



Mackenzie

DISTRICT COUNCIL

Notice is given of an Extraordinary Audit and Risk Committee Meeting to be held on:

Date: Tuesday, 14 December 2021

Time: 2.00pm

**Location: Council Chambers
Fairlie**

AGENDA

Extraordinary Audit and Risk Committee Meeting

14 December 2021

Note: This meeting may be digitally recorded by the minute-taker.

Audit and Risk Committee Membership:

Bruce Mincham (Chair)
James Leslie
Stuart Barwood
Anne Munro
Graham Smith
Emily Bradbury
Murray Cox
Matt Murphy

The purpose of local government:

(1) The purpose of local government is—

- (a) to enable democratic local decision-making and action by, and on behalf of, communities; and
- (b) to meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.

(2) In this Act, good-quality, in relation to local infrastructure, local public services, and performance of regulatory functions, means infrastructure, services, and performance that are—

- (a) efficient; and
- (b) effective; and
- (c) appropriate to present and anticipated future circumstances.

(Local Government Act 2002)

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- 1 OPENING**
- 2 APOLOGIES**
- 3 DECLARATIONS OF INTEREST**

4 REPORTS

4.1 MINUTES OF AUDIT AND RISK COMMITTEE MEETING - 7 SEPTEMBER 2021

Author: Arlene Goss, Governance Advisor

Authoriser:

Attachments: 1. Minutes of Audit and Risk Committee Meeting - 7 September 2021

RECOMMENDATION

1. That the Minutes of the Audit and Risk Committee Meeting held on Tuesday 7 September 2021 be received and confirmed as an accurate record of the meeting.



Mackenzie

DISTRICT COUNCIL

Unconfirmed MINUTES

Audit and Risk Committee Meeting

7 September 2021

**MINUTES OF MACKENZIE DISTRICT COUNCIL
AUDIT AND RISK COMMITTEE MEETING
HELD On ZOOM,
ON TUESDAY, 7 SEPTEMBER 2021 AT 1.00PM**

A Zoom recording of this meeting is available on request.

PRESENT: Mr Bruce Mincham (Chairman), Cr James Leslie, Cr Anne Munro, Mayor Graham Smith, Cr Emily Bradbury, Cr Murray Cox, Cr Matt Murphy

IN ATTENDANCE: Paul Numan (General Manager Corporate Services), Tim Harty (General Manager Operations), David Codyre (Finance Manager), Chris Genet (Audit New Zealand), Arlene Goss (Governance Advisor), reporter from Stuff.

1 OPENING

Mr Mincham opened the meeting.

2 APOLOGIES

An apology was received from Cr Stuart Barwood and Acting Chief Executive Angela Oosthuizen.

3 DECLARATIONS OF INTEREST

There were no declarations of interest.

4 VISITORS

Chris Genet from Audit New Zealand was at the meeting.

5 REPORTS

5.1 MINUTES OF AUDIT AND RISK COMMITTEE MEETING - 13 JULY 2021

COMMITTEE RESOLUTION AUD/2021/57

Moved: Mr Bruce Mincham

Seconded: Mayor Graham Smith

1. That the Minutes of the Audit and Risk Committee Meeting held on Tuesday 13 July 2021 be received and confirmed as an accurate record of the meeting.

CARRIED

5.2 VERBAL UPDATES REQUESTED BY CHAIR

Mr Mincham requested an update on the Long Term Plan. Mr Numan said staff were continuing to work with Audit New Zealand towards adopting the LTP consultation document.

David Codyre provided more detail about the queries that had been received from audit and said they were aiming to adopt on September 21.

Chris Genet said they were working through Council's flooding costs and the do-ability of the capital programme. The Mayor said it was unfair that things kept moving and there was a need to put a spade into the ground and get it over the line. Mr Genet said he could not ignore new matters as they came up.

Mr Mincham deferred the discussion on health and safety to the public excluded part of the meeting.

6 PUBLIC EXCLUDED

RESOLUTION TO EXCLUDE THE PUBLIC

COMMITTEE RESOLUTION AUD/2021/58

Moved: Cr Murray Cox

Seconded: Cr Emily Bradbury

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

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
6.1 - Risk Management Report	s7(2)(c)(ii) - the withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
6.2 - Annual Report Project Update	s7(2)(f)(i) - the withholding of the information is necessary to allow free and frank expression of opinions by or between or to members or officers or employees of any local authority	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

6.3 - Verbal Updates Requested by Chair	<p>s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p> <p>s7(2)(f)(i) - the withholding of the information is necessary to allow free and frank expression of opinions by or between or to members or officers or employees of any local authority</p>	<p>s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7</p>
6.4 - Minutes of Public Excluded Audit and Risk Committee Meeting - 13 July 2021	<p>s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities</p>	<p>s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7</p>
CARRIED		

<p>COMMITTEE RESOLUTION AUD/2021/59</p> <p>Moved: Deputy James Leslie</p> <p>Seconded: Cr Murray Cox</p> <p>That the Audit and Risk Committee moves out of public excluded into public meeting.</p> <p style="text-align: right;">CARRIED</p>

The Meeting closed at about 2.30pm.

The minutes of this meeting were confirmed at the Audit and Risk Committee Meeting held on .

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CHAIRPERSON

4.2 ANNUAL REPORT PROJECT UPDATE

Author: David Codyre, Consultant - Finance
Authoriser: Paul Numan, General Manager Corporate Services
Attachments: Nil

STAFF RECOMMENDATIONS

That the report be noted.

BACKGROUND

The Council is required to prepare and adopt an Annual Report for the year ended 30 June 2021 within four months of the end of the financial year (Local Government Act section 98(3)).

The 2020 Annual Report was adopted late in February 2021, breaching the statutory timeframe.

The adoption of the 2021/31 Long Term Plan has been running concurrently with the 2021 Annual Report process. This has and will put further pressure on the finance team capacity and additional resource has been brought on board to assist with the Annual Report.

The Annual Report measures Council's achievement against the adopted 2021 Annual Plan (financial and non-financial targets). The Annual Report is an important accountability document as it records the Council achievements, (financial and non-financial targets), against what was proposed in the Annual Plan. It reflects Council's financial and compliance with other legislative requirements and hence is widely used by borrowers and governmental agencies.

Due to the global shortage of auditors, an extension of time has been granted to allow local authorities to adopt their Annual Reports no later than 31 December 2021. Despite this Audit New Zealand have not been able to resource the Annual Report Audit until February 2022. This will result in Mackenzie District Council breaching the statutory timeframe.

DISCUSSION

The updated project plan is attached below

Title	2021 Annual Report Project Plan		
Goal	To adopt a unmodified Audited Annual Report by 31 December 2021		
Project Owner	Angela Ouishuisen David Adamson Alexis Gray Paul Numan		
Project Sponsor	Paul Numan GM Corporate	Accountable for the Annual Report	
Project Manager	David Codyre - Finance Contractor	Responsible for managing the project timeline and resourcing	
Project Leads			
Finance	Sandy Hogg - Finance Manager	Accountable for the Financial Stream Inputs	
Corporate	Ken Swinney - Corporate Planner Contractor	Accountable for the Corporate Stream Inputs	
Communications	Chris Clarke - Manager Information and Engagement	Accountable for the Communications Plan	
Budget	\$105,000 Audit		

Project Timeline				
Date	Description	Responsibility	Status	Status Date Change
24-31 May 2021	Workbook Development	John Allot/Finance Manager	Complete	8/10/2021
30-Jun-21	Workbook training and checking	John Allot/Juanita Brown/Jo Hurst	Complete	8/10/2021
30-Jun-21	Historical Magiq mapping issues resolved.	Jo Hurst	Complete	8/10/2021
30-Jun-21	Training Completed in Audit Dashboard	David Codyre	Complete	8/10/2021
17-Jan-22	Executive agree on Annual Report Template for Indesign	Chris Clarke	In progress	8/10/2021
31-Jul-21	Accounting Policies reviewed and drafted for Annual Report	David Codyre	Draft Stage	8/10/2021
5-Jun-21	External Valuations Alpine Energy - Terms of Engagement Signed	Paul Numan	Complete	8/10/2021
15-Jul-21	Alpine Energy Valuation - Valuation Completed	Paul Numan	Complete	8/10/2021
15-Jun-21	Arrange Forestry Valuation with District Forester	Paul Numan	Complete	8/10/2021
15-Jun-21	External Valuation Land and Buildings - Term of Engagement signed	Finance Manager	Complete	8/10/2021
15-Jul-21	Land and Building - Valuation received	Finance Manager	Complete	25/08/2021
15-Jul-21	Forestry - Valuation received.	Finance Manager	Complete	25/08/2021
15-Jun-21	Communicate with TDC around Downlands timeframes	Finance Manager	Complete	29/11/2021
15-Aug-21	Downlands Annual Report received	Finance Manager	Complete	29/11/2021
15-Jun-21	Confirm Tax Return and Note timing with PWC	Julie	In progress	25/08/2021
31-Oct	Tax Information sent to PWC	Julie	Not Started	25/08/2021
31-Dec	Tax Note updated and Tax Return Completed	Nicole/Julie	Not Started	25/08/2021
TBC	Management Report to Audit and Risk	Paul Numan	Not Started	
31-Jan-22	Comms Plan developed and signed off by Executive	Chris Clarke	Reviewed	
10-Jul-21	Bank Audit Letters received	Juanita Brown	Complete	25/08/2021
10-Jul-21	Albury Water Issues resolved	Paul Numan	Draft Stage	20/09/2021
31-Jul-20	Community Satisfaction Survey completed	Corporate Planner	Complete	29/11/2021
30-Jun-20	Audit New Zealand letter of Engagement letter signed, fee agreed	Paul Numan	In progress	29/11/2021
24-Jan-22	GM Corporate signoff of Annual Report	Paul Numan	Not Started	29/11/2021
31-Jan-22	Executive Review of Annual Report	Paul Numan	Not Started	29/11/2021
24-Jan-22	Annual Report sent to Graphic Designer	Chris	Not Started	
8-Feb-22	Final Annual Report Audit and Debenture Trust Deed	Paul Numan	Not Started	29/11/2021
March 2022 TBC	Annual Report Clearance - Audit NZ	Paul Numan	Not Started	29/11/2021
March 2022 TBC	Audit and Risk - Annual Report consideration	Paul Numan	Not Started	29/11/2021
March 2022 TBC	Annual Report Adoption - Council Meeting	Paul Numan	Not Started	29/11/2021
1-Apr-22	Annual Report Published and sent to key stakeholders (including	Corporate Planner/Chris	Not Started	29/11/2021
1-Apr-22	Summary Annual Report Published	Corporate Planner	Not Started	29/11/2021

CONCLUSION

Update on Key Project tasks

Council Officers have completed the majority of tasks required for the Annual Report. The remaining outstanding tasks will be completed before the final audit begins.

Audit New Zealand have confirmed the Annual Report Audit will begin on 8 February 2022. A Council meeting will be scheduled to adopt the Annual Report prior to 31 March 2022.

RISK REGISTER

Risk	Status of risk	Detail	Mitigation
Staff sickness/availability	Medium	High workload and limited resourcing	Additional Resourcing has been acquired.
Delays in LTP impacting Annual Report tasks	Medium	The long term plan process running concurrently with the Annual Report putting pressure on resources	The LTP is expected to be adopted by mid December. Workflow of Council Officers has been monitored.
Loss of institutional Knowledge and limited engineering resource	Medium	Engineering Manager left organisation 16 June 2021. Additional LTP pressures and flooding has resulted in higher workloads for engineering staff.	Acting Operations Manager contracted.
Resignation of Corporate Planner - loss of key resource	Medium	Corporate planner has resigned. Role is key to non financial side and compilation of narrative for Annual Report.	Contractor performing this role.
Budget insufficient	High	The use of Contractors will cause overruns on existing budgets.	Expenditure on support will be monitored and will ensure Contractor support is targeted at areas of highest risk.
Rectification of miscoding and other accounting issues	Low	The lack of senior resourcing in the Finance team for an extended period of time will mean additional time will be needed to check and resolve any accounting issues.	Stop gaps measures implemented for Annual Report
Delay by Audit NZ	High	Audit NZ have communicated that there is no interim audit. This will increase risk of issues arising from the final audit.	Audit confirmed to start 8 February. Officers working to provide a streamlined process this year.
Accounting policy revision	Medium	This will add additional workload and may require prior period restatements.	The change in accounting policies is being currently reviewed to determine the impact.
Impairments of assets	Medium	There is a risk that assets will need impairments given the current flood damage.	Additional time will need to be spent reviewing all assets for indicators of impairment.
	High	Medium	Low

FINANCIAL CONSIDERATIONS

The budget for the audit fees is \$105,000 but as the risk register notes additional costs have been incurred on additional resourcing and contractors due to loss of key resources.

SIGNIFICANCE

This matter is considered to be of low significance in terms of the Council's Significance and Engagement Policy.

LEGISLATIVE REQUIREMENTS

The adoption of the Annual Report is a statutory requirement of the Local Government Act 2002

COMMUNITY OUTCOMES

The Annual Report is in support of all community outcomes.

COMMUNITY VIEWS

A summary report is required by the Local Government Act to be prepared after the adoption of the Annual Report to inform the community on the performance of the Council. This will be publicly released and circulated.

CONCLUSION

The Annual Report process is underway. At this stage the Annual report will be adopted by 31 March 2022.

4.3 ANNUAL PLAN 2022-2023 PROCESS AND PROPOSED TIMETABLE

File Reference: PAD

Author: Sandy Hogg, Manager - Finance

Authoriser: Paul Numan, General Manager Corporate Services

Attachments: 1. Annual Plan 2022-2023 Timetable [↓](#) 

STAFF RECOMMENDATIONS

That the information be noted.

BACKGROUND

Annual Plan Process

Under the Local Government Act 2002 (LGA) the Council is required to prepare and adopt an annual plan for each financial year. The annual plan is the statutory link between the Long Term Plan (LTP) and the annual setting of rates.

The purpose of an annual plan is to—

- (a) present the annual budget and funding impact statement for the year to which the annual plan relates; and
- (b) identify any variation from the financial statements and funding impact statement included in the Council's LTP in respect of the year; and
- (c) provide integrated decision making and co-ordination of the resources of the Council; and
- (d) contribute to the accountability of the Council to the community.

In 2014 the LGA was amended to reduce the statutory requirements relating to annual plans.

One of the key changes was the removal of the requirement to prepare information that duplicates LTP content if that content is unchanged from the LTP. This means that only information that is different from the LTP is contained in the annual plan (the 'exceptions' approach).

The other key change was the removal of the requirement to undertake consultation on the annual plan, unless the differences from the LTP are '**significant**' or '**material**', or if the Council chooses to consult.

The proposed process for the upcoming Annual Plan 2022/23 (Year 2 of the LTP 2021-31) reflects these legislative amendments. Managers and budget holders are presently developing their budgets for 2022/23. Once this is done, where there are any differences from that outlined in Year 2 of the LTP there is an additional internal process undertaken to analyse whether those differences are 'significant' or 'material'.

The Council's Significance and Engagement Policy is used as a basis for determining whether any changes are '*significant*'. S95A of the LGA notes that a difference, variation, or departure is '*material*' "*if it could, itself or in conjunction with other differences, influence the decisions or assessments of those reading or responding to the consultation document*".

The test is applied both to individual variances in single budgets or activities but also across activities. While a variation in itself may not be material, variations when taken together across the organisation's activities as a whole may be significant.

If there are 'significant' or 'material' differences from Year 2 of the LTP, the Council must undertake consultation, but only on those differences. As with the LTP process, the Council is required to produce a Consultation Document, but unlike that process, there is no requirement for the Consultation Document for an annual plan to be audited.

The proposed approach is to treat Year 2 of the LTP 2021-2031 as the starting point for Council and report/workshop variances from this position (refer the attached timetable).

The LGA also provides flexibility as to how and who is consulted. It is no longer mandatory to use the Special Consultative Procedure. The nature of the consultation will depend on the nature of the variances and who is affected.

Due to the ongoing nature of potential legislative and policy changes from central government in a number of areas and Council's own programmes and review processes, as well as the unknown of living within the Covid environment, there is likely to be a degree of uncertainty as we plan for expenditure in the 2022/23 year.

Staff will further work with Council on planning in this environment over the coming months as part of the Annual Plan process.

Amendments to the LTP

Depending on the nature of any variances identified above, an amendment to the LTP itself may be required.

Circumstances in which this may arise include:

- significant alterations to a level of service for a significant activity that is not already provided for in the LTP
- the transfer of ownership or control of a strategic asset not already provided for in the LTP
- changes to the rating system or amendments to the Revenue and Financing Policy or the Financial Strategy in the LTP

In making any amendment to the LTP the Council must follow the Special Consultative Procedure, and a Consultation Document (CD) is required for the matter/s being amended.

Auditing of the CD and review of the initial audit report is required.

If an amendment to the LTP is required, as well as consultation on the annual plan, these processes can be run concurrently and a single CD can be adopted which addresses the requirements for consultation on both.

Although not specifically shown, time has been built into the attached timetable to allow for a potential LTP amendment.

A decision will be made by staff by 28 February 2022 if the proposed draft budgets for the Annual Plan 2022/23 will trigger an amendment to the LTP. The timetable will then be amended to reflect this decision.

Council Workshops

Staff have timetabled two council workshops for budget discussion, the first on the 8 February 2022 with budget holders presenting their draft budgets and exceptions from LTP Year 2, and then a further workshop on the 15 March 2022 looking at any changes as a result of the February workshop, review funding, rating and debt impacts, and variations from the LTP Year 2.

A draft Annual Plan workshop is proposed on the 12 April 2002 to review the non financial information.

If an amendment to the LTP is required then additional workshops will need to be added in March and April for review and adoption of the Consultation document as well as discussing the processes/methods of consulting with the community.

Engagement with Community Boards and Other Key Stakeholders

Staff will be preparing information in January 2022 to send out to community boards outlining draft budgets and for the boards to respond with any additional community projects that they wish to have included in the 2022/23 budgets.

Staff will also be engaging with Albury Water Supply and Downlands Water Supply for each schemes draft budget.

The timetable includes a meeting in February with Iwi and in April staff will present draft budgets at each community board meeting.

Financial Strategy: Rating and Borrowing Limits

The Council's Financial Strategy sets limits on rates, rates increases and borrowing. These limits may be breached with justification as to why.

Council set a limit of rates increases to not exceed 6% + Local Government Cost Index (LGCI) in each of the ten years of the LTP 2021-31.

In 2022/23 (Year 2) of the LTP the proposed rates increase is 17.3% breaching the limit set in the Financial Strategy.

Council has the following limits in relation to debt:

	Maximum Debt \$M	LTP Proposed Debt \$M
2021/2022 (Year 1)	54.7	17.1
2022/2023 (Year 2)	46.7	23.4
2023/2024 (Year 3)	48.9	22.8

CONCLUSION

The Committee is asked to note the information regarding the upcoming 2022/23 Annual Plan process.

Annual Plan 2022-2023 Timetable

Executive

Governance

Deadline for decision on whether budget will trigger an LTP Amendment requiring audit and consultation

		Process	Who's Responsible	Completed
1 November 2021	29 November 2021	LTP model transferred to Magiq Performance and Budget model for 2022-2023 initialised in Magiq	Finance	
10 November 2021		Draft Annual Plan Timetable to Executive	Manager Finance/GM Corporate Services	
30 November 2021	24 December 2021	Budget Training and Budget Templates available for managers Draft budgets completed	Finance/Budget holders	
30 November 2021	24 December 2021	Setup Annual Plan template	Corporate Planner	
24 December 2021	4 January 2022	Christmas/New Year Shutdown		
14 January 2022		Budgets to Executive for review	Manager Finance	
20 January 2022		Executive meeting to review draft budgets	Finance/Executive Team	
24 January 2022	28 January 2022	Budget collation, indicative rates and variance analysis (significant or material) Pre-engagement with Community Boards for potential community projects, Albury Water Supply and Downlands Water Supply for draft budgets	Finance	
7 February 2022		Waitangi Day - Observed		
8 February 2022		Council Workshop - draft budgets	Manager Finance/GM Corporate Services	
9 February 2022	25 February 2022	Required changes to budgets made and final draft rates modelling with variance analysis	Finance	
23 February 2022		Meeting with Iwi – discussion on draft budget projects		
28 February 2022	3 March 2022	Revised budgets to Executive with discussion on 3 March 2022	Finance/Executive	
15 March 2022		Council Workshop – revised budgets and confirmation of rates impacts and variances from LTP Year 2	Manager Finance/GM Corporate Services	

15 March 2022	31 March 2022	Draft Annual Plan preparation	Corporate Planner
11 April 2022		Twizel Community Board – budgets presented (info only)	Manager Finance/GM Corporate Services
12 April 2022		Draft Annual Plan – workshop on information excluding financials	GM Corporate Services/Corporate Planner
13 April 2022		Tekapo Community Board – budgets presented (info only)	Manager Finance/GM Corporate Services
14 April 2022		Fairlie Community Board – budgets presented (info only)	Manager Finance/GM Corporate Services
15 April 2022	18 April 2022	Easter	
1 April 2022	19 April 2022	Preparation of final financials including rating definitions, sample rates etc.	Finance
13 April 2022	6 May 2022	Annual Plan Preparation post Council workshop	Corporate Planner
25 April 2022		Anzac Day observed	
29 April 2022	6 May 2022	CE and Mayor introduction to Annual Plan prepared	CEO/Mayor
9 May 2022	16 May 2022	QA Review of Annual Plan	Executive/Finance/Communications
6 June 2022		Queen's Birthday	
8 June 2022		Circulate draft Annual Plan to Councillors	Corporate Planner/Manager Finance
15 June 2022	19 June 2022	Prepare media release, website, Facebook, adverts in Accessible/Update/Tekapo Scene	Communications/Corporate Planner
28 June 2022		Council meeting – adopt Annual Plan, Rates resolution	Manager Finance/GM Corporate Services
28 June 2022		Circulate AP, website, media release	Communications/Corporate Planner
30 June 2022		Send to Statutory parties	Corporate Planner

4.4 AUDIT PLAN - YEAR ENDED 30 JUNE 2021

Author: Paul Numan, General Manager Corporate Services

Authoriser: Angela Oosthuizen, Acting Chief Executive

Attachments: 1. Audit Plan - year ended 30 June 2021 [↓](#) 

STAFF RECOMMENDATIONS

That the information be noted.

BACKGROUND

Audit New Zealand have presented the audit plan for the audit of the Mackenzie District Council for the year ended 30 June 2021.

The Audit Plan outlines the areas of focus for the audit, and relevant logistics (including timing and personnel).

The Committee will note that the proposed timetable for the year end audit is scheduled to commence on 8 February 2022 and conclude on 15 March 2022 and that these dates are tentative at this stage.

AUDIT RISKS AND ISSUES – FOCUS AREAS

The Audit plan provides a focus on the following matters for the financial year ending 30 June 2021 and the following is a summary of the risks and issues and Councils response;

Valuation of property plant and equipment – Revaluations are an area of risk and there will be a focus on any significant difference between the carrying amount and the fair value of Council land, buildings and infrastructure assets. Valuation Partners completed a valuation as at 30 June 2021 following discussion with Audit NZ.

Investment in Alpine Energy Limited – Council are expected to complete a valuation of the share of its investment to determine fair value. This has been completed by Ernst Young and a draft provided to Audit New Zealand for their comment.

Classification of property and valuation of investment properties – Noting the classification of Councils property was extensively reviewed in 2020 resulting in reclassifications of property between asset classes and achieved via the correction of a prior period error. As noted above Council has completed a valuation of land and buildings as at 30 June 2021.

Three waters reform – Noting the establishment of four publicly owned water services entities to take over three waters service delivery effective 1 July 2024. Given the significance of the reform Council are expected to include appropriate subsequent events disclosure. This will be addressed by Council in its subsequent events disclosure.

Impact of COVID-19 – Council are expected to complete an assessment of the impact of COVID-19 pandemic on its operations and any impact on the financial and performance information. Council will complete the appropriate assessment.

Rates – Council needs to ensure we have appropriate processes in place including seeking legal advice where appropriate to ensure compliance with legislation. Council has the appropriate processes in place and has taken legal advice as required.

The risk of management override of internal controls – noting the inherent risk of fraud from management override of internal controls. Council has appropriate internal controls implemented to mitigate this risk and this is supported by a Fraud Prevention Policy.

The Committee will note the section on *Fraud Risk* and the responsibility for the prevention and detection of fraud and error. Council has a Fraud Prevention Policy and completes the Audit Fraud questionnaire as part of the annual audit.

AUDIT PLAN – OTHER MATTERS

The Audit Plan also covers off matters including the Audit Process, Materiality, Professional judgement and professional scepticism.

Reporting and Audit logistics are also outlined which outlines the Audit timetable.

During 2021 Audit implemented a new online portal that provided easier collaboration and file sharing and Council has successfully utilised the AuditDashboard as part of the LTP 2021- 2031 and will continue to do so as part of the annual report audit to 30 June 2021.

CONCLUSION

That the Audit and Risk Committee notes the contents of Audit Plan for the year ended 30 June 2021 and where appropriate the Council response as outlined in this report to the Audit Plan.

Audit plan

Mackenzie District Council

For the year ended 30 June 2021

Audit plan

I am pleased to present our audit plan for the audit of Mackenzie District Council for the year ended 30 June 2021. The purpose of this audit plan is to discuss:

Audit risks and issues	2
Group audit	8
Our audit process	9
Reporting protocols	15
Audit logistics	16
Expectations	18

The contents of this plan should provide a good basis for discussion when we meet with you.

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

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

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

Yours sincerely



Chris Genet
Appointed Auditor
6 December 2021

Audit risks and issues

Focus areas



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

Audit risk/issue	Our audit response
Valuation of property, plant and equipment	
<p>The District Council periodically revalues its land, buildings and infrastructure asset classes. Accounting standards require revaluations to be carried out with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value.</p> <p>The District Council's most recent revaluation of its roading, three waters, and solid waste assets was as at 30 June 2019, and its land and buildings as at 30 June 2020.</p> <p>Revaluations are an area of risk, due to the significant carrying values of the assets involved, and the expert judgements and assumptions required to determine fair value.</p> <p>For those assets that will not be revalued, we expect the District Council to perform a formal assessment to determine whether there is a significant difference between the fair value, and the carrying value of the asset class.</p>	<p>For the asset classes that will be subject to a revaluation, we will:</p> <ul style="list-style-type: none"> • review the valuation performed to assess whether it complies with the relevant valuation and accounting standards; • assess that the controls in place and assumptions applied to the valuation are reasonable and applied consistently; • obtain an understanding of the underlying data; • evaluate the qualifications, competence and expertise of the external valuer used; • confirm that any fair value movements have been accounted for correctly; and • verify that all the assets in the class have been revalued. <p>For asset classes which are not revalued this year, we will review the District Council's assessment of whether there is any significant difference between the carrying amount and fair value of each asset class.</p> <p>We encourage the Council to perform this assessment early so that if a revaluation is required, there is time to complete it without it impacting on the annual report process.</p>

Audit risk/issue	Our audit response
Investment in Alpine Energy Limited	
<p>The District Council, holds a share investment in Alpine Energy Limited. The other shareholders are Timaru District Holdings Limited and Waimate District Council.</p> <p>The District Council recognises its share investment in the financial statements at its fair value. Movements in fair value are recorded in other comprehensive revenue and expense.</p> <p>We expect the District Council will complete a valuation of the share investment to determine its fair value.</p>	<p>We will:</p> <ul style="list-style-type: none"> • review the methodology of the valuation, and assumptions used, for reasonableness, and compliance with accounting standards; • confirm valuation movements have been correctly accounted for, and that appropriate disclosures have been made; and • assess the valuer's expertise for the work and their objectivity, including reading their terms of engagement and considering the existence of other engagements or relationships with the District Council.
Classification of property and valuation of investment properties	
<p>The District Council owns a significant amount of property within the District. The uses of the property include service delivery, development, and property held to earn income.</p> <p>Classification of the Council's property was reviewed extensively in 2020, resulting in reclassifications of property between asset classes. These reclassifications occurred through the correction of a material prior period error.</p> <p>It is important the Council continues to monitor changes of use for its property, and assess relevant accounting impacts. The Council will also need to revalue its Investment Property asset class, as accounting standards require this to be valued annually.</p>	<p>We will review the District Council's assessment of any changes to the accounting treatment for its properties, and assess compliance with relevant accounting standards.</p> <p>If necessary we will confirm, transfers of properties, and any changes in measurement of assets has been correctly accounted for.</p> <p>We will also review the District Council's valuation of investment property. Our review will focus on confirming the reasonableness of assumptions, inputs and methodology applied. We will also confirmed the valuation complies with relevant accounting standards, and has been correctly accounted for in the financial statements..</p>

Audit risk/issue	Our audit response
Three waters reform	
<p>On 27 October 2021, the Government publicly announced that legislation will be introduced to establish four publicly owned water services entities to take over responsibility for three waters service delivery and infrastructure from local authorities, from 1 July 2024.</p> <p>The impact of the proposal is that the Council would no longer be responsible for the delivery of three waters services. Instead these services would be delivered by 'Water Entity D'.</p> <p>Further detail of the reform proposal is expected from the working party, and through introduction of three Bills to Parliament.</p> <p>Due to the significance of the reform proposal to the sector, we expect affected Councils to include appropriate subsequent events disclosure. Given the significance, we will also include an emphasis of matter in the audit opinion drawing readers attention to this disclosure.</p>	<p>We will continue to monitor any significant developments and the assess the implications on the financial statements.</p> <p>We will review the Council's proposed subsequent events disclosure, and confirm its appropriateness and compliance with relevant accounting standards.</p>

Audit risk/issue	Our audit response
Impact of COVID-19	
<p>The pandemic has continued to affect a large number of organisations in New Zealand and elsewhere.</p> <p>This has and will have potentially significant effects on individuals, communities, the economy, businesses, the wider public sector and each public sector entity.</p> <p>It is important that the Council considers the impact on the individual aspects of its operations and the information included in the annual report.</p> <p>We expect the Council to complete an assessment of the impact of the COVID-19 pandemic on its operations and any effect this has on the financial and performance information included in the annual report, including any additional disclosures which may need to be included.</p> <p>This assessment may also include the effect on matters such as revenue recognition, valuation of assets, the provision for doubtful debts, and use of the going concern assumption for the Council.</p>	<p>We will engage with the District Council understand what impact COVID-19 continues to have on its operations, and the District Council's responses.</p> <p>Our audit response to this risk includes</p> <ul style="list-style-type: none"> • review with management the impact of the COVID-19 pandemic on the Council and its control environment; • review the Council's impact assessment of the COVID-19 pandemic on the financial statements and performance information and determine the effect on our audit approach; and • if required, assess the completeness and accuracy of disclosures in the annual report relating to the COVID-19 pandemic; and • assess the implications of COVID-19 related risks on our audit opinion.
Rates	
<p>Rates are the District Council's primary funding source. Compliance with the Local Government (Rating) Act 2002 (LGRA) with rates setting and collection is critical to ensure that rates are validly set and not at risk of challenge.</p> <p>The District Council needs to ensure that it has appropriate processes in place, including seeking legal advice where appropriate, to ensure the compliance of its rates and rating processes with legislation.</p>	<p>We will again assess the District Council's compliance with those key areas of the LGRA that potentially materially impact on the financial statements. This means we will focus on those aspects of the rates setting process that present the highest risk, namely the consistency and completeness of the resolution, and the Funding Impact Statement (FIS). We will review a sample of differentially set and/or targeted rates to assess whether the matters and factors used, are consistent with the LGRA.</p> <p>Our review of compliance with legislation is completed to express our audit opinion. It is not, and should not be seen, as a comprehensive legal review. This is beyond the scope of the audit, and our expertise as auditors. The District Council has the ultimate responsibility to ensure that it complies with applicable laws and regulations</p>

Audit risk/issue	Our audit response
The risk of management override of internal controls	
<p>There is an inherent risk in every organisation of fraud resulting from management override of internal controls. Management are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Auditing standards require us to treat this as a risk on every audit.</p>	<p>Our audit response to this risk includes:</p> <ul style="list-style-type: none"> • testing the appropriateness of selected journal entries; • reviewing accounting estimates for indications of bias; and <p>evaluating any unusual or one-off transactions, including those with related parties.</p>

Please tell us about any additional matters we should consider, or any specific risks that we have not covered. Additional risks may also emerge during the audit. These risks will be factored into our audit response and our reporting to you.

Fraud risk

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

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

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

Our responsibility

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

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

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

Group audit

The group comprises of:

- Mackenzie District Council;
- Mackenzie Holdings Limited;
- Mackenzie Tourism and Development Trust; and
- Downlands Water Supply Scheme.

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

The only significant components are Mackenzie District Council and Downlands Water Supply Scheme. Mackenzie Holdings Limited and Mackenzie Tourism and Development Trust remain as dormant.

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

We will report any significant internal control deficiencies to the Council and management of the group. This will include any deficiencies identified by the group engagement team or brought to our attention by the component auditor. We will communicate deficiencies related to:

- group-wide internal controls; or
- internal controls at each component.

We will also communicate any fraud identified by the group engagement team or brought to our attention by the component auditor.

Our audit process

Initial planning

Initial planning activities include verifying compliance with independence requirements and building the audit team.

Understand your business and environment

We use our extensive sector and business knowledge to make sure we have a broad and deep understanding of Mackenzie District Council, your business, and the environment you operate in.

Assess audit risk

We use our knowledge of the business, the sector and the environment to identify and assess the risks that could lead to a material misstatement in the financial statements and performance information.

Evaluate internal controls

We update our understanding of internal controls relevant to the audit. This includes reviewing the control environment, risk assessment process, and relevant aspects of information systems controls. Most of this work is done during the initial audit visits. We evaluate internal controls relevant to the audit for the whole financial year, so we consider internal controls relevant to the audit at all visits.

Finalise the audit approach

We use the results of the internal control evaluation to determine how much we can rely on the information produced from your systems during our final audit.

Gather audit evidence

During the final audit we audit the balances, disclosures, and other information included in the 's financial statements and performance information.

Conclude and report

We will issue our audit report on the financial statements and performance information. We will also report to the covering any relevant matters that come to our attention.

Materiality

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

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

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

It is a matter of judgement whether information is material. We consider the nature (qualitative) and amount (quantitative) of each item judged in the surrounding circumstances and its impact. In the public sector qualitative considerations are of equal significance as quantitative considerations. Qualitative considerations are of primary importance in our assessment of materiality in the context of disclosures for transparency and accountability reasons, and in evaluating any non-compliance with laws and regulations.

The Council and management need to consider materiality in preparing the financial statements and service performance information and make their own assessment of materiality from a preparer's perspective. IFRS Practice Statement 2, *Making Materiality Judgements*, provides guidance on how to make materiality judgements from a financial statements preparer's perspective. Although this guidance is primarily aimed at for-profit entities, the same principles can be applied by public benefit entities. Management and the Council should not rely on our materiality assessment as a basis for owning and making judgements about the integrity of the financial statements and service performance information.

Financial statements materiality

For planning purposes we have set **overall materiality** for the financial statements at \$20.6m based on budgeted total assets. This is subject to change once the actual results for the current year are available. For this audit we are only applying this overall materiality to the fair value of property, plant and equipment.

Overall materiality	\$20.6m
Specific materiality	\$580,000
Clearly trivial threshold	\$29,000

For this audit we have set a lower, **specific materiality** of \$580,000 for all items not related to the fair value of property, plant and equipment. A lower specific materiality is also determined separately for some items due to their sensitive nature. For example, a lower specific materiality is determined and applied for related party and key management personnel disclosures.

We design our audit procedures to detect misstatements at a lower level than overall materiality. This takes account of the risk of cumulative misstatements and provides a safety net against the risk of undetected misstatements.

We will report all uncorrected misstatements to the Council other than those that are **clearly trivial**. We consider misstatements of less than \$29,000 to be clearly trivial unless there are qualitative considerations that heighten its significance.

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

Misstatements

Misstatements are differences in, or omissions of, amounts and disclosures that may affect a reader's overall understanding of your financial statements and service performance information. The effects of any detected and uncorrected misstatements, individually and in aggregate, are assessed against overall materiality and qualitative considerations.

Overall financial statement materiality does not apply to any matters of effectiveness and efficiency, waste, or a lack of probity or financial prudence.

Materiality for service performance information

At an overall level, we assess whether the service performance information is suitable, given your purpose and the nature of your activities, and whether the reporting allows for an informed assessment of the District Council's performance. In doing this we consider whether the information is relevant, complete, reliable, neutral, and understandable.

We set materiality for service performance information at an individual measure level based on what we expect would influence readers' overall understanding, decision making, or assessment of the District Council's performance. We consider a variety of factors including the level of public interest and potential public risk. Because of the variety of measurement bases applied, we normally express this materiality as a percentage of the reported result.

We have identified the following measures as material and assessed materiality for planning purposes. We will reassess this during the audit.

Material measure	Materiality
Roading	
The average quality of ride on a sealed local road network, measured by smooth travel exposure. Target =90% for rural and 75% for Urban	8% of result
The percentage of the sealed road network that is resurfaced. Target >=4%	8% of result

Material measure	Materiality
The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number. Target = 0	8% of result
The percentage of road users are satisfied with the roading network. Target >=85%	5% of result
Water supply	
The extent to which the drinking water supplies comply with the drinking water standards for protozoal compliance. Target = 3 of 4 supplies receives compliance approval (Twizel)	Quantitative materiality is not applicable, the reported result is to be consistent with supporting qualitative information.
The extent to which the drinking water supplies comply with the drinking water standards for bacteria compliance. Target >=95% for all 4 supplies	5% of result
The percentage of ratepayers satisfied with the water supply system. Target >=80%	5% of result
Wastewater	
The number of dry weather sewerage overflows from Council's sewerage system, expressed per 1000 sewerage connections to that sewerage system. Target <=5	5% of result
Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of: (a) abatement notices; (b) infringement notices; (c) enforcement orders, and (d) convictions received by the territorial authority in relation to those resource consents. Target = nil	5% of result
The percentage of ratepayers satisfied with the wastewater system. Target >=85%	5% of result
Building	

Material measure	Materiality
<p>Confirm retention of building certification – focus on associated disclosure.</p> <p>Either retained or not.</p>	<p>Quantitative materiality is not applicable, the reported result is to be consistent with supporting qualitative information.</p>

Professional judgement and professional scepticism

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

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

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

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

How we consider compliance with laws and regulations

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

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

Wider public sector considerations

A public sector audit also examines whether:

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

Reporting protocols

Communication with management and the Council



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

Meeting with	Planned timing
Mayor	February 2022
Chief Executive	February 2022
General Manager Corporate Services	Regular as needed throughout the audit

Reports to Governors



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

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

Audit logistics

Our team



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

Our senior audit team members are:

Chris Genet	Appointed Auditor
Scott Tobin	Engagement Quality Review Director
Anna Herlender	Audit Manager
Amanda Luey	Audit Supervisor

The Engagement Quality Control Review (EQR) Director forms an important part of our internal quality assurance process to maintain and enhance the quality of your audit. The EQR Director is an experienced Audit Director who has sufficient and appropriate experience to objectively evaluate the judgements made by the audit team. They are independent from the day to day audit field work, and so can provide an independent challenge to the audit team on their judgements. The EQR will work with your Appointed Auditor and the audit team, but will not have direct contact with you.

Timetable



Our proposed timetable is:

Draft financial statements available	2 February 2022
Final audit begins	8 February 2022
Final financial statements available, incorporating all the amendments agreed to between us	8 March 2022
Annual report available, including any Chair and Chief Executive's overview or reports	15 March 2022
Verbal audit clearance given	TBA

Audit opinion issued	TBA
Draft report to issued	TBC

*Please note the above dates are tentative only, and provide an indication of when we expect the audit will occur. We will confirm dates once they have been finalised.

AuditDashboard

During the audit, your staff provide us with a significant number of files. These files contain information that we have asked for about your internal controls or financial and non-financial information to support the contents of your annual report. When all of this information is available in a timely manner, it helps the audit process to run as smoothly and effectively as possible for both you and us.

During 2021 we are implementing a new online portal called AuditDashboard. AuditDashboard allows for easier collaboration and file sharing between **Mackenzie District Council** and your audit team. It is a robust, secure digital platform that is specifically designed to streamline the process of sharing information with us. More information on this new tool can be found at: [Information about AuditDashboard](#).

The benefits of AuditDashboard

Your team will be invited to collaborate on one central request list in a shared space. The ability to drag and drop files makes it easy to fulfill requests. Real-time status updates provide greater visibility to everyone and helps to keep everyone organised and on the same page. It will be easy to:

- see what has been asked for;
- assign specific tasks to your own people and see who each request is assigned to;
- see when each request is due and track the progress of requests;
- exchange information securely; and
- see what has been uploaded.

There will be no change to the information that the audit team asks for. Rather than emailing an Excel spreadsheet, we will request information using AuditDashboard, which your team will then use to upload files.

We intend to start using AuditDashboard for the final audit. We have provided the Chief Executive with an overview and agreement to use AuditDashboard as part of the 21-31 LTP audit engagement. We expect compliance with this agreement will already be covered by your computer-use policy. We need to receive the agreement back prior to implementing AuditDashboard on your audit.

We will work with your team to onboard them to AuditDashboard, answer any questions you might have, and ensure your team understand how to use it.

Expectations



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

Our respective responsibilities are set out in our audit engagement letter.

We expect that:

- you will provide us with access to all relevant records and provide information in a timely manner;
- staff will provide an appropriate level of assistance;
- the draft financial statements, including all relevant disclosures, will be available in accordance with the agreed timetable;
- management will make available a detailed workpaper file supporting the information in the financial statements; and
- the annual report, financial statements and performance information will be subjected to appropriate levels of quality review before being provided to us.

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



Health and safety



The Auditor-General and Audit New Zealand take seriously their responsibility to provide a safe working environment for audit staff.

Under the Health and Safety at Work Act 2015, we need to make arrangements with management to keep our audit staff safe while they are working at your premises.

We expect you to provide a work environment for our audit staff that minimises or, where possible, eliminates risks to their health and safety. This includes providing adequate lighting and ventilation, suitable desks and chairs, and safety equipment where required. We also expect management to provide them with all information or training necessary to protect them from any risks they may be exposed to at your premises. This includes advising them of emergency evacuation procedures and how to report any health and safety issues.



AUDIT NEW ZEALAND
Mana Aotake Aotearoa

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Christchurch 8140



5 PUBLIC EXCLUDED**RESOLUTION TO EXCLUDE THE PUBLIC****RECOMMENDATION**

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

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
5.1 - Minutes of Public Excluded Audit and Risk Committee Meeting - 7 September 2021	s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
5.2 - CouncilMark Assessment	s7(2)(f)(i) - the withholding of the information is necessary to allow free and frank expression of opinions by or between or to members or officers or employees of any local authority	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
5.3 - Health, Safety and Wellbeing	s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
5.4 - Annual Report 2019/2020 Audit Fee Recovery	s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) s7(2)(f)(i) - the withholding of the information is necessary to allow free and frank expression of opinions by or between or to	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

	members or officers or employees of any local authority	
5.5 - Risk Management Report	s7(2)(c)(ii) - the withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7