,174	56%
Other Asset Purchases	0	47,755	47,755	0	3,795	0	0	0	0		51,550	24,719	(26,831)	209%
Computer Software Purchases	0	0	0	0	0	0	0	0	0		0	10,430	10,430	0%
Cyclic Renewals	0	0	0	0	2,807	323,630	0	3,704	40,838		370,979	193,476	(177,502)	192%
			0											
	1,582	47,755	49,337	0	23,902	341,239	0	3,704	40,838		459,020	327,581	(131,439)	140%

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