



# Risk and Assurance Committee

## *Te Komiti Whakahaere Tūraru me ngā Tukanga*

Thursday, 12 June 2025

*Tāite, 12 Pipiri 2025*

Tōtara Room, Whakatāne District Council  
14 Commerce Street, Whakatāne  
Commencing at 9:00 am



Chief Executive: Steven Perdia | Publication Date: 6 June 2025

[whakatane.govt.nz](http://whakatane.govt.nz)



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**A Membership - *Mematanga***

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Mayor Dr Victor Luca

Independent Chairperson - Stuart Henderson

Deputy Mayor Lesley Immink - Deputy Chairperson

Councillor Wilson James

Councillor Tu O'Brien

Councillor John Pullar

Independent Member - Petra Lucoli

**B Delegations to the Risk and Assurance Committee - *Tuku Mahi ki te Komiti***

The purpose of the Risk and Assurance Committee is to oversee the effectiveness of Council's risk management, internal control environment, legal responsibilities, statutory compliance, and external auditing process.

The Committee has the authority to appoint up to two independent persons who are not elected members, who can assist the Committee to meet its obligations and responsibilities.

The quorum for this Committee is 4 members.

**Responsibilities and Functions**

- a. Oversee the effectiveness and appropriateness of the Enterprise Risk Management framework, including but not limited to Council's Risk Policy and Corporate Risk Register.
- b. Advise the Council on matters of risk and risk appetite.
- c. Ensure that the Organisation has internal control systems in place.
- d. Monitor Council's compliance with applicable laws, regulations, standards and best practice guidelines for public entities.
- e. To monitor performance of the Council's treasury function.
- f. Maintain oversight of legal proceedings involving Council.
- g. Oversee the effectiveness and appropriateness of the internal control environment.
- h. Review the policies, systems, processes and controls to ensure that fraud is detected and effectively investigated.
- i. Ensure the adequacy, integrity and reliability of the external financial reporting of Council.
- j. Review the integrity and appropriateness of external reporting, and accountability arrangements.
- k. Review, and monitor progress against, the external auditors' recommendations.
- l. Recommend to the Office of the Auditor General the decision either to publicly tender the external audit or to continue with the existing provider for a further three-year term.
- m. Where required, request expert advice through the chief executive where necessary.

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**1 Meeting Notices - *Ngā Pānui o te hui*****1 Meeting Notices - *Ngā Pānui o te hui*****1. Live Streaming**

The Whakatāne District Council livestreams Council and Standing Committee meetings held in Tōtara Room, within the Council building. The webcast will live stream directly to Council's YouTube channel in real time. The purpose of streaming meetings live is to encourage transparency of Council meetings.

By remaining in the public gallery, it is understood your consent has been given if your presence is inadvertently broadcast.

Please be aware the microphones in Totara Room are sensitive to noise, so please remain quiet throughout the meeting unless asked to speak.

**2. Health and Safety**

In case of an emergency, please follow the building wardens or make your way to the nearest exit. The meeting point is located at Peace Park on Boon Street.

Bathroom facilities are located opposite the Chambers Foyer entrance (the entrance off Margaret Mahy Court).

**3. Other****2 Apologies - *Te hunga kāore i tae***

No apologies have been received at the time of writing the agenda.

**3 Acknowledgements / Tributes - *Ngā mihimihi***

An opportunity for members to recognise achievements, to notify of events, or to pay tribute to an occasion of importance.

**4 Conflicts of Interest - *Ngākau kōnatunatu*****4 Conflicts of Interest - *Ngākau kōnatunatu***

Members are reminded of the need to stand aside from decision making when a conflict arises between their role as an elected member and any private or other external interests they might have. Elected Members are also reminded to update their register of interests when changes occur.

The Elected Member's [register of interest](#) can be viewed on the Council website.

**1. Financial Conflict**

- Members present must declare any direct or indirect financial interest that they hold in any matter being discussed at the meeting, other than an interest that they hold in common with the public.
- Members cannot take part in the discussion, nor can they vote on any matter in which they have a direct or indirect financial interest, unless with an approved exception.
- Members with a financial interest should physically withdraw themselves from the table. If the meeting is public excluded, members should leave the room.

**2. Non-Financial Conflict**

- If a member considers that they have a non-financial conflict of interest in a matter they must not take part in the discussions about that matter or any subsequent vote.
- Members with a non-financial interest must leave the table when the matter is considered but are not required to leave the room.



**5 Public Participation - *Wānanga Tūmatanui*****5 Public Participation - *Wānanga Tūmatanui*****5.1 Public Forum - *Wānanga Tūmatanui***

The Committee has set aside time for members of the public to speak in the public forum at the commencement of each meeting. Each speaker during the forum may speak for five minutes. Permission of the Chairperson is required for any person wishing to speak during the public forum.

With the permission of the Chairperson, Elected members may ask questions of speakers. Questions are to be confined to obtaining information or clarification on matters raised by a speaker.

**5.2 Deputations - *Nga Whakapuaki Whaitake***

A deputation enables a person, group or organisation to make a presentation to Committee on a matter or matters covered by their terms of reference. Deputations should be approved by the Chairperson, or an official with delegated authority, five working days before the meeting. Deputations may be heard at the commencement of the meeting or at the time that the relevant agenda item is being considered. No more than two speakers can speak on behalf of an organisation's deputation. Speakers can speak for up to 5 minutes, or with the permission of the Chairperson, a longer timeframe may be allocated.

With the permission of the Chairperson, Elected members may ask questions of speakers. Questions are to be confined to obtaining information or clarification on matters raised by the deputation.

**6 Confirmation of Minutes - *Te whakaaetanga o ngā meneti o te hui***

The minutes from the Risk and Assurance Committee meeting held on Thursday, 27 March 2025 can be viewed via the Council website. Click on the link below in order to view the 'unconfirmed minutes'.

- [Risk and Assurance Committee meeting - 27 March 2025](#)

## 7 Reports - *Ngā Pūrongo*

### 7 Reports - *Ngā Pūrongo*

#### 7.1 Risk and Assurance Update Report



To: **Risk and Assurance Committee**

Date: **Thursday, 12 June 2025**

Author: **B Gray/ General Manager Finance and Commercial Services**

Reference: **A2900299**

#### 1. Reason for the report - *Te Take mō tēnei rīpoata*

The report updates and informs the Risk and Assurance Committee on risk and assurance matters and includes the treasury activity for the quarter to 31 March 2025.

#### 2. Recommendation - *Tohutohu akiaki*

THAT the Risk and Assurance Committee **receive** the Risk and Assurance Update Report.

#### 3. Discussion – Kōrerorero

##### 3.1. 2025 Work Programme Plan

	March	June	Sept	TBC
<b>Meeting Administration</b>				
Location	Whakatāne DC	Whakatāne DC	Whakatāne DC	Whakatāne DC
Pre-Agenda Meeting	Wednesday, 12 March 2025	Wednesday, 04 June 2025	Wednesday, 10 September 2025	
Meeting Date	Thursday, 27 March 2025	Thursday, 12 June 2025	Thursday, 18 September 2025	
<b>Public Forum – Items to Review, Approve or Note</b>				
External Assurance		2023-24 Final Report to Governors 2024-25 Audit Plan	Management Action Update	
Internal Assurance	IA update as needed	IA update as needed	IA update as needed	

## Risk and Assurance Committee - AGENDA

**7.1 Risk and Assurance Update Report(Cont.)**

External & Internal Assurance 2023 Key Learnings (Recommendations Tracker)	Yes	Yes	Yes	
Enterprise Risk Report	Yes	Yes	Yes	
Treasury Report	Yes – as part of the R & A Update Report	Yes – as part of the R & A Update Report	Yes – as part of the R & A Update Report	
Policy Review	Risk Management Framework		Treasury Policy	
Other				
Public Excluded				
Legal Proceeding	Yes, including costs update	Yes	Yes	
Insurance	Renewals update			
Significant Projects and Work Programmes	Boat Harbour	Yes		
External Assurance PAX		Committee/External Auditor only time		

**3.2. Risk Register**

**Attached as** Appendix 1 – Risk Register incorporating management action status.

**3.3. Enterprise Risk Update**

A full Risk Management induction programme will be developed for the new Council following elections, which will set the direction around how enterprise risk will be managed across the organisation.

**3.4. Risk and Insurance Meeting**

AON held a risk and insurance meeting on 8 May 2025. This was attended by BOPLASS and Waikato councils. Below are some of the topics covered off in the meeting:

- Currently councils have approximately 45% of their policies with the London market. Should this increase, there may be a review of deductible levels as London works with deductibles of \$100k whereas the NZ markets will have deductibles of \$10K

**7.1 Risk and Assurance Update Report(Cont.)**

- Councils should continue to look at alternative risk transfer options including parametric insurance (pre specified payout based on trigger event) and short term funding in case of a catastrophic emergency
- Any CCOs formed will need to have their own insurance policies including directors' insurance
- A reminder that councils insure approximately 30% of their assets as land and roading are not insured and these values can be up to 70% of council assets. In WDC's case, this is approximately 67% – insurers won't pay for the land component of assets so separating out land components is important
- Litigation affecting councils is rising:

Structural defect claims on the rise

- More litigation around council responsibilities e.g. "Council hasn't handled the water system well enough"
  - Issues with subdivision consents e.g. developer gets consent and then planning permission on land changes and developer has already wound up – ends up back on council
  - RMA split Act between Buildings and Environment. More permissive and standardised – **Councils should get together and put pressure on government to get the regulations right!** e.g. less building inspections but councils will carry responsibility when things go wrong i.e. owners will sue council.
- Constructive Contracts insurance – council should not accept the liability cap used by contractors of 5 times their fee and council should check that contractors have \$1 million or more in professional indemnity
  - Cyber risk has risen – ransomware has seen a 1500% increase and there is a 37% increase in business email compromise. However, there has been a huge improvement in cyber safety in the last few years and AON are expecting single digit increases in the premiums. This means that while cyber risk has grown, councils have become more sophisticated with their cyber safety approach, so AON are not expecting a large increase in premiums for this policy.
  - Fire and Emergency (FENZ) levy will rise from 1 July 2026. Although the rate is going down, the assets that it applies to will broaden e.g. forestry blocks. Levies are based on indemnity (depreciated) value currently but this will change to replacement values

**3.5. Council Credit Ratings**

On the 18 March 2025 Standard & Poor's (S&P) Global Ratings (Melbourne) lowered by one notch its ratings on 18 New Zealand local councils and three council-controlled organisations.

Outlooks on three of these councils and two council-controlled organizations were negative. Outlooks on the remaining 15 councils and one council-controlled organization were stable. S&P also affirmed ratings on two councils. The outlook on one was stable and the outlook on the other was negative.

Some of the reasons that S&P gave for the downgrades were:

- *"In our view, the local council sector's revenue is insufficient to fund its growing expenditure responsibilities. We are witnessing substantially larger cash deficits and structurally higher debt levels than we have previously seen"*
- *Average deficits after capital accounts breached 20% of total revenue in fiscal 2024. Our forecasts point to these deficits remaining around this level over the next three years. Councils have*

**7.1 Risk and Assurance Update Report(Cont.)**

*increased their capital budgets to deliver infrastructure for growth, improve quality, and cover rising costs*

- *The sector's debt increased significantly since the pandemic. Total tax-supported debt rose to 197% of operating revenue in fiscal 2024. To cater for rising indebtedness in the system, in August 2024 the New Zealand Local Government Funding Agency Ltd. announced changes to its borrowing protocols, including higher debt covenants for "high growth" councils. Increasing the debt ceiling will generally be negative for credit quality across the sector*
- *We also view the policy environment as more volatile than in the past. This reflects factors including the quick passage and repeal of several key laws governing local councils, the cancellation of various Crown grant programs, an increase in unfunded mandates, and recent announcements about infrastructure financing options. These changes can materially affect councils' financial outcomes, making it difficult for S&P Global Ratings and the sector to accurately forecast financial outcomes*
- *Negative outlooks on four councils and two council-controlled organizations reflect continued downward pressure on the councils' individual credit profiles. We affirmed our ratings on two councils because we observe countervailing improvements in their economic assessments"*

**Source: "What's Behind Our Recent Downgrade Of Most New Zealand Local Councils?"**

**S&P Webinar on 20 March 2025**

WDC is currently planning the annual credit rating review with Fitch Ratings. Fitch recently reviewed Waipa District Council and they retained their same rating. The views outlined by S&P are not isolated to other councils and there are concerns around deficit management, but WDC will probably not know the outcome of the review until early July 2025.

**3.6. Treasury Update**

Every quarter, financial services reports on the loans and derivatives activity and key compliance criteria within the treasury function for the quarter.

The following gives a summary of that activity and compliance.

Treasury continues to meet on a monthly basis and monitor the liquidity needs for council to fund capital expenditure projects.

Council have had a committed standby facility with ANZ since May 2017. This \$20 million facility was extended on the 28 April 2025 by a further two years until **31 July 2028**. The margin and line fees remain the same as the previous facility.

Council is currently engaged with LGFA to obtain supplementary short term on call funding.

Council has debt maturity and repayment requirements for April 2026 of \$32 million and possible prefunding is currently being examined. The level of prefunding will be largely based on the term deposit rates that can be acquired.

**3.6.1. Treasury Management Summary as at 31 March 2025**

The balance of the Interchangeable Facility Agreement (IFA) and LGFA funding issued on 31 March 2025 is \$193.5 million (\$183.5 million 31 December 2024).

**7.1 Risk and Assurance Update Report(Cont.)**

The council borrowed \$20 million during the March quarter. This was in the form of a LGFA loan maturing in 2030. Council has used \$10 million of this to repay a short-term commercial paper loan with LGFA. The remainder was used to maintain liquidity requirements. This brings net loans for the quarter to \$10 million.

The summary below provides the overview of key Treasury Management insights as at 31 March 2025.

**Summary Highlights of Treasury****1 January 2025 - 31 March 2025****Movement of loans at a glance**

		January (NZD \$M)	February (NZD \$M)	March (NZD \$M)	Total (NZD \$M)
	Loans at beginning of period	183.50	203.50	193.50	183.50
plus	Loans drawn down	20.00	0.00	0.00	20.00
less	Loans repaid	0.00	10.00	0.00	10.00
	Loans end period	203.50	193.50	193.50	193.50

**Net Loans for the Quarter****10.00****Debenture Trust Deed Compliance (Based on Actual Income Extrapolated)****LGFA Foundation limit****for credit rated councils**

Net debt as percentage of annual income **not to exceed 280%**

Net interest expense of external borrowing **not to exceed 30%** of annual rates income (budget)

Net interest expense of external borrowing **not to exceed 20%** of annual operating income (budget)

**WDC Policy limit**

Net debt as percentage of annual income **not to exceed 250%**

Net interest expense of external borrowing **not to exceed 15%** of annual rates income (budget)

Net interest expense of external borrowing **not to exceed 20%** of annual operating income (budget)

**January**

192%



12%



7.8%

**February**

182%



12%



7.8%

**March**

182%



12%



8.9%



Council's funding maturity profile is compliant. Depending on Council's capital programme (size and timing), and borrowing requirements going forward, the overall funding strategy will be to maintain policy compliance and mitigate refinancing risk.

**Attached to this report:** Appendix 2 – PWC Treasury Report as at 31 March 2025.

## Risk and Assurance Committee - AGENDA

**7.1 Risk and Assurance Update Report(Cont.)****3.6.2. Current Treasury Strategies****3.6.2.1. Liquidity**

Committed Facilities ANZ \$20M Expiry 31 July 2028 (Margin 95 bps and line fee of 20bps)

LGFA \$5M Pending (15 bps over BKBM for 30-181 days)

(20bps over BKBM for 182-364 days)

Commitment fee of 20bps paid quarterly in advance

Council has access to bespoke longer-term loans with LGFA also.

**3.6.2.2. Funding Terms**

As at 31 March 2025, the average term of council loans was 4.78 years. Although long term internal loans are created to fund long term assets, council's average term is relatively short because:

- LGFA are extraordinarily liquid and they are the best place to get funding. The reserve bank has given them a lot of credibility
- Shorter terms save council money (see LGFA Borrowing Update 19 May 2025 below). Currently 12 year debt has 132 bps margin but 5 year debt has only 85 bps margin
- The uncertainty over the three waters reforms

Council will be out of compliance by July 2025 as there will be an excess of loans in the 0-3 year period. The current strategy being looked at is to prefund \$7M of the \$32M that is due to mature in April 2026 so as to remain compliant. The net debt will remain the same (Debt less term deposits) but this action will expand the term of the loans currently in the portfolio. It is also seen as prudent debt management by credit rating agencies to have some debt already arranged in advance of maturity dates.

Floating rate long term	Base margin	Borrowing margin AA+/AA rated councils	Borrowing margin AA- rated councils	Borrowing margin A+ rated councils	Borrowing margin Unrated guarantors	Borrowing margin Non-guarantors
15/04/2026	20 bps	45 bps	50 bps	55 bps	65 bps	75 bps
15/04/2027	32 bps	57 bps	62 bps	67 bps	77 bps	87 bps
15/05/2028	46 bps	71 bps	76 bps	81 bps	91 bps	101 bps
20/04/2029	55 bps	80 bps	85 bps	90 bps	100 bps	110 bps
15/05/2030	64 bps	89 bps	94 bps	99 bps	109 bps	119 bps
15/05/2031	73 bps	98 bps	103 bps	108 bps	118 bps	128 bps
14/05/2032	81 bps	106 bps	111 bps	116 bps	126 bps	136 bps
14/04/2033	86 bps	111 bps	116 bps	121 bps	131 bps	141 bps
15/05/2035	92 bps	117 bps	122 bps	127 bps	137 bps	147 bps
15/04/2037	102 bps	127 bps	132 bps	137 bps	147 bps	157 bps

Note: All the above borrowing yields and spreads are fully inclusive of the applicable base lending and credit margins outlined below

**3.6.2.3. Interest rate risk management**

The interest rate risk strategy is to fix more debt when interest rates reach a target level. Currently the Weighted Average fixed rate of council debt is 3.88% so borrower interest swaps closer to 3.5% would signal a good time to fix more debt. In order to remain within the corridors stated in the WDC Treasury Policy, the treasury advisors have indicated that late May would be a good time to fix more debt. The forecast indicates that without actions council will be non-compliant by 30 June 2025.

The current recommendation is:

## Risk and Assurance Committee - AGENDA

## 7.1 Risk and Assurance Update Report(Cont.)

### Strategy

We recommend Council enter the following new, quarterly / quarterly borrower interest rate swaps:

Instrument	Notional (\$)	Start date	Maturity date	Indicative market rate	Execution tactics
Swap	10,000,000	15-Oct-25	15-Oct-31	3.65%	At current levels or below
Swap	5,000,000	15-Jul-25	15-Jul-28	3.20%	At current levels or below

Given that council are able to achieve the indicative market rates, council will maintain compliance until November 2025.

For a full summary of the recommendations, refer to **Appendix 3 – PWC Interest Rate Strategy Memo May 2025**

#### 3.6.2.4. How are we tracking against the LTP 2024-34?

AP 2024 \$000	ACTUAL 2024 \$000	LTP 2025 \$000		LTP 2026 \$000	DRAFT ANN PLAN 2026 \$000	VARIANCE 2026 \$000
<b>Annual Report 2026 -Prospective Statement of Comprehensive Revenue and Expense</b>						
8,281	7,798	7,906	Finance Costs	9,330	8,667	(663)
<b>Annual Report 2026 -Prospective Statement of financial position</b>						
<b>Current Liabilities</b>						
18,300	22,000	32,000	Borrowings and Other Financial Liabilities	32,500	32,500	-
<b>Non-Current Liabilities</b>						
162,500	132,500	141,800	Borrowings and Other Financial Liabilities LT	183,300	180,000	(3,300)

Financial Year (June)	Total cost of funds (FY average)	LTP forecast cost of funds	LTP Debt forecast \$	Total interest cost \$	LTP interest cost \$	Difference (Current - LTP)	Comment
FY25	4.48%	5.03%	\$ 177,500,000	\$ 7,950,225	\$ 8,742,140	(791,915)	Replaced with latest 25 forecast - LTP Debt was \$173,800,000
FY26	4.19%	4.80%	\$ 211,500,000	\$ 8,866,080	\$ 10,358,400	(1,492,320)	Replaced with latest 26 forecast - LTP Debt was \$215,800,000
FY27	4.39%	4.79%	\$ 239,300,000	\$ 10,493,305	\$ 11,462,470	(969,165)	
FY28	4.71%	4.96%	\$ 263,300,000	\$ 12,401,430	\$ 13,059,680	(658,250)	
FY29	4.92%	5.21%	\$ 295,300,000	\$ 14,528,760	\$ 15,385,130	(856,370)	
FY30	5.12%	5.33%	\$ 318,300,000	\$ 16,296,960	\$ 16,965,390	(668,430)	
FY31	5.33%	5.43%	\$ 318,300,000	\$ 16,965,390	\$ 17,283,690	(318,300)	
FY32	5.51%	5.63%	\$ 323,600,000	\$ 17,830,360	\$ 18,218,680	(388,320)	
FY33	5.60%	5.70%	\$ 321,800,000	\$ 18,020,800	\$ 18,342,600	(321,800)	
FY34	5.72%	5.78%	\$ 319,800,000	\$ 18,292,560	\$ 18,484,440	(191,880)	
			<b>\$ 2,788,700,000</b>	<b>\$ 141,645,870</b>	<b>\$ 148,302,620</b>	<b>(6,656,750)</b>	

### 3.7. Internal Audit Program Update

As part of our 2024 Internal Audit Programme, the Risk and Assurance Committee identified four key focus areas for review. These were selected to strengthen our procurement and financial processes and ensure alignment with best practice. The areas were:



**7.1 Risk and Assurance Update Report(Cont.)**

- Procurement framework and policy and process alignment review
- Vendor procurement process for emergency works
- Contracts variations process
- Accounts Receivable Debtors Collections Management

At the time, it was anticipated that one of these reviews would be completed within the 2024 calendar year.

**3.7.1. Progress to Date**

Following consultation with the Executive Leadership Team and on the recommendation of the Chief Executive, we engaged the Bay of Plenty Regional Council (BOPRC) to undertake the audit of the Vendor procurement process for emergency works. Although this work was initially scheduled for completion by December 2024, it was deferred to January 2025 due to resourcing and scheduling constraints. The review has since been completed, and the findings were presented to the Committee at its March 2025 meeting.

Council has also adopted the revised procurement policy on Thursday 8<sup>th</sup> May 2025. The updated policy introduces broader outcome considerations, re-establishes the Procurement Assessment Panel, updates financial thresholds, and provides clearer guidance for emergency procurement.

**3.7.2. Current Challenges**

While we've made headway in one area, the remaining three audits have not yet commenced. It should be noted however, that even though the procurement framework and policy process alignment review has not yet been scoped, the recent adoption of the revised procurement policy lays important groundwork for that future work by establishing clearer expectations and updated governance mechanisms.

At the same time, we are carrying a significant number of outstanding audit recommendations from previous reviews. These require dedicated attention to ensure they are addressed appropriately and in a timely manner.

Compounding this is the reality of limited internal resourcing, which is placing pressure on our ability to deliver both new audit work and follow through on existing recommendations.

**3.7.3. Recommendation and next steps**

Given the current context, we are recommending that the Committee consider deferring the remaining internal audit activities under the current programme. This would allow us to:

- Focus our efforts on closing out outstanding audit recommendations
- Reallocate limited resources to areas of higher immediate risk
- Reassess internal audit priorities as part of the next planning cycle
- Bring the new Council up to speed with Risk Management and set an appropriate framework and work programme.

This approach ensures we maintain momentum on risk mitigation and continuous improvement, while being realistic about what can be achieved with the resources available.

**7.1 Risk and Assurance Update Report(Cont.)**

If the Committee supports this recommendation, we will update the Internal Audit Programme accordingly and provide a progress report on the implementation of outstanding recommendations at the next meeting.

**4. Options Analysis - *Ngā Kōwhiringa***

No options have been identified relating to the matters of this report.

**5. Significance and Engagement Assessment - *Aromatawai Pāhekoheko*****5.1. Assessment of Significance**

The decisions and matters of this report are assessed to be of low significance, in accordance with the Council's Significance and Engagement Policy.

**6. Considerations - *Whai Whakaaro*****6.1. Strategic Alignment**

No inconsistencies with any of the Council's policies or plans have been identified in relation to this report.

**6.2. Treasury Update**

Council is required to remain compliant with all loan conditions attached to LGFA lending criteria

**6.3. Financial/Budget Considerations**

There is no budget considerations associated with the recommendations of this report.

**6.4. Climate Change Assessment**

There are no significant or notable impacts associated with the matters of this report.

**6.5. Risks**

Risk	Description and/or Mitigation
Treasury Update - That council will exceed the interest rate, funding and liquidity parameters as specified in the council Treasury policy	Constant review of the council position on compliance indicators and treasury actions as required to remain compliant including monthly reviews of the current and forecast positions.
Treasury Update - That council will exceed the compliance indicators that form part of the LGFA lending conditions	Constant review of the council position on compliance indicators and treasury actions as required to remain compliant including monthly reviews of the current and forecast positions.

**7.1.1 Appendix 1 – Risk Register incorporating management action status**

7. Next Steps – E whai ake nei

**Attached to this Report:**

- Appendix 1 – Risk Register incorporating management action status
- Appendix 2 – PWC Treasury Report as at 31 March 2025
- Appendix 3 – PWC Interest Rate Strategy Memo May 2025

**7.1.1 Appendix 1 – Risk Register incorporating management action status**

7.1.1 Appendix 1 – Risk Register incorporating management action status(Cont.)

Figure 3 – Council Risk Management Report - Register incorporating Management Action Status Report  
as of June 2025

For items showing as an inherent risk of High or above within the risk management report

Key to Status	[T-E] Treatment - effective	[T-PE] Treatment – partly effective	[C-E] Control - effective	[C-PE] Control – partly effective
What’s the distinction between a Treatment and a Control? [shades of grey]				
<p>A Treatment is something that reduces the inherent risk either in consequence or likelihood to avoid it from occurring or reducing its consequence if it does occur [example: an alarm that sounds or alerts someone when a door is left unlocked reduces the likelihood of doors being unlocked for any length of time]</p> <p>A Control is something that improves the environment to reduce the residual risk of the consequence or likelihood [example: a policy that lets all staff know that doors are to be locked]</p> <p>Both Treatments and Controls require ongoing monitoring to be effective.</p>				

## 7.1.1 Appendix 1 – Risk Register incorporating management action status(Cont.)

RISK 01. Not Achieving Effective Delivery			
Risk definition	<p><b>There is a risk that Council does not to meet its goals for the district including compliance with legislation, resulting from failure to implement change in strategic planning due to insufficient monitoring and decision-making processes</b> (choosing the right projects, given financial constraints, and delivering them on time and on budget).</p> <p>The risk exists because there is a view the underpinning practices to support changes in strategic decision making are not as strong as they should be, specifically</p> <ul style="list-style-type: none"> <li>Business processes including decision making, reporting, project management (including whole of project life financials, asset management and procurement).</li> <li>Staff capability and capacity to ensure consistent and focused delivery</li> <li>Improved financial and infrastructure strategies that guide decision making</li> </ul>	Potential Risk Impacts	<ul style="list-style-type: none"> <li>Unanticipated costs \$1m+ Failure to achieve multiple community outcomes.</li> <li>Deterioration in multiple KPI 30%</li> <li>A range of assets, some critical are rendered unusable for more than a month</li> </ul>
		Inherent Risk	<b>Extreme</b> ←
		Residual Risk	<b>High</b> ←
		Target Risk	<b>Medium</b> ←
		Risk Reduction General Approach	Establishing an effective LTP that commits to develop robust decision making, project management process, tools, and capability at council to strengthen Councils long term sustainability and delivery of outcomes

Control and Treatments by Focus Areas:			
	Existing Controls / Treatments Delivered	New Controls / Treatments Delivered	Future Controls / Treatments Planned
<b>1.1 Strategy and Policy [L. Woolsey]</b>			
2.01 - Corporate planning - long term plan, annual plan, annual business plan  2.03 - Review and develop council performance framework	<ul style="list-style-type: none"> <li>WDC Long Term Plan 2024-2034 [Aug.24]</li> <li>The Organisational Performance Report (OPR) is reported to Committee each quarter</li> <li>Business Plan 24-25 complete [Aug 24]</li> <li>Annual Plan 25/26 project plan and budget approved [Nov. 24]</li> <li>Annual Plan 23/24 adopted [Mar. 25]</li> </ul>	<ul style="list-style-type: none"> <li>Annual Plan key messaging on website [May. 25]</li> <li>Key Project template under review by ELT for reporting to Council [May. 25]</li> <li>Transition of business plan and project plans into EPMO tool to allow more effective performance reporting [Apr. 25]</li> </ul>	<ul style="list-style-type: none"> <li>Annual Plan adoption [Jun.25]</li> <li>Reporting / strategy mapping project to commence in Strategy and Policy team [Aug. 25]</li> </ul>
<b>1.2 Strategy and Transformation [L. Woolsey]</b>			
2.29 - Establish PMO and strengthen project discipline	<ul style="list-style-type: none"> <li>EPMO Manager commenced appointment [July 24]</li> <li>EPMO 'Aratakina' project plan approved by ELT [Oct. 24]</li> </ul>	<ul style="list-style-type: none"> <li>EPMO staff training commenced [Feb.25]</li> <li>Further training planned [Jun. 25]</li> </ul>	<ul style="list-style-type: none"> <li>Roll out of EPMO software and transition of business plan FY 25/26</li> </ul>

## 7.1.1 Appendix 1 – Risk Register incorporating management action status(Cont.)

RISK 02. Health and Safety			
Risk definition	<p><b>There is a risk that serious harm or death of Council staff or other people at Council's workplaces occurs.</b></p> <p>The risk exists because of the nature of work undertaken by our staff, and our contractors et al, in the delivery of services on behalf of the Council. Inherent Risk reflects the existing Health and Safety framework and treatments being assessed as effective.</p>	Potential Risk Impacts	○ Death of one or many staff/ Public
		Inherent Risk	High ←
		Residual Risk	Medium ←
		Target Risk	Low ←
		Risk Reduction General Approach	<p>Council must ensure all reasonable steps are taken to ensure the health and safety of Council staff and people at Council workplaces.</p> <p>Establishing an effective health and safety framework including multiple aspects such as strategy, policy and procedures, reporting, training, and resources to reduce the likely occurrence of such an event or the severity of impact if such an event occurs.</p>

Control and Treatments by Focus Areas:			
	Existing Controls / Treatments Delivered	New Controls / Treatments Delivered	Future Controls / Treatments Planned
2.1 People and Capability [E. Hatch]			
8.03 - Manage health and safety	<ul style="list-style-type: none"> <li>Event management – system provided for reporting and managing accidents, incidents and near miss events.</li> <li>Worker engagement – systems for including workers in health &amp; safety decisions including an active Health &amp; Safety Committee and Wellbeing Committee.</li> <li>Risk management – Vault software is used to capture and manage our risks. Critical risks are managed via Risk Control Groups of a cross section of staff working with that particular risk.</li> <li>Policy &amp; process – policy and processes developed as required to support good health &amp; safety practices/</li> <li>Contractor management -</li> <li>Staff training – H&amp;S training has been identified for all roles and loaded against the role in Vault. Training, including refresher training, is scheduled by the H&amp;S team.</li> </ul>	<ul style="list-style-type: none"> <li>New Health, Safety and Wellbeing Strategy has been developed by the Executive Team.</li> <li>Project Team has been formally developed the programme of improvement works is being finalised.</li> </ul>	<ul style="list-style-type: none"> <li>Revised Contractor Management Framework has been developed and engagement with key stakeholders and project managers will begin soon.</li> </ul>

7.1.1 Appendix 1 – Risk Register incorporating management action status(Cont.)

	<ul style="list-style-type: none"><li>Health monitoring – roles where staff are exposed to health risks receive annual health monitoring through our provider Proactive.</li></ul>		
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RISK 03. Inability to attract, sustain, engage, and develop our staff capability			
Risk definition	<b>There is a risk that we fail to maintain the necessary staff capacity and or capability to deliver the objectives of the organisation.</b>  The risk exists because the New Zealand labour market is extremely tight and furthermore WDC operates in a relatively small regional economy making it often challenging to attract high calibre candidates. Challenges can include ability to remunerate at levels, expected opportunity for personal development, jobs for partners, schooling, and housing availability.  Additionally due to scale, succession planning is also challenging. Like many regions we have areas of the business (e.g., 3 waters) where our staff demographic is aged which increases our exposure.	Potential Risk Impacts	<ul style="list-style-type: none"><li>Unanticipated costs \$1m+ Failure to achieve multiple community outcomes.</li><li>Deterioration in multiple KPI 30%</li><li>A range of assets, some critical are rendered unusable for more than a month</li></ul>
		Inherent Risk	High ←
		Residual Risk	High ←
		Target Risk	Medium ←
		Risk Reduction General Approach	People and culture programme in place and monitored via Org Performance.  Mitigation includes making a value proposition for Whakatāne being a great place to live and work along with effective staff engagement, an attractive and modern workplace, and a commitment to staff professional development.  WDC has utilised contractor or consultants often where recruitment has not been successful or where the need is short term and highly skilled.

Control and Treatments by Focus Areas:			
	Existing Controls / Treatments Delivered	New Controls / Treatments Delivered	Future Controls / Treatments Planned
3.1 People and Capability [E. Hatch]			
8.02 - Enhance recruitment systems and processes  8.04 - Develop and implement - people first project - organisation vision and values  8.05 – Implement staff wellbeing strategies and policies  8.07 - Develop workforce plan	<ul style="list-style-type: none"><li>Our Vision &amp; Values have contributed to the development of our Employee Value Proposition (EVP) which ensures we utilise the right language in all documentation to attract top talent (including adverts, positions descriptions, interview questions etc).</li><li>Our recruitment processes allow increased flexibility in People Leaders thinking creatively about other benefits to attract great staff, including flexible workplaces and a focus on personal development.</li><li>Council attained Accredited Employer status with Immigration NZ and can now attract and recruit technical skills from overseas, and support migrants into our communities.</li></ul>	<ul style="list-style-type: none"><li>The team is continually adapting recruitment approaches to ensure we remain competitive in the recruitment market.</li></ul>	<ul style="list-style-type: none"><li>Planning is underway for the 2025 Learning and Development approach. A project will commence to review our remuneration approach. There will be a strong focus on ensuring our system uses robust data and values transparency</li></ul>

7.1.1 Appendix 1 – Risk Register incorporating management action status(Cont.)

	<ul style="list-style-type: none"><li>• Council’s wellbeing group regularly meet and actively coordinate wellbeing events and initiatives for all staff.</li><li>• Hybrid Working Guidelines developed and presented to staff to support people working in a combination of in the office and at home, as appropriate.</li></ul>		
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## 7.1.1 Appendix 1 – Risk Register incorporating management action status(Cont.)

RISK 04. Impaired Māori Relations			
Risk definition	<p><b>There is a risk that failure to effectively engage with strong Iwi and Māori relationships impedes that ability to deliver the Councils goals for success across economic, cultural, environmental, and social outcomes. This risk also includes failure to meet both legislative and moral responsibilities to build, maintain and nurture sound and trusted relationships with Māori partners.</b></p> <p>The risk exists because strong Iwi and Māori relationships are a key pillar to the districts strategic plans reflecting that Whakatāne District has a substantial Māori population of near 48%.</p> <p>Impaired relationships have multiple negative outcomes associated with them and impacts on other relationships (e.g., central government) and our ability to ensure strong resilient, connected communities across the district.</p>	Potential Risk Impacts	<ul style="list-style-type: none"> <li>Unanticipated costs \$1m+ Failure to achieve multiple community outcomes.</li> <li>Deterioration in multiple KPI 30%</li> <li>A range of assets, some critical are rendered unusable for more than a month</li> </ul>
		Inherent Risk	High ←
		Residual Risk	High ←
		Target Risk	Low ←
		Risk Reduction General Approach	<p>Ensure we have an effective Māori Partnership plan in place. Guiding the Council is the Māori Relationship Strategy which is focussed at WDC being better and building our capacity and capability to engage effectively, as well as shared business planning, adding structure, consistency and investing time to the relationships.</p> <p>Due to the diversity of Council business, it is important to hold key relationships across a spectrum of Iwi/Māori partners including Iwi, hapū and whānau, land holding entities, Māori education, health, and social service providers, ratepayers, and many others.</p>

Control and Treatments by Focus Areas:			
	Existing Controls / Treatments Delivered	New Controls / Treatments Delivered	Future Controls / Treatments Planned
4.1 Local Governance [E. Hatch]			
1.03 - Undertake representation review and establishment of Māori wards	<ul style="list-style-type: none"> <li>3 Māori Ward councillors added to governance structure from 2022 elections [Oct. 22]</li> <li>As of 30 July 2024, legislation passed to repeal the current Māori wards representation legislation, requiring Councils to hold a poll if they established a Māori ward without holding a poll previously.</li> <li>On 15 August 2024 WDC decided to retain Māori wards and hold a poll alongside the 2025 local elections.</li> </ul>	<p>The following controls are included in the planning and execution of the upcoming local elections 2025 and Maori Ward Referendum project [July 2025 – October 2025]:</p> <ul style="list-style-type: none"> <li>Distribution of educational materials such as brochures and flyers explaining the voting process and its importance.</li> <li>Engagement with local Iwi in support of effectively delivering the Local Elections 2025 by promoting and educating our Iwi, Hapu and Whanau, especially in the remote areas of the district.</li> <li>Development of a training and development plan for Elected Members over the 2025 triennium, including running a survey to understand the needs from, and support required by Māori Ward</li> </ul>	<ul style="list-style-type: none"> <li>The next Representation Review for Whakatane District Council is required to occur in 2026/7.</li> <li>Ensuring that staff are across all requirements to successfully deliver on the next rep review.</li> <li>Monitoring potential legislative changes and adapting plans accordingly as necessary</li> <li>Engaging with stakeholders early and often to gather input and build consensus</li> <li>Establishing clear timelines and milestones to ensure the review process stays on track</li> </ul>

**7.1.1 Appendix 1 – Risk Register incorporating management action status(Cont.)**

		<p>councillors as representatives across the district's three Māori ward areas.</p> <ul style="list-style-type: none"> <li>• MOU in place with local Iwi and other organisations for ballot box placements to help create awareness on the upcoming maori wards poll, and to reach remote and underserved areas.</li> <li>• Public education campaigns to allow for increased awareness and education to our communities in relation to the Māori Wards referendum in 2025</li> <li>• Partnerships with local influencers and community leaders to encourage voter participation, including consideration of accessibility access and opportunities for elderly to vote effectively (including retirement homes).</li> <li>• Expansion of voter education programs to include interactive briefings and distribution of information related to the process of local elections, as well as the roles and responsibilities of elected members.</li> <li>• Distribution of the pre-election report [June 2025]</li> <li>• Candidate briefings [June and July 2025] in line with the civic education programme set out within the local elections' communications strategy.</li> </ul>	
<b>4.2 Māori Partnership [H. Patrick]</b>			
<p>1.06 – Develop cultural responsiveness strategy</p> <p>1.07 - Implement cultural responsiveness strategy</p> <p>1.08 - Deliver cultural competency programme</p> <p>1.09 - Develop coordinated partnership work programme with iwi partners</p> <p>1.10 - Provide cultural advice and guidance to elected members and staff</p>	<ul style="list-style-type: none"> <li>• Te Kahupapa – Organisation's Cultural Competency training programme: Treaty of Waitangi Training completed in December 2021.Councillor and Executive team monthly workshop. Te reo Training.</li> <li>• Increased oversight of WDC BAU and accuracy of Engagement. Including shared learning opportunities between WDC and Iwi Entities</li> <li>• BOF funding approved for IHW Participation and Town master planning lead by IWI. Progress to appoint Iwi Policy Hub Manager</li> <li>• Regular Executive hui between WDC and Iwi</li> <li>• Increased Organisational Awareness of Govt Māori Policy and impacts.</li> <li>• Relationship Excellence – Relationship leads in place to co ordinate and nurture relationships between Ngāti Whare and Ngāti Manawa.</li> <li>• Toi Kotuia team expanded with 2x Senior Advisors and 1x co-ordinator. Team is now sitting at 5 FTE (including Kaihautu role)</li> </ul>	<ul style="list-style-type: none"> <li>• MRS year 2 Outcomes to further advance WDC delivery of our Relationship and Legislative responsibilities.</li> <li>• Review of Te Kahupapa WDC Cultural Competency Framework which provides organisational cultural competency Training continues with Te Reo Lessons and further programmes available to staff and EMs for the FY 24/25</li> <li>• Treaty Settlement and MACA Impacts; WDC including relationship protocols.</li> <li>• Relationship and Engagement Advice continuous (BAU) across multiple Activities.</li> <li>• Shared Business planning Iwi and WDC available to Iwi as required or sought</li> <li>• Relationship Lead for Ngāti Whare and Ngāti Manawa in place with significant success.</li> <li>• Ngāti Awa relationship lead in place</li> <li>• Ngāti Awa / WDC Reo Rua Strategy and Outcomes underway. Reo Rua Fund is in place</li> </ul>	<ul style="list-style-type: none"> <li>• Partnerships: Matatā Wastewater, Tourism Product, Cycle Ways and support of Iwi settlement aspirations; Tarawera awa Strategy group and Rangitāiki River Forum outcomes</li> <li>• Year 2 MRS outcomes underway, which covers focus areas of Leadership, Identity, Empowered Organisation, relationships, Monitoring and design.</li> <li>• Continued progress with IHW across all WDC business, with relationship workshops to better understand and support each other.</li> <li>• Ngāti Awa / WDC Reo Rua Outcomes</li> <li>• Murupara Reo Rua Strategy adopted and underway</li> <li>• Māori Policy intel to future inform WDC approach</li> <li>• Te Reo Policy – Linked to Reo Rua and MRS outcomes</li> <li>• Oversight of Policy and Submissions WDC Māori lens.</li> <li>• Re-scoping of Team Support position to pivot to Cultural Capability Lead to drive internal capability</li> </ul>

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7.1.1 Appendix 1 – Risk Register incorporating management action status(Cont.)

	<ul style="list-style-type: none"><li>• LTP 2024-34- Further funding secured through LTP to resource team with further FTE into Yr 2 of LTP</li><li>• LTP 2024-2034 funding secured to provide capacity and capability to Iwi to respond to the work of Council</li></ul>	<ul style="list-style-type: none"><li>• Ngāti Manawa/Murupara Reo Rua Strategy in the place for implementation in 24/25, 25/26. DIA funding secured for Ngāti Manawa.</li><li>• Interim Guidelines / Policy developed for Internal guidance to staff.</li><li>• MRS Implementation and Training Arts and Culture activities; Te Koputu and Taketake.</li><li>• BOF Iwi Policy Hub – resourcing iwi participation in response to Spatial Plan, LWDW and Local Growth Strategy responses.</li><li>• Shared Iwi / WDC Business Planning, including iwi workplan.</li><li>• Extending iwi engagement to include relevant hapū to ensure smoother project execution.</li></ul>	<p>to improve staff cultural engagement with IHW in a BAU capacity.</p> <ul style="list-style-type: none"><li>• Review of Te Toi Waka Whakarei (Council’s relationship workplan) to ensure fit-for-purpose.</li></ul>
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## 7.1.1 Appendix 1 – Risk Register incorporating management action status(Cont.)

RISK 05. Lack of Infrastructure resilience (Community)			
Risk definition	<p><b>There is a risk that infrastructure used by the community fails to an extent that it has a significant impact on residents in our community, along with businesses who are unable to function, if council infrastructure fails.</b></p> <p>The risk exists due to the significant scale upon which the delivery of services of the Council is dependent on a diverse, distributed and complex infrastructure base, and due the to the underlaying age of much of the infrastructure.</p>	Potential Risk Impacts	<ul style="list-style-type: none"> <li>Key services are not available to a large proportion of the community for more than a month.</li> </ul>
		Inherent Risk	<b>Extreme</b> ←
		Residual Risk	<b>Medium</b> ←
		Target Risk	<b>Medium</b> ←
		Risk Reduction General Approach	<p>An excellent understanding of the state of our infrastructure, the demand on them along with appropriate maintenance and replacement plans will be critical in managing this risk.</p> <p>Risk reduction will also consider infrastructure readiness for planned growth and the potential impact of unplanned growth.</p>

Control and Treatments by Focus Areas:			
	Existing Controls / Treatments Delivered	New Controls / Treatments Delivered	Future Controls / Treatments Planned
<b>5.1 Strategy and Policy [D. Bewley]</b>			
2.08 - Develop housing strategy  2.10 - Spatial plan engagement and development  2.11 - Future development strategy review (zoning)  2.12 – Preparing resource consents for council key projects	<ul style="list-style-type: none"> <li>Housing Strategy redefined as Housing Needs assessment through District Plan review [commencing July 2025].</li> <li>Minginui and Murupara Master Plans under way through BOF [complete by Third Quarter 2025]</li> <li>Spatial Plan – to be adopted by Council in June 2025. Local Growth Strategy commenced to implement Spatial Plan outcomes</li> <li>Resource consents are prepared by internal planners with relevant expertise</li> </ul>	<ul style="list-style-type: none"> <li>Housing Strategy redefined as Housing Needs assessment through District Plan review [commencing July 2025]. Project Plan for District plan review to be completed and approved by Council.</li> <li>Local Growth Strategy commenced. Governance Group to be established.</li> </ul>	<ul style="list-style-type: none"> <li>District Plan review may be influenced by RMA Reforms. Council to monitor changes in legislation.</li> </ul>
<b>5.2 Economic Development &amp; Regeneration [L. Woolsey]</b>			
2.21 - Develop investment strategy  2.22 - Reset town centre riverfront project (Te Ara Hou)	<ul style="list-style-type: none"> <li>Property Policy adopted by Council which sets out Property Categories (including commercial property) and strategic approach to planning and decision making at a property category level. [June 23]</li> <li>Floodwall height increase Stage 1 complete [Feb 25]</li> <li>Floodwall Stage 2 underway [Mar 25]</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of interim Strategic Property Advisory Group [May 25]</li> <li>Reviewing property policy [Apr 25]</li> <li>Early engagement with Ngati Awa on commercial property freeholding plan [May 25]</li> <li>Engagement with Fishing Club re: Floodwall realignment [May 25]</li> </ul>	<ul style="list-style-type: none"> <li>Developing a commercial property investment strategy and freeholding plan [Aug-Dec 25]</li> <li>Legal agreement with Fishing Club re: new lease and relocation costs [Jun 25]</li> </ul>

7.1.1 Appendix 1 – Risk Register incorporating management action status(Cont.)

2.23 - Review town vision 2008  2.24 - Develop property strategy	<ul style="list-style-type: none"><li>• Correspondence to Kanoa investigating if Te Ara Hou funding can be allocated to Floodwall Integration – awaiting response [Oct 24]</li><li>• Freeholding Plan project approved in principle by Council [Oct 24]</li></ul>	<ul style="list-style-type: none"><li>• Town Vision Refresh project approach presentation to Councillors and Whakatane Futures forum [Apr 25]</li></ul>	
5.4 Three Waters [D.Bewley]			
4.02 - Maintain network and reticulation renewals  4.07 - Develop three waters strategy to meet increased standards and growth requirements  4.09 – Plan and develop new assets for growth  4.10 - Investigate and plan for new water source for Whakatāne-Ōhope scheme  4.11 - Deliver Matatā wastewater project	<ul style="list-style-type: none"><li>• Infrastructure PMO operating to program and manage infrastructure projects underway.</li><li>• Spatial Plan and Local Growth Strategy will identify growth related infrastructure</li><li>• Matatā Wastewater Co-governance Group established with iwi/hapu and Council representation.</li><li>• Project plans have been developed for the renewal of all wastewater and water consents in 2026. Engagement on these renewals will start shortly. A timeline has been prepared with inputs from key projects such as the Spatial Plan identified.</li><li>• Conversations underway with some iwi in relation to co-design of consent renewal plans.</li></ul>	<ul style="list-style-type: none"><li>• A dedicated team for the consent renewals has been established</li><li>• Mayors Taskforce form Waters established</li><li>• Three Waters capital and operational budget reviewed for LWDW assessment.</li></ul>	<ul style="list-style-type: none"><li>• Ensure that Water Services Delivery Plans as part of Local Waters Done Well have appropriate projects and programmes of work to meet compliance needs and levels of service.</li></ul>

## 7.1.1 Appendix 1 – Risk Register incorporating management action status(Cont.)

RISK 06. Loss of organisational effective systems and infrastructure for council operation including cyber attack			
Risk definition	<p><b>There is a risk that infrastructure, both physical and digital, used by Council to support the delivery of services to the community fails as an event, or through being unfit for purpose, to an extent that it has a significant impact on continuity of services.</b></p> <p>The risk to physical infrastructure predominately exists mostly as being unfit for purpose due to the diverse, distributed and complex infrastructure base, and due to the underlying age of much of the infrastructure.</p> <p>The risk to digital exists partly from being unfit for purpose due to the to the increasingly diverse and complex nature of the organisational demands but also due to exposure to cyber-attack compromising or eliminating access to the infrastructure. Councils are increasingly the focus of cyber-attack as part of the global wide issue, and as a 'front door' to Central Government we face particular risk.</p>	Potential Risk Impacts	<ul style="list-style-type: none"> <li>Loss of organisational effective systems and infrastructure for council operation including cyber-attack resulting in operational systems not being available for more than one month.</li> </ul>
		Inherent Risk	High ←
		Residual Risk	High ←
		Target Risk	Medium ←
		Risk Reduction General Approach	Mitigation of the risk includes ensuring both our physical infrastructure and digital infrastructure are fit for purpose to meet the demands of the organisation and have appropriate levels of monitoring and security to protect them from substantial damage from physical or electronic attack. Risk management will include ensuring an effective Information Systems plan is developed and being delivered.

Control and Treatments by Focus Areas:			
	Existing Controls / Treatments Delivered	New Controls / Treatments Delivered	Future Controls / Treatments Planned
6.1 Corporate Information [E.Hatch]			
<p>8.24 - Develop IT governance and roadmap to prioritise organisation requirements</p> <p>8.25 - Refresh and implement cyber security plan</p> <p>8.27 - Investigate and replace enterprise resource planning (ERP) solution</p>	<ul style="list-style-type: none"> <li>Executive Information Services Governance Group has been re-established and meets monthly in line with ToR [May 22]</li> <li>Microsoft 365 and Teams has been rolled out to all staff to allow them to work effectively from any location. [Nov. 21]</li> <li>Technology was decanted from Civic Centre with staff operating effectively from a mixed model [Nov. 21]</li> <li>Information Systems strategy has been presented and approved by Council. [May 23]</li> <li>Establishment of an effective operating model incorporating resourcing will provide clarity for the ERP replacement project and wider applications and systems roadmap. [May 23]</li> <li>Development of a project plan as part of the wider ERP project has commenced and will be reviewed by Council [Jun. 23]</li> <li>ERP project manager and change manager have been recruited, final stage of project team recruitment of BAs anticipated in November. [Nov. 23]</li> <li>ERP project team undertaken workshops and received over a dozen responses to RFI, now undertaking panel review prior to RFP [Apr. 23]</li> </ul>	<ul style="list-style-type: none"> <li>Programme Enterprise rollout plan (phases) to be fully developed allowing organisational scheduling [Jun 25]</li> </ul>	<ul style="list-style-type: none"> <li>Delivery of the ERP replacement project (Programme Enterprise) will significantly reduce risk in technology not being fit for purpose and create foundation for roadmap associated with other applications throughout the council. [Dec. 27]</li> <li>Develop a strategy for the ongoing cyber threat landscape based on the Security Assessment [Jul 25]</li> <li>A review of Council's cyber security training programme to be presented to the ELT [Jun 25]</li> <li>Build a stronger relationship with the National Cyber Security Centre (NCSC) [Aug 25]</li> </ul>

**7.1.1 Appendix 1 – Risk Register incorporating management action status(Cont.)**

	<ul style="list-style-type: none"> <li>• Development of an applications roadmap based on the ERP project plan will create a clear line of treatment of the wider application layer of the council being fit for purpose. [Dec. 24]</li> <li>• RFI/RFP Vendor selection complete to Gate 1 of ERP Replacement project and delivered to council for approval [Oct.24]</li> <li>• ERP (Programme Enterprise) Business Case developed and approved using Treasury's Better Business case model [Dec 24]</li> <li>• Quarterly reporting to the ELT on key KPI's for the Digital Services function [Nov 24]</li> <li>• Baseline Information Security assessment completed by SAM for compliance [Jul 24]</li> </ul>		
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<b>RISK 07. Non-compliance with legal and regulatory requirements</b>				
Risk definition	<p><b>There is a risk that changes to the rules and regulations we operate under occur to an extent or at a pace resulting in to keep up with these changes and ensuring ongoing compliance with existing legislation and frameworks exposes WDC to unplanned liability for non-compliance and cost.</b></p> <p>This risk exists and is ongoing in nature due to the continuity of change within the legislative and compliance environment.</p>	Potential Risk Impacts	<ul style="list-style-type: none"> <li>○ Breaches result in legal action being taken against officers of council.</li> <li>○ Compliance failures result in substantial restrictions being placed on core council activities</li> <li>○ Loss of confidence in council's capabilities lasting several months</li> </ul>	
		Inherent Risk	<b>High</b> ←	
		Residual Risk	<b>Medium</b> ←	
		Target Risk	<b>Low</b> ←	
		Risk Reduction General Approach	Mitigation of the risk will be based on establishing champion of legal / internal audit / risk which will include independent oversight through regular connection through Chair of the Risk and Assurance. This role will then champion and support the implementation of stronger and more consistent tools, techniques and register of oversight on compliance.	

**7.1.1 Appendix 1 – Risk Register incorporating management action status(Cont.)**

Control and Treatments by Focus Areas:			
	Existing Controls / Treatments Delivered	New Controls / Treatments Delivered	Future Controls / Treatments Planned
<b>7.1 Corporate Information [B. Gray]</b>			
8.18 – Develop legal regulatory compliance framework	<ul style="list-style-type: none"> <li>• Risk reporting framework presented to Risk and Assurance Committee in September completed and will evolve with use. [Sep.21]</li> <li>• Taken insurance advice from AON in renewals 2023 [Nov.22] [on agenda]</li> <li>• Risk Framework training manual developed and workshopped with new Council and Committee in new Triennium [Jan.23]</li> <li>• BCA Accreditation maintained [December 2023]</li> <li>• Procurement and Risk Manager [Legal Champion] appointment [Oct. 23]</li> <li>• Risk Management Framework Training induction for tier 3 manager group developed and commenced presentation [Oct. 23]</li> <li>• Legal Issues Register developed based on current open issues with principle advisor, included in Risk and Assurance report [Nov. 23]</li> <li>• Continue improvements to Legal Issues Risk register incorporating legal costs / insurance / recovery expectations, as well as extension to include all open issues include other advisors [Mar. 24]</li> <li>• Food Premises Quality Management System (QSM) audit [March 2024]</li> </ul>	<ul style="list-style-type: none"> <li>• We have adopted the new procurement policy, with the inclusion of broader outcomes/social procurement. [May 2025]</li> <li>• We have begun a project to assess the current legal requirements of Council, and to shape the long term legal needs of the organisation. [May 2025]</li> </ul>	<ul style="list-style-type: none"> <li>• Development of a Register of Legal Opinions based on available historic opinions received [Jun. 24]</li> <li>• Delegations Register to be reviewed following the exec restructure. [2024/2025]</li> </ul>
<b>7.2 People and Capability [E. Hatch]</b>			
8.06 – Develop and implement leadership, learning and development programme	<ul style="list-style-type: none"> <li>• Complete Leadership, Learning &amp; Development programme in place.</li> <li>• Annual Performance Development programme in place.</li> </ul>	<ul style="list-style-type: none"> <li>• Planning is underway for the 2025 Learning and development approach. This will include a strong focus on developing management capability also.</li> </ul>	<ul style="list-style-type: none"> <li>• Planning is underway for the 2025 Learning and development approach.</li> <li>• Internal DEI Policy development</li> </ul>



## 7.1.1 Appendix 1 – Risk Register incorporating management action status(Cont.)

RISK 08. Political changes impact council direction and delivery			
Risk definition	<p><b>There is a risk that changes in political direction from local or central government can occur to a scale or speed which has a significant impact on the ability of the Council to deliver upon its stated goals for the community.</b></p> <p>This risk exists generally due to the three-year political cycle impacting the environment in which Council operates. The potential risk is currently higher however, as of 2020, as there is currently substantial potential change in the local government space being led by Central Government. This includes:</p> <ul style="list-style-type: none"> <li>• Three Waters Reform</li> <li>• Local Government Reform; and</li> <li>• RMA Reform</li> </ul>	Potential Risk Impacts	<ul style="list-style-type: none"> <li>○ Unanticipated losses of over \$5m.</li> <li>○ Prolonged public dissatisfaction with policies or actions of Council.</li> </ul>
		Inherent Risk	Extreme ←
		Residual Risk	High ←
		Target Risk	Medium ←
		Risk Reduction General Approach	WDC is staying well connected into the sector, ensuring we have the internal systems and capability to respond as best as possible and planning to be fit for purpose. By doing so Council reduces risk by staying connected, informed, or ready to adapt.

Control and Treatments by Focus Areas:			
	Existing Controls / Treatments Delivered	New Controls / Treatments Delivered	Future Controls / Treatments Planned
8.1 Local Governance [E. Hatch]			
1.05 - Governance arrangements and induction for new triennium (includes ongoing programme of ensuring governance awareness and understanding of legislation and policy and other business impacts).	<ul style="list-style-type: none"> <li>• All committees and council meetings have occurred as advertised. Regular workshops are held with Council to discuss matters, receive briefings and provide guidance to staff.</li> <li>• Council has successfully run hybrid council and committee meetings since May 2022 that allows people to attend meetings either on-line or in-person. This new way of working has evolved into a standard meeting practice that has proved a hugely successful way to keep people safe (as we experience a surge of COVID-19 and other winter illnesses) and maintain business continuity and decision making.</li> <li>• Ongoing programme of governance awareness and understanding of legislation and policy and other business impacts is underway. This included 2 x Council business away days and a workshop programme that is underway.</li> <li>• Training with Meeting and Governance Solutions Limited (Steve McDowell and Vern Walsh) has been scheduled (4 December 2023) to assist Elected Members in leading and participating in effective meetings. This is to create confidence within our Councillors as we focus on the Live Streaming of Council meetings (Project underway).</li> <li>• As part of the review into workshop practices conducted by the Chief Ombudsman Elected Members were briefed on the changes Council needs to make expected to see in this space. Council made changes to</li> </ul>	<ul style="list-style-type: none"> <li>• Collaboration with LGNZ to leverage their services, ensuring a consistent and high-quality training experience for elected members across the country. Akona platform and opportunities for free training and webinars.</li> <li>• Public education campaign to allow for increased awareness and education to our communities in relation to the Māori Wards referendum in 2025 following the change in Local Government (Electoral Legislation and Māori wards and maori constituents) amendment act 2024</li> <li>• Live streaming of councils inaugural meeting following the local elections in 2025, to allow for increased public awareness and participation [Oct 2025]</li> </ul>	<ul style="list-style-type: none"> <li>• Ongoing programme of governance awareness will continue.</li> <li>• Development of a training and development plan for Elected Members in preparation for the 2025 local elections, including running a survey to understand the needs from, and support required by Elected Members to effectively represent their ward areas.</li> <li>• Standing order training [Nov/Dec 2025] for newly elected members.</li> <li>• Mayoral school and councillor training following the 2025 local elections [Oct 2025]</li> </ul>

7.1.1 Appendix 1 – Risk Register incorporating management action status(Cont.)

	<p>its briefing practices, in line with the recommendations form the ombudsman.</p> <ul style="list-style-type: none"><li>• Combined Community Board meetings are in place, providing our four community boards to collaborate, network, and receive relevant training/inductions (such as media training, LTP workshops, and strategic plan development) to enable a proactive approach to their involvement in their respective wards.</li><li>• Adoption of Standing Orders document 2025 to allow for Council and conduct of meetings to operate within current legislation. [March 2025].</li><li>• Live streaming of Council and Standing Committee meetings for greater public transparency to the decision-making process of council and its members [Feb 2024].</li></ul>		
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7.1.1 Appendix 1 – Risk Register incorporating management action status(Cont.)

8.3 Resource Management Policy [D. Bewley]			
2.13 - Navigating reforms – Resource Management Act	<ul style="list-style-type: none"><li>• Spatial Planning Act and Natural and Built Environment Act repealed December 2023</li><li>• Monitoring change in Government and proposed amendments and review of RMA. Some guidance from Central Government on Three stage reform programme.</li></ul>	<ul style="list-style-type: none"><li>• Council briefing on RMA Reforms [28 June 2025]</li></ul>	<ul style="list-style-type: none"><li>• Impact of RMA Reform on staff to be assessed.</li></ul>
8.4 Three Waters [D.Bewley]			
4.01 - Navigating reforms - three waters4.01 - Navigating reforms - three waters	<ul style="list-style-type: none"><li>• Internal steering group, Project Manager and technical support appointed.</li><li>• Participation in regional CCO conversations with BOP CEO's.</li><li>• Submissions on all legislative change and with regulators</li><li>• Local Waters Done Well programme put forward by the National Government</li><li>• Water Services Delivery Plan to be submitted by September 2025. Martin Jenkins supporting technical assessment.</li><li>• Tonkin and Taylor reviewed capital works programme. Beca reviewed impact of proposed wastewater standards</li><li>• Met with regulators to determine future requirements</li></ul>	<ul style="list-style-type: none"><li>• Considering implications from recently published wastewater standards</li><li>• Communications and Engagement Plan prepared and enacted</li><li>• Consultation Document approved and engagement process completed.</li><li>• WSDP being prepared by Martin Jenkins. MJ Project Managing this component.</li><li>• Strict deadlines to be met to meet 3 September for submission of WSDP – 26 June for Council deliberations, 14 August for final decision and draft WSDP.</li></ul>	<ul style="list-style-type: none"><li>• Programme Manager to be appointed for transition phase</li></ul>

## 7.1.1 Appendix 1 – Risk Register incorporating management action status(Cont.)

RISK 09. Natural disaster management and mitigation including climate change			
<b>Risk definition</b>  <b>There is a risk that natural disasters, as one off or recurring events, along with ongoing continuous change in our natural environment, including but not limited to impacts of climate change, can have significant impact on Council business continuity, community infrastructure, and social and economic impacts.</b>  The risk exists due to the nature of change in the natural environment but is increased due to scale and speed of change noted at present.  The Whakatāne District is particularly exposed to this risk due to its geography. It has a history of significant natural disasters including landslides, debris flows, volcanic eruptions, earthquakes, flooding, and coastal storms.	Potential Risk Impacts	<ul style="list-style-type: none"> <li>○ Significant assets are destroyed or rendered useless for several months.</li> <li>○ Key services are not available to the community for several weeks.</li> <li>○ Long term severe health impact to a significant number of people.</li> </ul>	
	Inherent Risk	<b>Extreme</b> ←	
	Residual Risk	<b>High</b> ←	
	Target Risk	<b>High</b> ←	
	Risk Reduction General Approach	Risk reduction is based on the 4R's of Emergency Management – Reduction, Readiness, Response and Recovery. This recognises that we can reduce the risk of impacts from natural hazard events (and climate change) through adaptation of our land use, informed land use planning into the future, and preparedness for events through building community resilience and coordination of emergency and other agencies.	

Control and Treatments by Focus Areas:			
	Existing Controls / Treatments Delivered	New Controls / Treatments Delivered	Future Controls / Treatments Planned
<b>9.1 Climate Change and Resilience [L. Woolsey]</b>			
2.06 - Develop climate change adaptation plan  2.07 - Coordinate implementation of climate change strategy incl. energy management programme	<ul style="list-style-type: none"> <li>• Climate Change Pathway (mitigation &amp; adaption) adopted by Council [June 24]</li> <li>• Climate Change implementation plan approved at EER [Nov24]</li> <li>• Climate Change and Resilience Manager appointed Feb 25 and CC / Emergency teams merged</li> <li>• Climate Change Risk Assessment (CCRA) project phase one commenced [Mar 24]</li> <li>• Solar Panel project commenced (Council facilities) [Mar 25]</li> </ul>	<ul style="list-style-type: none"> <li>• Climate Change policy developed [Mar 25]</li> <li>• Energy Management Group monitoring performance [May 25]</li> </ul>	<ul style="list-style-type: none"> <li>• Six monthly reporting through EER [Jul 25]</li> <li>• Phase two of CCRA to commence late 25</li> <li>• Climate Change Community Fund to be launched [Jul 25]</li> </ul>
<b>9.2 Resource Management Policy [L. Woolsey]</b>			
2.09 - Natural hazard risk investigations (EQ, tsunami, landslide, coastal hazards)	<ul style="list-style-type: none"> <li>• Flood risk from breach or overtopping of Whakatane River - trigger levels for Emergency Management Planning [2024]</li> <li>• Monitoring of BOPRC completion of technical work</li> </ul>		<ul style="list-style-type: none"> <li>• Plan Changes to the District Plan, and other emergency management readiness activities [2024/2025]</li> <li>• Further evidence-based investigation of local hazards risks is underway, including liquefaction, tsunami, coastal inundation and landslide risk, and in relation to EQPB. Investigations to be completed during 2025 financial years</li> </ul>

**7.1.1 Appendix 1 – Risk Register incorporating management action status(Cont.)**

9.3 Waste Management & Minimisation [B. Gray]			
<p>5.04 - Implement (new) waste management and minimisation plan (WMMP)</p> <p>5.10 - Implement resource recovery park model at Murupara refuse transfer station</p> <p>5.11 - Implement construction and demolition waste diversion project in collaboration with crew – dependant on funding (pending)</p> <p>5.12 - Work with whānau, hapū and iwi on waste minimisation initiatives</p> <p>5.13 - Consultation and implementation of regulatory changes – waste minimisation act, NZ waste strategy, litter act</p> <p>5.14 - Management of closed landfills</p> <p>5.15 - Regional Waste Strategy and Infrastructure Plan</p>	<ul style="list-style-type: none"> <li>Ongoing monitoring of WMMP actions</li> <li>Waste audit and community education prior to fees implementation. Subsidised and promoted composting solutions.</li> <li>MFE funded waste diversion project with CREW, commenced in 2021 and due to complete in July 2025. Ongoing monitoring and reporting to MFE.</li> <li>Proposals to Ngati Manawa regarding management of greenwaste in Murupara.</li> <li>Central Government released new waste strategy and waste resource and efficiency work programme in March 2025.</li> <li>Ongoing monitoring and compliance with resource consents.</li> <li>Working with Central North Island Waste Liaison Group on project, led by Waikato Regional Council. Funded by MFE. Consultant engaged.</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing monitoring of fees/waste types/volumes/flytipping in Murupara.</li> <li>Draft submission on new legislation to Infrastructure &amp; Planning Committee on 29/05/2025</li> <li>Upgrade stormwater and leachate works at Burma Road Landfill. Recapping works at Te Teko Landfill. Weed control at Matata Landfill.</li> <li>Funding obtained from MFE, Tonkin and Taylor consultants engaged.</li> </ul>	<ul style="list-style-type: none"> <li>Review current plan in 2026</li> <li>Review fees and charged in Murupara Feb 2026</li> <li>MFE funding and reporting completes in July 2025</li> <li>Further consultation expected when legislation goes to select committee (date unknown)</li> <li>Planting and vegetation control at Matata Landfill.</li> </ul>
9.4 Civic Defence Emergency Management [L. Woolsey]			
<p>6.08 - Manage programme for emergency management and EOC responsibilities</p> <p>6.09 - Support community readiness programmes</p>	<ul style="list-style-type: none"> <li>EOC rosters are maintained, and training needs are continually being assessed. Training is being provided along with EMBOP.</li> <li>WDC is an active member of the Group at Joint Committee, CEG and Sub-Committee levels. Maintaining Annual Plan requirements across the Group.</li> <li>Development of Community Response Plans are progressing and are on-going.</li> </ul>	<ul style="list-style-type: none"> <li>Change in Local Recovery Manager.</li> <li>Training for EOC staff to be reviewed across BOP as most Councils unable to meet training targets.</li> <li>Recent successful EOC drill/simulation [May 25]</li> <li>Submission on CDEM bill – alongside EMBOP</li> </ul>	<ul style="list-style-type: none"> <li>Recruitment of additional Local Controller.</li> <li>CIMS4 training [Jul 25]</li> </ul>

7.1.1 Appendix 1 – Risk Register incorporating management action status(Cont.)

	<ul style="list-style-type: none"><li>• Better Off Funding to support resilience building [2024/25], including alternative EOC.</li><li>• Emergency Management Activity combined with Resilience and Climate Change Activities – alignment of work programmes</li></ul>		
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7.1.1 Appendix 1 – Risk Register incorporating management action status(Cont.)

RISK 10. Lack of community support			
Risk definition	There is a risk that there is an insufficient level of support from our communities that has a significant impact on the ability of the Council to deliver upon it stated service levels and goals for the community.	Potential Risk Impacts	○ Prolonged public dissatisfaction with the policies or actions of Council.
		High ←	High ←
		Medium ←	Medium ←
		Medium ←	Medium ←
		Effective communication to, and consultation with, our communities will be critical to managing this risk.	Effective communication to, and consultation with, our communities will be critical to managing this risk.
Control and Treatments by Focus Areas:			
	Existing Controls / Treatments Delivered	New Controls / Treatments Delivered	Future Controls / Treatments Planned
10.1 Local Governance [E. Hatch]			
1.05 Governance arrangements and induction for new triennium (includes ongoing programme of training, support, and development for elected members).	<ul style="list-style-type: none"><li>• Pre-Election Report Issued</li><li>• Briefing for Incoming Council completed [Nov. 22]</li><li>• Governance Solutions delivered Councillor Training [Nov. 22]:<ul style="list-style-type: none"><li>○ LGS</li><li>○ Wellbeing’s</li><li>○ Being an elected Member</li><li>○ Decision Tree and Meeting Know how</li><li>○ Standing Orders</li></ul></li><li>• Fortnightly Council workshops being utilised in addition to BAU as methodology to provide induction to new councillors on specific issues [Nov. 22 – Sept. 23]</li></ul>	<ul style="list-style-type: none"><li>• Monthly Council workshops will continue to be utilised, in addition to covering BAU, as methodology to provide induction to councillors on specific issues, including particularly through Annual Plan and LTFP</li><li>• Distribution of available resources in support of candidate (and elected member) safety information during the election period and post elections [July 2025 – October 2025].</li></ul>	<ul style="list-style-type: none"><li>• Ongoing programme of governance awareness will continue.</li><li>• Development of a training and development plan for Elected Members in preparation for the 2025 local elections, including running a survey to understand the needs from, and support required by Elected Members to effectively represent their ward areas.</li><li>• Adoption of updated remuneration related Policy and associated guideline documents such as Standing Orders, Code of Conduct etc. in support of the education phase, and to allow for effective decision making, for newly elected members coming into office during the 2025 triennium.</li></ul>
10.2 Communications & Engagement [E. Hatch]			
1.11 - Manage media relationship and deliver external communications	<p><b>Media relations:</b></p> <ul style="list-style-type: none"><li>- Media releases distributed this period (23)</li><li>- Media responses completed this period (21)</li></ul> <p><b>External comms:</b></p> <ul style="list-style-type: none"><li>- National Emergency Alert Test</li></ul>		A Memorandum of Understanding is currently being drafted with Media Bay of Plenty to support communications during emergency events.

7.1.1 Appendix 1 – Risk Register incorporating management action status(Cont.)

1.12 - Support internal communications	<ul style="list-style-type: none"><li>- Emergency Road Works</li><li>- Pink Shirt Day</li><li>- Citizenship Ceremonies</li><li>- Ohope stormwater chamber installation</li><li>- Weather events</li><li>- NZ Sign Language</li><li>- Mimiha Stream Bridge</li><li>- Emergency water break</li><li>- Diesel spill</li><li>- Disaster Readiness</li><li>- Planned road closures</li><li>- Wastewater seepage</li><li>- ANZAC</li><li>- Public Holiday hours</li><li>- Maraetōtara Reserve flying fox</li><li>- Abseiling work</li><li>- Tuberous Bergonia giveaway</li><li>- Smoke alarm test / daylight saving</li><li>- Inter-Council Sports Tournament</li><li>- Te Kōputu Exhibitions</li></ul>	<ul style="list-style-type: none"><li>- Local Growth Strategy staff pop-in sessions</li><li>- LWDW staff online hui</li><li>- Staff engagement survey internal campaign</li><li>- Election Protocols all-staff workshop</li></ul>	
1.13 - Manage digital and social media	<ul style="list-style-type: none"><li>- Weekly 'Better Together' internal staff update from Exec issued</li></ul>		
1.14 - Provide corporate design and publications support	<ul style="list-style-type: none"><li>- 'Kumara Vine' internal staff work in progress update issued fortnightly</li><li>- Fortnightly 'Wednesday WIP' issued</li></ul>		



7.1.1 Appendix 1 – Risk Register incorporating management action status(Cont.)

	<ul style="list-style-type: none"><li>- Facebook Followers 13, 956</li><li>- Instagram Likes 1,402</li></ul> <p><b>Newsletters:</b></p> <ul style="list-style-type: none"><li>- Kō Konei</li><li>- Murupara Community Board newsletter</li><li>- Rangitaiki Community Board newsletter</li></ul> <p><b>Campaigns:</b></p> <ul style="list-style-type: none"><li>- Batteries</li><li>- LWDW</li><li>- Wai it Matters</li><li>- Rates Rebates</li><li>- Rural Travel Fund</li><li>- Creative Communities Scheme</li><li>- Water restrictions</li><li>- Annual Plan education</li><li>- Local Growth Strategy</li><li>- Loud at the Library</li></ul>		
<b>10.3 Community Development [E. Hatch]</b>			
1.17 - Support development and implementation of community plans	<ul style="list-style-type: none"><li>• Community planning activities have been taking place in Edgecumbe, Murupara, Matatā, Awatapu- Ōtamakaokao and Coastlands-Piripai.</li><li>• Early conversations on a potential plan for Taneatua are underway.</li><li>• The Edgecumbe Community Plan is heading into its second three-year update phase.</li><li>• A first draft of the Murupara Community Plan is complete.</li></ul>	<ul style="list-style-type: none"><li>• Community-led hui, workshops, events and engagement activities are ongoing throughout 2025 linked to community planning processes.</li><li>• Edgecumbe, Matatā, Ōtamakaokao-Awatapu Community Plans are now completed <a href="https://www.whakatane.govt.nz/residents/community-plans">https://www.whakatane.govt.nz/residents/community-plans</a></li><li>• Development of Coastlands-Piripai Plan is underway</li><li>• Murupara CP is being done alongside the Murupara Masterplan.</li></ul>	<ul style="list-style-type: none"><li>• Resources required to support existing and new community planning processes will continue to be monitored.</li><li>• Community plan delivery will continue.</li><li>• New plans could come on stream if, and when communities mobilise to deliver them.</li></ul>

## 7.1.1 Appendix 1 – Risk Register incorporating management action status(Cont.)

	<ul style="list-style-type: none"> <li>The Matatā Plan has recently been completed and will be presented to Council in Q3.</li> <li>The Awatapu Community Plan has moved into delivery phase.</li> <li>The Community Partnerships Team continues to support planning processes in each of these communities as required.</li> </ul>		
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RISK 11. Major economic/ financial or social shock				
Risk definition	<p><b>There is a risk of unpredictable shifts in the global or domestic economies that would significantly impact on the ability of the Council to deliver upon it stated service levels and goals for the community.</b></p> <p>The risk exists and is ongoing due to the nature of market shifts and cycles, however, is higher at present due to increased volatility and speed of change within inflation / interest rate, labour cost and supply chain economics. The change is exacerbated by political drivers especially the Russian/Ukraine war.</p>	Potential Risk Impacts	<ul style="list-style-type: none"> <li>Unanticipated costs of more than \$5m.</li> <li>Overspend of Annual Plan OPEX by 5%.</li> </ul>	
		Inherent Risk	Extreme ↖	
		Residual Risk	High ↖	
		Target Risk	Medium ←	
		Risk Reduction General Approach	<p>Maintenance of a strong financial reporting and planning framework to ensure the delivery of regular, business context informed, transparent insight to Council's financial performance to support effective executive management and decision making by Elected Members.</p> <p>WDC also reduces risk in this area by being relatively well positioned with lower debt levels compared to many councils giving us debt financing as a method to manage some shocks, though itself needs an effective treasury planning to itself be effective as a risk mitigation.</p>	

Control and Treatments by Focus Areas:			
	Existing Controls / Treatments Delivered	New Controls / Treatments Delivered	Future Controls / Treatments Planned
11.1 Finance (B. Gray)			
8.13 - Review treasury policy 8.14 – Review financial management reporting 8.15 - Review/develop financial strategy and policies	<ul style="list-style-type: none"> <li>Reporting framework redeveloped based on modified FIS to ensure it is effective for provide clear performance measurement, transparent insights on a quarterly basis to guide decision making across executive and council to demonstrate clear control of the risk [Dec. 22]</li> </ul>	<ul style="list-style-type: none"> <li>Q4 2023-24 Indicative Financials completed demonstrating strong consistency of opex back to annual plan process and capex back to Q1 [Aug.24]</li> <li>FitchRating AA- rating secured for increases availability and optionality around borrowings capacity for the LTP2034 [July.24]</li> </ul>	<ul style="list-style-type: none"> <li>Sensitive Expenditure Policy to be reviewed and adopted [Jun 25]</li> <li>Investigate Planning and Reporting Systems that can support better financial oversight, and organisational empowerment of budget management. [2026]</li> </ul>

7.1.1 Appendix 1 – Risk Register incorporating management action status(Cont.)

<p>(DCP and FCS) to fund infrastructure for growth</p> <p><b>Additional focus areas:</b></p> <p>Effective Accounts Receivable Management Practices impacting on collections and Councils Bad Debt</p>	<ul style="list-style-type: none"><li>• Projects reforecast methodology implemented as a temporary placeholder to improve 2023-34 and ahead of systemic EMPO improvement for 2024-25; improving phasing identification and borrowing requirements. With 24-25 reforecast presented including basis of methodology to Finance and Performance Committee. [Dec. 23]</li><li>• Sensitivities on interest rate shifts - Finance team developed a quick sensitivities model that enables faster assessment of LCI (wage) / PPI (operating cost) / OCR (interest cost) sensitivity within the forecast framework and included in report to Risk and Assurance [Oct .23]</li><li>• Fraud Policy reviewed and adopted [Nov.23]</li><li>• Completed invoicing of all share of Joint Venture losses to Ministry of Transport [Dec.23]</li></ul>	<ul style="list-style-type: none"><li>• Financial Strategy adopted within LTP2034 [Aug.24]</li><li>• Revenue and Financing Policy adopted as part of legislative requirement for LTP2034 incorporate desktop review finding for LG consultant and good practice identified in Taituara Guides and aligned with other councils including Funding Needs Analysis [Aug. 24]</li><li>• Treasury Policy covering Investment Policy and Liability Management Policy developed adoption [Aug.24]</li><li>• Quarterly Reporting for actuals combined with forecasting so that the impacts of actual results flow through to forecast budgets. [May 25]</li></ul>	<ul style="list-style-type: none"><li>• Commenced scoping for Account Receivable sundry debtor reporting, tracking, insights and management tool to ensure more effective and proactive management and response to debtor issues. [Dec.24]</li><li>• Develop accounts receivable debt management policy [Nov.24]</li><li>•</li></ul>
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**7.1.2 Appendix 2 – PWC Treasury Report as at 31 March 2025**

**7.1.2 Appendix 2 – PWC Treasury Report as at 31 March 2025**

7.1.2 Appendix 2 – PWC Treasury Report as at 31 March 2025(Cont.)

# Whakatane District Council



Treasury Report

March 2025

7.1.2 Appendix 2 – PWC Treasury Report as at 31 March 2025(Cont.)

Treasury summary - positions and compliance

Whakatane District Council

MonthEnd

March 2025

2. Modified 24/34 LTP

Interest rate risk



**\$124,700,000**  
Total fixed rate instruments

**70%**  
Current hedged (%)

**3.87%**  
WA fixed rate

Funding risk



Liquidity ratio

**119%**

**\$177,500,000**  
Gross debt less prefunding

**\$164,500,000**  
Net debt

**\$20,000,000**  
Undrawn and unlinked bank facilities

**\$13,000,000**  
Liquid deposits

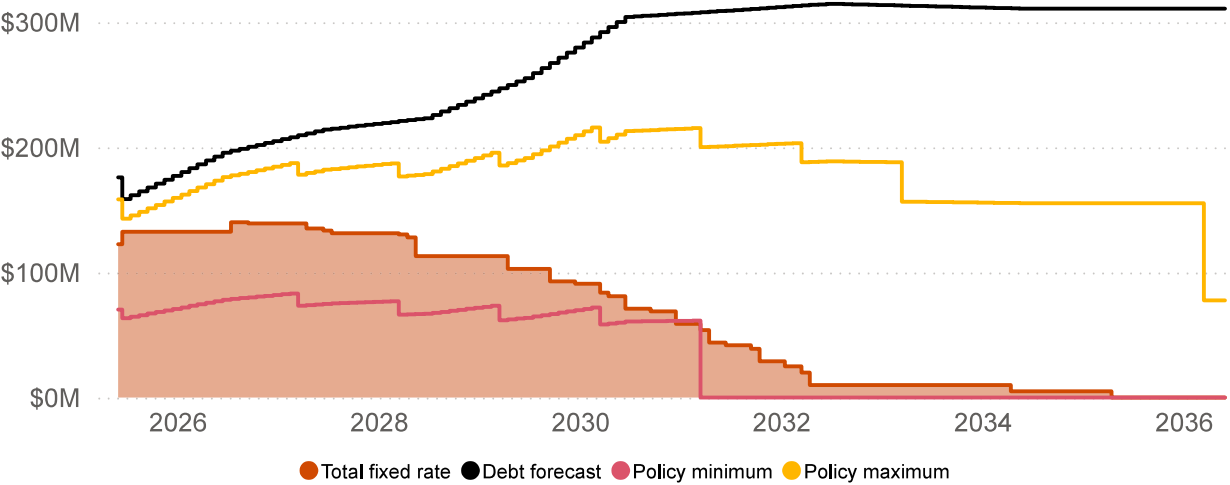
Liquidity risk



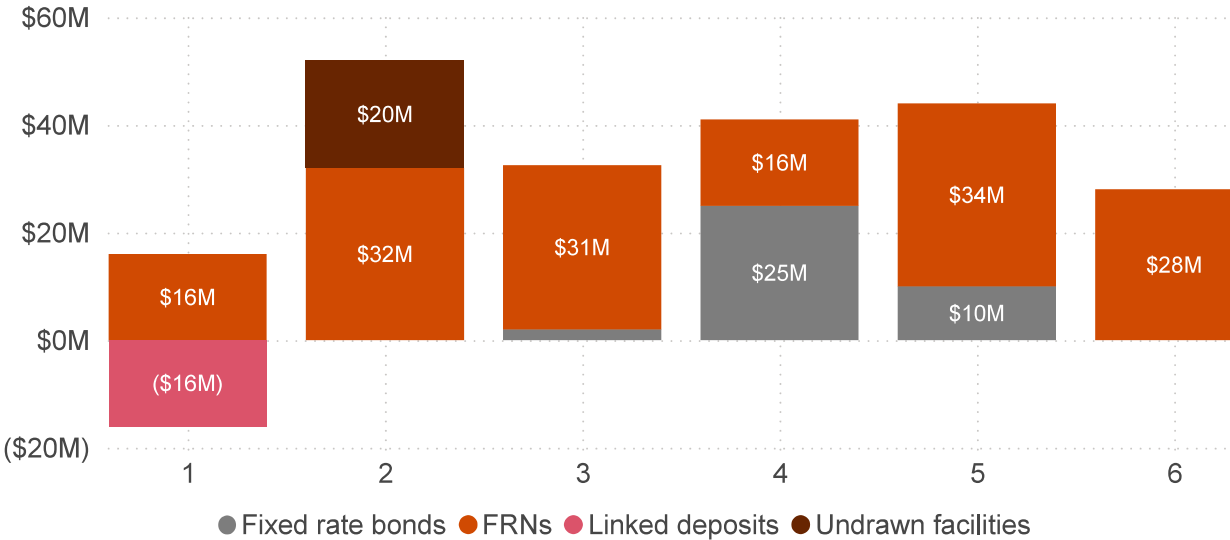
Counterparty credit limits

Counterparty	Compliant?
ANZ	✓
BNZ	✓

Interest rate risk profile - Management forecast



Funding and liquidity risk timeline

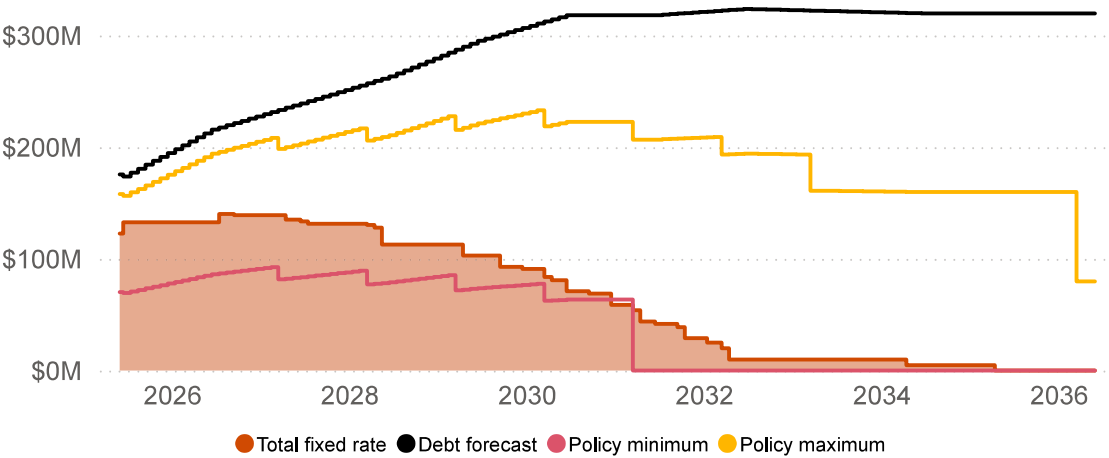


7.1.2 Appendix 2 – PWC Treasury Report as at 31 March 2025(Cont.)

Treasury summary - interest rate risk positions

Whakatane District Council

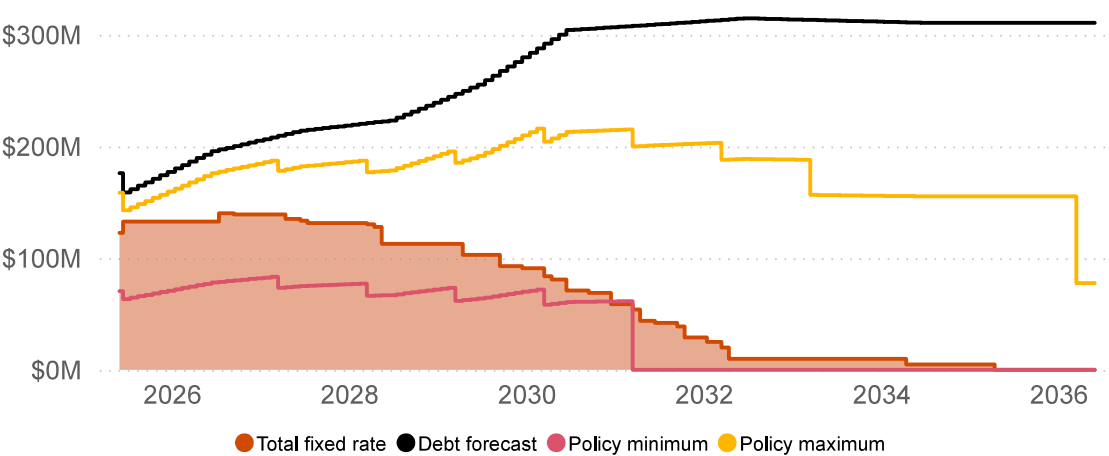
Interest rate risk profile - LTP 24/34



Interest rate summary

#	Bucket	Min	Max	Actual
1	0 - 12	40%	90%	70%
2	12 - 24	40%	90%	62%
3	24 - 36	35%	85%	54%
4	36 - 48	30%	80%	43%
5	48 - 60	25%	75%	33%
6	60 - 72	20%	70%	22%
7	72 - 84	0%	65%	12%
8	84 - 96	0%	60%	3%
9	96 - 108	0%	50%	3%
10	108 - 120	0%	50%	2%
11	120 - 132	0%	50%	0%
12	132 - 144	0%	25%	0%

Interest rate risk profile - Management forecast



Interest rate summary

#	Bucket	Min	Max	Actual
1	0 - 12	40%	90%	75%
2	12 - 24	40%	90%	69%
3	24 - 36	35%	85%	62%
4	36 - 48	30%	80%	50%
5	48 - 60	25%	75%	37%
6	60 - 72	20%	70%	23%
7	72 - 84	0%	65%	12%
8	84 - 96	0%	60%	3%
9	96 - 108	0%	50%	3%
10	108 - 120	0%	50%	2%
11	120 - 132	0%	50%	0%
12	132 - 144	0%	25%	0%

7.1.2 Appendix 2 – PWC Treasury Report as at 31 March 2025(Cont.)

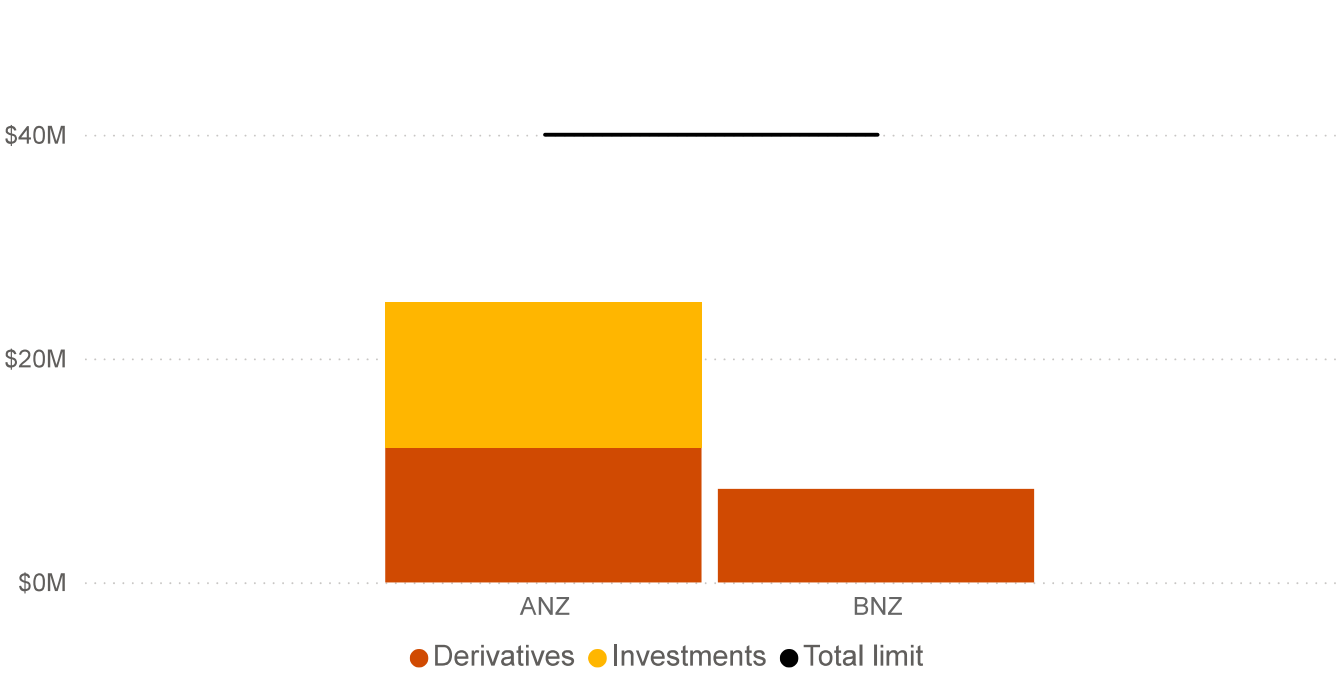
Counterparty credit overview

Whakatane District Council

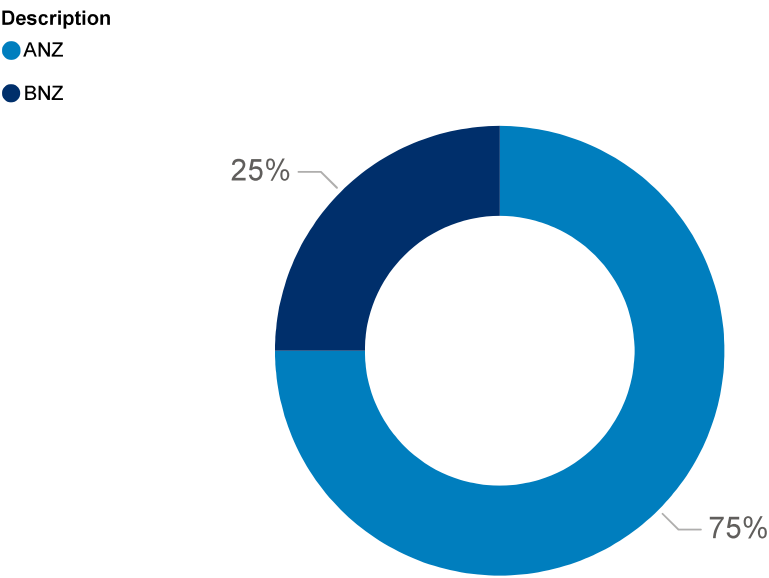
Counterparty credit limits

Counterparty	Investments exposure	MtM	Derivatives exposure	Total exposure	Total limit	Compliant?
ANZ	\$13,000,000	(\$233,554)	\$12,038,858	\$25,038,858	\$40,000,000	✓
BNZ	\$0	\$234,522	\$8,343,244	\$8,343,244	\$40,000,000	✓

Counterparty credit usage, by bank



Counterparty credit composition





7.1.2 Appendix 2 – PWC Treasury Report as at 31 March 2025(Cont.)

Funding and liquidity risk position

Whakatane District Council

Liquidity summary

119%

Liquidity ratio (liquid deposits)

110%

Liquidity ratio policy

\$177,500,000

Gross external debt, less prefunding

\$20,000,000

Undrawn and unlinked bank facilities

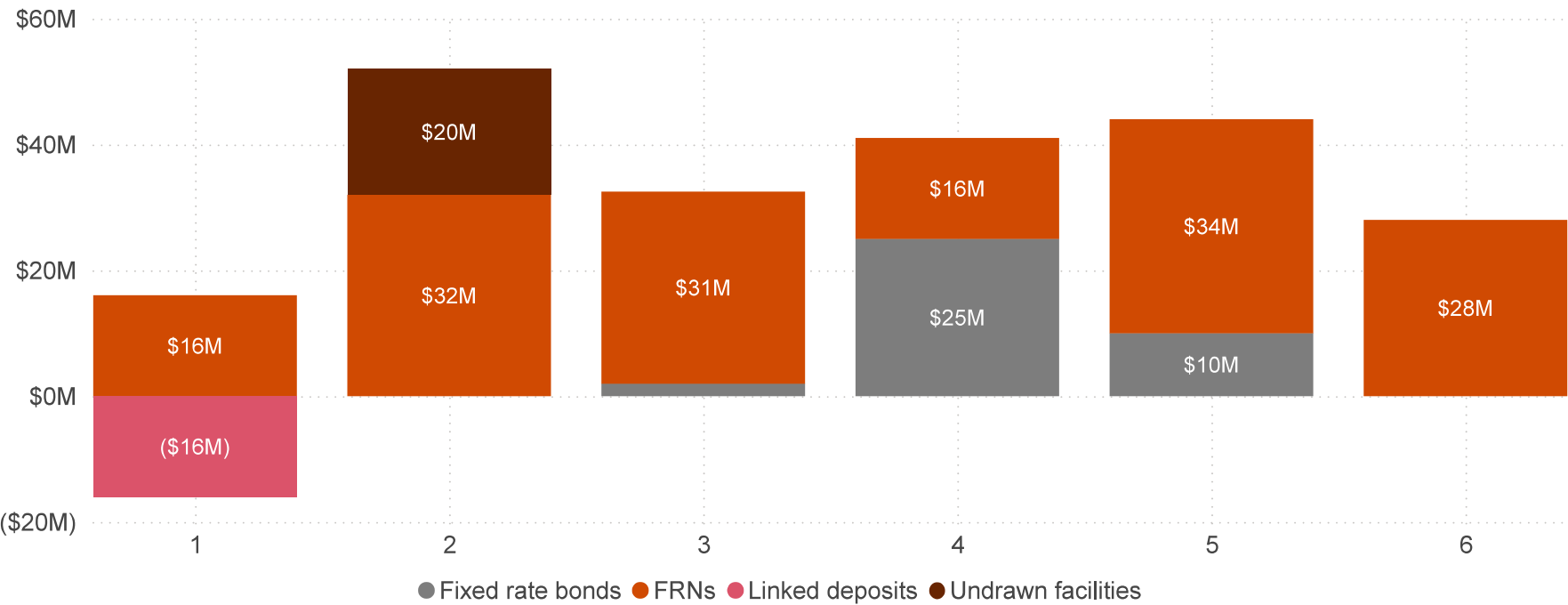
\$13,000,000

Liquid assets

\$16,000,000

Linked deposits

Funding and liquidity risk timeline



Funding summary

Bucket (years)	Maturing in period (\$)	Policy	Actual
0 - 3	\$84,500,000	15% - 60%	43%
3 - 7	\$113,000,000	25% - 85%	57%
7 - 15	\$0	0% - 60%	0%
Total	\$197,500,000		100%



7.1.2 Appendix 2 – PWC Treasury Report as at 31 March 2025(Cont.)

List of interest rate swaps

Whakatane District Council

Instrument	Counterparty	Notional (\$)	Start date	Maturity date	Interest rate
Swap	ANZ	3,000,000	22 September 2016	22 September 2025	4.80%
Swap	BNZ	2,500,000	22 January 2021	22 July 2026	3.19%
Swap	BNZ	1,000,000	23 June 2021	23 September 2026	3.24%
Swap	ANZ	2,000,000	20 July 2023	20 April 2027	3.76%
Swap	ANZ	1,700,000	22 March 2023	22 June 2027	3.75%
Swap	ANZ	2,000,000	20 July 2023	20 July 2027	1.86%
Swap	ANZ	4,000,000	24 January 2023	25 January 2028	1.84%
Swap	ANZ	1,000,000	22 March 2024	22 March 2028	3.70%
Swap	ANZ	2,500,000	22 April 2024	20 April 2028	3.71%
Swap	BNZ	10,000,000	31 August 2024	31 August 2029	3.65%
Swap	BNZ	2,000,000	20 December 2024	20 December 2029	3.57%
Swap	ANZ	2,000,000	17 March 2025	15 March 2030	3.19%
Swap	ANZ	5,000,000	15 March 2024	15 March 2030	5.06%
Swap	BNZ	3,000,000	17 April 2024	15 April 2030	3.69%
Swap	BNZ	10,000,000	16 June 2025	15 June 2030	4.02%
Swap	ANZ	2,000,000	16 December 2024	16 September 2030	3.19%
Swap	BNZ	10,000,000	16 December 2024	15 December 2030	4.08%
Swap	ANZ	5,000,000	15 March 2024	15 March 2031	5.05%
Swap	ANZ	10,000,000	18 July 2024	17 April 2031	4.04%
Swap	ANZ	2,000,000	17 June 2024	16 June 2031	3.20%
Swap	ANZ	3,000,000	15 September 2025	15 September 2031	3.19%
Swap	ANZ	10,000,000	15 July 2026	15 October 2031	3.67%
Swap	ANZ	4,000,000	17 January 2028	15 January 2032	3.18%
Swap	ANZ	5,000,000	15 March 2024	15 March 2032	5.05%
Swap	ANZ	10,000,000	18 July 2024	17 April 2032	4.08%
Swap	BNZ	5,000,000	17 April 2028	17 April 2034	3.78%
Swap	BNZ	5,000,000	17 April 2028	16 April 2035	3.78%



7.1.2 Appendix 2 – PWC Treasury Report as at 31 March 2025(Cont.)

List of loans and deposits

Whakatane District Council

Instrument	Counterparty	Maturity	Drawn	Limit	Interest rate	Margin	Comm. fee
Call Account	ANZ	1 December 2025	5,700,000	5,700,000			
Floating Rate Note	LGFA	15 April 2026	32,000,000	32,000,000		0.68%	
LGFA Borrower Note	LGFA	15 April 2026	-728,000	-728,000			
Standby Facility	ANZ	31 July 2026	0	20,000,000		0.95%	0.20%
Fixed Rate Bond	LGFA	15 April 2027	2,000,000	2,000,000	1.56%		
Floating Rate Note	LGFA	15 April 2027	30,500,000	30,500,000		0.75%	
LGFA Borrower Note	LGFA	15 April 2027	-731,500	-731,500			
Fixed Rate Bond	LGFA	15 April 2028	10,000,000	10,000,000	1.41%		
LGFA Borrower Note	LGFA	15 April 2028	-205,000	-205,000			
Fixed Rate Bond	LGFA	15 May 2028	15,000,000	15,000,000	3.87%		
Floating Rate Note	LGFA	15 May 2028	16,000,000	16,000,000		0.83%	
LGFA Borrower Note	LGFA	15 May 2028	-775,000	-775,000			
Fixed Rate Bond	LGFA	15 April 2029	10,000,000	10,000,000	5.58%		
LGFA Borrower Note	LGFA	15 April 2029	-75,000	-75,000			
Floating Rate Note	LGFA	20 April 2029	34,000,000	34,000,000		0.81%	
LGFA Borrower Note	LGFA	20 April 2029	-1,430,000	-1,430,000			
Floating Rate Note	LGFA	15 May 2030	28,000,000	28,000,000		0.93%	
LGFA Borrower Note	LGFA	15 May 2030	-1,400,000	-1,400,000			



7.1.2 Appendix 2 – PWC Treasury Report as at 31 March 2025(Cont.)



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**7.1.3 Appendix 3 – PWC Interest Rate Strategy Memo May 2025**

**7.1.3 Appendix 3 – PWC Interest Rate Strategy Memo May 2025**

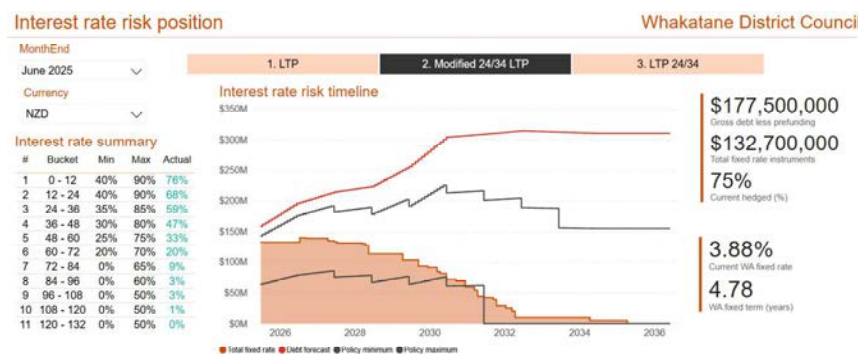
**7.1.3 Appendix 3 – PWC Interest Rate Strategy Memo May 2025(Cont.)****Whakatane District Council**

To: Bevan Gray, Julie Caverhill and Heidi McCallum  
 From: Brett Johanson and Raj Verma  
 Date: 22 May 2025  
 Subject: Interest rate strategy

**Background**

We have reviewed Whakatane District Council's (Council's) interest rate risk position in the context of Council's debt forecasts and recent and expected movements in interest rates. The below strategy looks to increase medium term interest rate hedging to ensure Council maintains compliance with the policy parameters under the Modified 24/34 LTP debt forecast.

Based the information given to us, we understand Council's interest rate risk position as at 30 June 2025 to be as follows:

**Strategy**

We recommend Council enter the following new, quarterly / quarterly borrower interest rate swaps:

Instrument	Notional (\$)	Start date	Maturity date	Indicative market rate	Execution tactics
Swap	10,000,000	15-Oct-25	15-Oct-31	3.65%	At current levels or below
Swap	5,000,000	15-Jul-25	15-Jul-28	3.20%	At current levels or below

7.1.3 Appendix 3 – PWC Interest Rate Strategy Memo May 2025(Cont.)



Following execution Council's interest rate risk position as at 30 June 2025 will be as follows:



Following execution of the strategy, Council maintains Policy compliance until November 2025.

Feel free to get in touch if you have any questions relating to the above interest rate strategy.

**7.1.3 Appendix 3 – PWC Interest Rate Strategy Memo May 2025(Cont.)****Disclaimer**

*This memo is subject to the engagement letter dated 11 June 2018 and the following restrictions. It is a memo addressed to you Whakatane District Council .*

*This memo should not be reproduced or supplied to any other party without first obtaining our (PwC New Zealand) written consent. We accept no responsibility for any reliance that may be placed on our memo should it be used for any purpose other than that set out below and in any event we will accept no liability to any party other than you in respect of its contents. In the course of our work we have not verified any of the information provided to us by you, nor have we carried out anything in the nature of an audit. Accordingly, we express no opinion on the reliability, accuracy or completeness of the information provided to us and upon which we have relied. The statements and opinions contained in this memo are based on data obtained from the financial markets and are so contained in good faith and in the belief that such statements, opinions and data are not false or misleading. In preparing this memo, we have relied upon information which we believe to be reliable and accurate. We reserve the right (but will be under no obligation) to review our assessment and if we consider it necessary, to revise our opinion in the light of any information existing at the date of this memo which becomes known to us after that date. This memo must be read in its entirety. Individual sections of this report could be misleading if considered in isolation from each other.*



**7.2 Audit New Zealand Report to Governors 2023-24****7.2 Audit New Zealand Report to Governors 2023-24**

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To: **Risk and Assurance Committee**

Date: **Thursday, 12 June 2025**

Author: **S Ellis / Team Leader Strategy**

Authoriser: **B Gray / GM Financial and Commercial Services**

Reference: **A2900778**

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1. Reason for the report - *Te Take mō tēnei rīpoata*

The purpose of this report is to provide to the Risk and Assurance Committee the finalised report to governors from Audit New Zealand for the 2023-24 year.

2. Recommendation - *Tohutohu akiaki*

THAT the Risk and Assurance Committee **receive** Audit New Zealand's report to governors for the 2023-24 year.

3. Background - *He tirohanga whakamuri*



The Council is required to be audited annually and produce an Annual Report. Following completion of the annual audit, a report is received from the appointed auditor outlining recommendations to improve Council's control environment. The control environment ensures that Council manages its resources prudently and effectively as well as ensuring key risks to the organisation are identified and managed.

One of the terms of reference for the Risk and Assurance Committee is to receive the *Report to the Council on the Audit of Whakatāne District Council*, commonly referred to as the "report to governors". The report for the Year Ended 30 June 2024 is attached as Appendix 1 and outlines issues and recommendations raised by Audit New Zealand including management comments from staff on what actions will be taken to address these.

4. Discussion – *Kōrerorero*

Audit New Zealand's recommendations for improvement, and their priority, are based on their assessment of how far short the Council's current practice is from a standard that is appropriate for the size, nature, and complexity of its business. The following table shows the number of matters Council needs to address under each priority rating.

**7.2 Audit New Zealand Report to Governors 2023-24(Cont.)**

Priority	Explanation	Number of matters	
• Urgent	<b>Needs to be addressed <i>urgently</i></b> These recommendations relate to a significant deficiency that exposes the District Council to significant risk or for any other reason need to be addressed without delay.	Open from Prior Year	6
		Closed	(1)
		New	
		Total	5 
• Necessary	<b>Address at the earliest reasonable opportunity, <i>generally within six months</i></b> 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.	Open from Prior Year	27
		Closed	(5)
		New	3
		Total	25 
• Beneficial	<b>Address, <i>generally within six to 12 months</i></b> 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.	Open from Prior Year	-
		Closed	-
		New	-
		Total	-

Progress has been made over the past 12 months with our total number of open matters reducing from 33 to 30. This includes the closure of 6 matters (5 Necessary and 1 Urgent). Audit identified 3 new issues during the 2024 audit, and management has responded as to how these will be addressed as outlined below.

**4.1. New Issues identified**

There were three new issues identified in the 2024 audit as outlined below.

**4.1.1. RAMM System update for specific assets****Audit Comment:**

During our testing of Work in Progress (WIP), we identified instances where additions for roading assets were not updated in the RAMM system, as the projects were not fully completed. Additionally, we noted that assets capitalised during the year were entered into the RAMM system as batch entries rather than at the specific asset level.

We recommend that management formalise the process of recording all roading WIP additions in the RAMM system promptly and at the specific asset level

**Management Comment:**

**7.2 Audit New Zealand Report to Governors 2023-24(Cont.)**

*The establishment of the Infrastructure Project Management Office (PMO) will assist the Transport Team in ensuring prompt, asset level updates are entered in the RAMM system, as works are completed. The Transport Team will work with the Finance Team to explore if there is an ability to record WIP additions in the RAMM system. But to our knowledge the RAMM system does not have such functionality.*

**4.1.2. Operating expenditure capitalisation****Audit Comment:**

As part of our testing of additions to Work in Progress (WIP), we identified instances where administrative and catering costs associated with the project were capitalised. These costs, typically considered operational expenses, were included as part of the project's capital expenditure.

We recommend that management scrutinise all additions to WIP to ensure they comply with the requirements of PBE IPSAS 17.

**Management Comment:**

*Management will ensure that appropriate expenditure is captured against projects and a process to review this expenditure occurs at the point of capitalisation.*

**4.1.3. Unreconciled balances in bank reconciliation****Audit Comment:**

During our testing over bank reconciliation as of year-end, we noted unreconciled transactions in the bank reconciliation caused by timing difference, incorrect reference used by customers, bank charges and direct cash receipts.

We recommend management to review and investigate the unreconciled transactions that are not due to timing differences.

**Management Comment:**

*Management will review and investigate unreconciled transactions and ensure that they are appropriately allocated.*

**4.2. Previous recommendations that remain open:**

The status of the previous recommendations are outlined in Appendix 1 Page 26 of Audit's report. An action register has been implemented and serves to document the identified issues (historical and new) and track the implementation of any corrective actions to ensure compliance and continuous improvement.

**5. Options analysis - Ngā Kōwhiringa**

There are no options as this is an information report

**7.2 Audit New Zealand Report to Governors 2023-24(Cont.)****6. Significance and Engagement Assessment - *Aromatawai Pāhekoheko*****6.1. Assessment of Significance**

The recommendations of this report are assessed to be of low significance in accordance with the Council's Significance and Engagement Policy.

**6.2. Engagement and community views**

Engagement on this matter is not being undertaken in accordance with Section 6.0 of the Council's Significance and Engagement Policy. This states that the Council will not consult when the matter is not of a nature or significance that requires public engagement (low significance).

**7. Considerations - *Whai Whakaaro*****7.1. Strategic alignment**

No inconsistencies with any of the Council's policies or plans have been identified in relation to this report

**7.2. Legal**

The Local Government Act 2002 (LGA 2002) requires Council to demonstrate they are accountable to their communities and mandates that the Auditor-General must audit Council's annual report. The findings of this audit report are publicly released in accordance with the LGA 2002.

**7.3. Financial/budget considerations**

Some of the recommendations from Audit may have budget implications associated with implementation. These will be carefully considered and worked through as part of the Council's resource planning and prioritisation processes.

**7.4. Climate change assessment**

There are no significant or notable impacts associated with the matters of this report

**7.5. Risks**

Audit NZ identified 10 main risks through its Audit Plan in May 2024 and concluded at the end of the Audit process that Council's management and disclosure of these identified risks were appropriate. No significant issues were raised in relation to these risks. Refer to section 3 of Appendix 1.

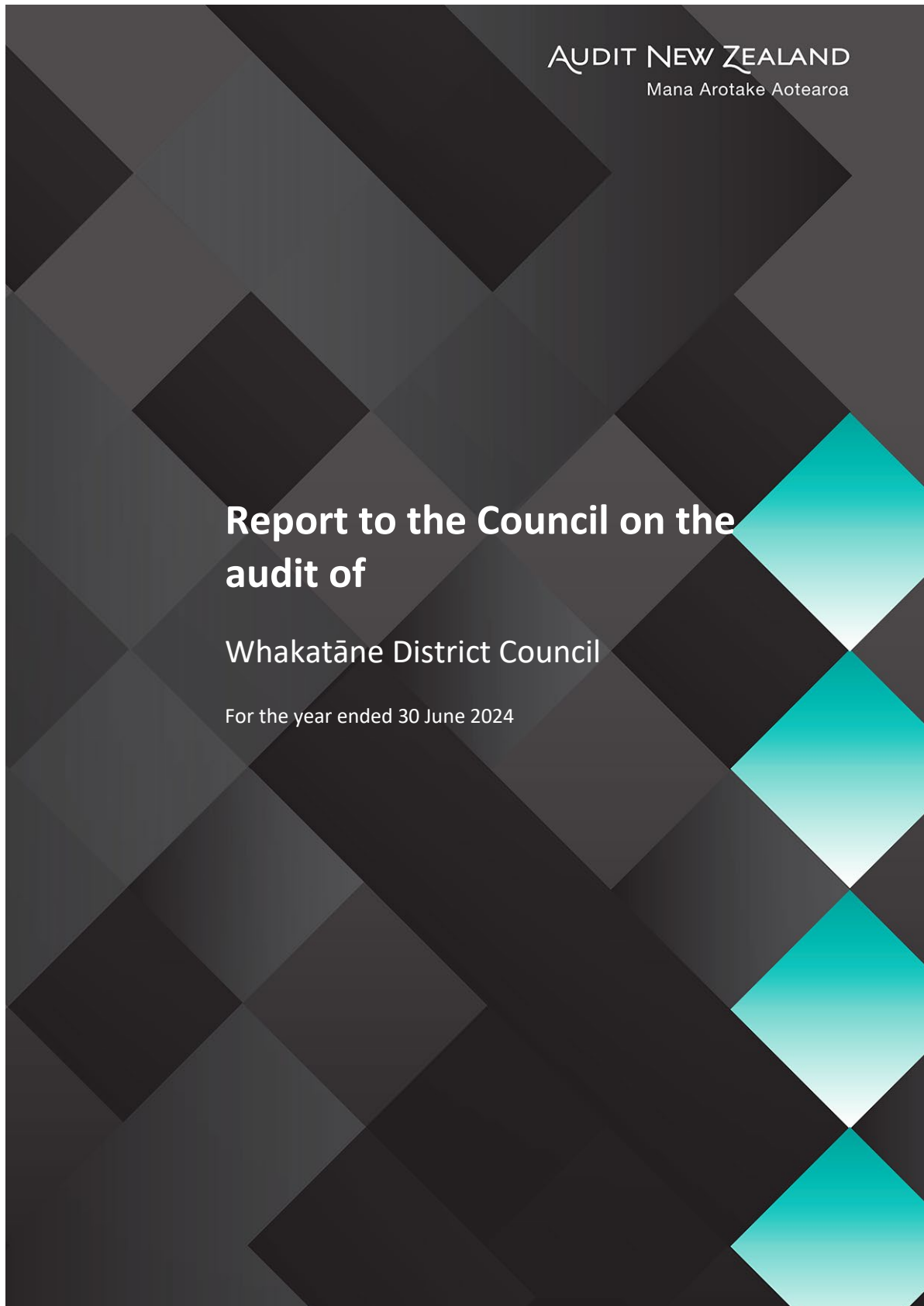
**Attached to this report:**

- Appendix 1 – Audit NZ report “Report to the Council on the audit of Whakatāne District Council for the year ended 30 June 2024” (Final)

**7.2.1 Appendix 1 – Audit NZ report “Report to the Council on the audit of Whakatāne District Council for the year ended 30 June 2024” (Final)**

**7.2.1 Appendix 1 – Audit NZ report “Report to the Council on the audit of Whakatāne District Council for the year ended 30 June 2024” (Final)**

**7.2.1 Appendix 1 – Audit NZ report “Report to the Council on the audit of Whakatāne District Council for the year ended 30 June 2024” (Final)(Cont.)**



**7.2.1 Appendix 1 – Audit NZ report “Report to the Council on the audit of Whakatāne District Council for the year ended 30 June 2024” (Final)(Cont.)**

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**7.2.1 Appendix 1 – Audit NZ report “Report to the Council on the audit of Whakatāne District Council for the year ended 30 June 2024” (Final)(Cont.)**

## Key messages

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

### Audit opinion

We issued a modified Audit Report (Audit opinion) dated 20 March 2025. The opinion was not modified for the financial information but was modified for the non-financial performance information.

The opinion also includes an emphasis of matter paragraph to draw attention to the disclosure in the financial statements relating to uncertainty of the Whakatāne Boat Harbour project’s continuation due to cost escalation.

This means we were satisfied that the financial statements (excluding the non-financial performance information) present fairly the Whakatāne District Council’s activity for the year and its financial position at the end of the year. The non-financial performance information was subject to a qualification relating to some specific performance measures.

### Matters identified during the audit

The Council fair valued its Operational land and building, Three Waters assets and roading network assets as at 30 June 2024. For our detailed findings, refer to section 3 and 4 of this report.

From our testing over additions to work in progress, we continue to note areas for improvements and have highlighted our findings under section 4 and Appendix 1 of this report.

There have not been any further payments from the Council for the Limited Partnership in relation to the development of the Whakatāne Boat Harbour. We have reviewed the accounting treatment and are satisfied that it has been appropriately accounted for in the Council’s financial statements.

We reviewed certain mandatory performance reporting measures. We were unable to determine completeness of the requests for service (RFS) for the Three Waters activities which has been contracted by Council to Palmerston North City Council’s (PNCC) after hours call centre. Due to this the audit report over non-financial performance information has been qualified.

### Prior year recommendations

We have also followed up on the status of issues outstanding from previous audits. These matters are outlined in Appendix 1 of the report.

There are a number of prior year recommendations that remain open and are yet to be addressed. We recommend the District Council develop a timeline to resolve these outstanding issues as soon as possible.



**7.2.1 Appendix 1 – Audit NZ report “Report to the Council on the audit of Whakatāne District Council for the year ended 30 June 2024” (Final)(Cont.)**

**Thank you**

We would like to thank the Council, management and staff for their assistance received during the audit.



Anton Labuschagne  
Appointed Auditor  
8 May 2025

## 7.2.1 Appendix 1 – Audit NZ report “Report to the Council on the audit of Whakatāne District Council for the year ended 30 June 2024” (Final)(Cont.)

### 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.

Priority	Explanation
Urgent	<b>Needs to be addressed <i>urgently</i></b> These recommendations relate to a significant deficiency that exposes the District Council to significant risk or for any other reason need to be addressed without delay.
Necessary	<b>Address at the earliest reasonable opportunity, <i>generally within six months</i></b> 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.
Beneficial	<b>Address, <i>generally within six to 12 months</i></b> 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.

#### 1.1 New recommendations

The following table summarises our recommendations and their priority.

Recommendation	Reference	Priority
<b>RAMM System update for specific assets</b> We recommend management formalise the process of recording all roading WIP additions in the RAMM System promptly and at the specific asset level.	4.1	Necessary
<b>Operating Expenditure capitalisation</b> We recommend that management scrutinise all additions being capitalised within Work in Progress to ensure they comply with the requirements of PBE IPSAS 17.	4.2	Necessary
<b>Unreconciled transactions in bank reconciliation</b> We recommend management to review and investigate the unreconciled transactions that are not due to timing differences.	4.3	Necessary

**7.2.1 Appendix 1 – Audit NZ report “Report to the Council on the audit of Whakatāne District Council for the year ended 30 June 2024” (Final)(Cont.)****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 matters (Prior Year Report to Governors and CFO letter)	6	27	-	33
New matters	-	3	-	3
Implemented or closed	(1)	(5)	-	(6)
<b>Total</b>	<b>5</b>	<b>25</b>	<b>-</b>	<b>30</b>

## 7.2.1 Appendix 1 – Audit NZ report “Report to the Council on the audit of Whakatāne District Council for the year ended 30 June 2024” (Final)(Cont.)

## 2 Our audit report

### 2.1 We issued a modified audit report



We have issued a modified audit report on 20 March 2025. This includes an unmodified opinion on the audited financial information and a qualified opinion on non-financial performance information. The audit report also includes an emphasis of matter paragraph to draw attention to the disclosures in the financial statements relating to uncertainty over the Boat Harbour project. The project is affected by cost escalations, and as a result there is uncertainty over whether the project will progress.

In forming our audit opinion, we considered the audit matters raised in our audit plan and audit issues identified during our audit. 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. The misstatements that have not been corrected are listed below along with management's reasons for not adjusting these misstatements. We are satisfied that these misstatements are individually and collectively immaterial.

Current year uncorrected misstatements	Ref	Assets	Liabilities	Equity	Financial performance
		Dr (Cr)	Dr (Cr)	Dr (Cr)	Dr (Cr)
Accrued expenses	1		707,163		
Other expenses					(707,163)
Other expenses	2				277,426
Work in progress		(277,426)			
<b>Total</b>		<b>(277,426)</b>	<b>707,163</b>	<b>-</b>	<b>(429,737)</b>

#### Explanation of uncorrected misstatements

1. This is a projected misstatement. The journal has been proposed to correct the overstated accruals. This was identified during the sampling of accrued expenses.
2. This is a projected misstatement of the WIP additions capitalised for which Council was not able to provide appropriate supporting evidence.

## Risk and Assurance Committee - AGENDA

**7.2.1 Appendix 1 – Audit NZ report “Report to the Council on the audit of Whakatāne District Council for the year ended 30 June 2024” (Final)(Cont.)****2.3 Uncorrected disclosures**

The following disclosures remained uncorrected:

Detail of disclosure deficiency
<p><b>Note 9: Receivables</b></p> <ul style="list-style-type: none"> <li>The Receivables note does not show the split for: <ul style="list-style-type: none"> <li>prepayments; and</li> <li>income Accrued.</li> </ul> </li> <li>The Ageing for Other Receivables is also not accurate. This is both for current year and prior year disclosure: <ul style="list-style-type: none"> <li>the ageing does not take into account a misstatement earlier corrected by the Council (\$138k); and</li> <li>the ageing also does not include other categories of “Other Receivables”.</li> </ul> </li> <li>The ageing disclosed for prior year “Other receivables” does not agree with prior year audited financial statements.</li> </ul>
<p><b>Note 22: Provisions</b></p> <p>The table disclosed in relation to “Movements for each class of provision” has arithmetical errors.</p> <p>Totals do not add up (both current and prior year disclosure) for:</p> <ul style="list-style-type: none"> <li>additional Provisions; and</li> <li>amounts used.</li> </ul>
<p><b>Note 28: Explanations of major variances against budget</b></p> <p>The Council has erroneously utilised the incorrect number for explaining the movement of Revenue – Gains being below budget by \$5.2 million. The Council has disclosed \$4.8 million.</p> <p>The explanation provided is also not accurate.</p>

**2.4 Corrected misstatements and disclosures**

There were a number of misstatements and disclosures that were identified by audit and corrected by management throughout the course of the audit. Due to the large number of corrections, we have opted not to include the full list as part of this management report. This, however, is available on request.

## Risk and Assurance Committee - AGENDA

**7.2.1 Appendix 1 – Audit NZ report “Report to the Council on the audit of Whakatāne District Council for the year ended 30 June 2024” (Final)(Cont.)****2.5 Quality and timeliness of information provided for audit**

Management provided information for audit relating to the annual report of the District Council. This included the draft annual report with supporting working papers. We provided a listing of information we required to management on 5 September 2024 requesting all documents to be provided to us by 7 October 2024.

**2.5.1 Audit process**

There has been a big improvement in providing quality information throughout the audit in comparison to the prior year, but there were still some challenges in getting all the relevant information including the annual report.

The service performance information was really well co-ordinated with good quality checks being done and prompt responses to our audit requests.

The Council provided the draft financial statements on the first day of the audit. These were partly prepared. There was some delays in getting the information for trade receivables, payroll, investment property and aftercare provision. This resulted in more time being spent over sample selection and completion of audit work for these areas.

The audit team put in significant effort to perform a detailed review of several versions of the final annual report.

Despite the challenges mentioned above, we do want to acknowledge that the project co-ordinator (Sarah), CFO (Bevan) and the finance team worked very well with us and provided information to resolve audit matters throughout the audit.

The staff allocated to our audit team had to be extended multiple times due to the complexity of issues identified and delay in finalising the annual report. As a result, we have incurred additional costs. We will be engaging with management to discuss the recovery of a portion of these overruns.

We will continue to discuss with management to determine how to improve the efficiency of the annual report and audit process.

**Recommendation**

We encourage management to make use of the client substantiation file mentioned in Section 8 below, for the audit of the next annual report.

This will ensure that all/most supporting documentation is available at the start of the audit. We recommend that the Council implements internal quality review processes to ensure that a complete and consistent documentation is presented for audit purposes. This will reduce/minimise Audit New Zealand time overruns and enable the District Council to more effectively complete the audit process.

We intend to have a debrief with management and continue to work on ways to improve the efficiency of the audit for future engagements.

## Risk and Assurance Committee - AGENDA

**7.2.1 Appendix 1 – Audit NZ report “Report to the Council on the audit of Whakatāne District Council for the year ended 30 June 2024” (Final)(Cont.)****3 Matters raised in the Audit Plan**

In our Audit Plan of 13 May 2024, we identified the following matters as the main audit risks:

Audit risk/issue	Outcome
<b>The risk of management override of internal controls</b>	
There is an inherent risk in every organisation of fraud resulting from management override of internal controls. Management is 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>Our audit response to this risk included:</p> <ul style="list-style-type: none"> <li>• testing the appropriateness of selected journal entries;</li> <li>• reviewing accounting estimates for indications of bias; and</li> <li>• evaluating any unusual or one-off transactions, including those with related parties.</li> </ul> <p>We did not identify any issues indicating the override of controls by management.</p>
<b>Fair value assessment of infrastructure (roading network) property, plant and equipment (non-revaluation year)</b>	
<p>The District Council periodically revalue its infrastructure assets. PBE IPSAS 17, <i>Property, Plant and Equipment</i> requires that valuations are carried out with sufficient regularity to ensure that the carrying amount does not differ materially from fair value.</p> <p>The Council last revalued its Roothing Network in 2022. For these assets the Council will be performing a fair value assessment to determine whether there is significant difference between the fair value and the carrying value. Where the estimated difference is significant a full revaluation may be necessary.</p> <p>An assessment should:</p> <ul style="list-style-type: none"> <li>• factor in local cost information;</li> <li>• utilise relevant and reliable price movement indicators; and</li> <li>• involve consulting with valuers, if necessary.</li> </ul>	<p>Our audit response to this risk included:</p> <ul style="list-style-type: none"> <li>• reviewing management’s fair value assessment report including the appropriateness of the key assumptions used in the assessment;</li> <li>• assessing the competence and experience of the person(s) completing the fair value assessment and whether the requirements of PBE IPAS 17 Property, Plant and Equipment (including the appropriateness of the fair value assessment) have been met;</li> <li>• reviewing the reasonableness and completeness of the data used; and</li> <li>• assessing the presentation and disclosure of information related to the final carrying values in the financial statements.</li> </ul> <p>We are satisfied that the roading assets is held at fair value in the financial statement and appropriately disclosed.</p>

## Risk and Assurance Committee - AGENDA

**7.2.1 Appendix 1 – Audit NZ report “Report to the Council on the audit of Whakatāne District Council for the year ended 30 June 2024” (Final)(Cont.)**

Audit risk/issue	Outcome
The Council will be engaging external valuers, WSP New Zealand, to assist in preparing a fair value assessment.	
<b>Fair value assessment of property plant and equipment (non-revaluation year)</b>	
<p>The District Council periodically revalues its operational assets. PBE IPSAS 17, <i>Property, Plant and Equipment</i> requires that valuations are carried out with sufficient regularity to ensure that the carrying amount does not differ materially from fair value.</p> <p>During the current year, (2023/24) the below mentioned assets will be fair valued:</p> <ul style="list-style-type: none"> <li>• Land (Operational and Restricted assets).</li> <li>• Building (Operational and Restricted assets).</li> <li>• Harbour and Park Assets.</li> </ul> <p>An assessment should:</p> <ul style="list-style-type: none"> <li>• factor in local cost information; and</li> <li>• utilise relevant and reliable price movement indicators; and involve consulting with valuers, if necessary.</li> </ul> <p>The Council will be engaging external valuers, AON NZ to assist in preparing a fair value assessment.</p> <p><b>Impairment</b></p> <p>At each reporting date management must assess whether there is any indication that assets may be impaired. If management identifies any indication of impairment, then they must estimate the recoverable service amount of the asset.</p> <p>This is to ensure the carrying amount of an asset does not differ materially from its recoverable amount.</p>	<p>Our audit response to this risk included:</p> <ul style="list-style-type: none"> <li>• reviewing management’s fair value assessment report including the appropriateness of the key assumptions used in the assessment;</li> <li>• assessing the competence and experience of the person completing the fair value assessment and whether the requirements of PBE IPAS 17 <i>Property, Plant and Equipment</i> (including the appropriateness of the fair value assessment) have been met;</li> <li>• reviewing the reasonableness and completeness of the data used;</li> <li>• assessing the presentation and disclosure of information related to the final valuation in the financial statements;</li> <li>• reviewing of management’s impairment assessments and evaluating the reasonableness of significant assumptions used in the assessments; and</li> <li>• evaluating how management has addressed estimation uncertainty and reperform any calculations made by management.</li> </ul> <p>We are satisfied that the fair value assessments for operational land, building and harbour and parks assets have been correctly recorded in the Council’s financial statements and appropriately disclosed.</p>



## Risk and Assurance Committee - AGENDA

**7.2.1 Appendix 1 – Audit NZ report “Report to the Council on the audit of Whakatāne District Council for the year ended 30 June 2024” (Final)(Cont.)**

Audit risk/issue	Outcome
<p>The judgemental nature of asset revaluations, fair value assessments, and impairment assessments creates a risk of bias or error in the assumptions and inputs used. Due to the value of the asset classes in question, any bias or errors in the inputs used or calculations performed could result in a material misstatement of the District Council's financial statements.</p>	
<b>Fair value assessment of infrastructure (Three Waters) property, plant and equipment (non-revaluation year)</b>	
<p>The District Council periodically revalues its property, plant and equipment. PBE IPSAS 17, <i>Property, Plant and Equipment</i> requires that valuations are carried out with sufficient regularity to ensure that the carrying amount does not differ materially from fair value.</p> <p>The Council last revalued its Three Waters assets (Wastewater, Stormwater and Water supply) as at 30 June 2023 and has engaged external specialist - AON NZ to perform a fair value assessment to determine whether there is a significant difference between the fair value and carrying value. Where the estimated difference is significant a full revaluation may be necessary.</p> <p>An assessment should:</p> <ul style="list-style-type: none"> <li>• factor in local cost information;</li> <li>• utilise relevant and reliable price movement indicators; and</li> <li>• involve consulting with valuers, if necessary.</li> </ul> <p>The Council will be engaging external valuers, Aon NZ, to assist in preparing a fair value assessment of the Three Waters.</p>	<p>Our audit response to this risk included:</p> <ul style="list-style-type: none"> <li>• reviewing management's fair value assessment report including the appropriateness of the key assumptions used in the assessment;</li> <li>• assessing the competence and experience of the person completing the fair value assessment and whether the requirements of PBE IPAS 17 <i>Property, Plant and Equipment</i> (including the appropriateness of the valuation basis) have been met;</li> <li>• reviewing the reasonableness of the data and key assumptions used; and</li> <li>• assessing the presentation and disclosure of information related to the valuation in the financial statements.</li> </ul> <p>We are satisfied that the fair value assessments have been correctly recorded in the Council's financial statements and appropriately disclosed.</p>

## Risk and Assurance Committee - AGENDA

**7.2.1 Appendix 1 – Audit NZ report “Report to the Council on the audit of Whakatāne District Council for the year ended 30 June 2024” (Final)(Cont.)**

Audit risk/issue	Outcome
<b>Capitalisation of work in progress</b>	
<p>The District Council continues to have a significant ongoing capital programme.</p> <p>Accounting for capital projects, whether completed during the year or in progress at balance date, requires assumptions and judgements to be made that can have a significant impact on the financial statements.</p> <p>Management and the Council are responsible for managing the financial statement risks associated with capital projects. To help Council conclude on the matters below we expect Council to prepare a “year-on-year” three-year age analysis.</p> <p>Council needs to ensure that:</p> <ul style="list-style-type: none"> <li>• project costs are appropriately classified as capital or operational in nature;</li> <li>• work in progress balances are reviewed for assets available for use and appropriately capitalised and depreciated accordingly;</li> <li>• work in progress on projects are assessed regularly for impairment;</li> <li>• costs no longer meeting criteria for recognition as an asset should be expensed in a timely manner; and</li> <li>• assets are identified at appropriate components and useful lives are assigned at a component level.</li> </ul>	<p>Our audit response to this risk included:</p> <ul style="list-style-type: none"> <li>• testing a sample of work in progress additions to ensure project costs are appropriately classified as capital or operational;</li> <li>• reviewing Council’s assessment over work in progress (WIP) balances;</li> <li>• reviewing Council’s impairment assessment over work in progress;</li> <li>• reviewing Council have expenses costs no longer meeting criteria for recognition; and</li> <li>• ensuring that asset components are identified at an appropriate level, and appropriate useful lives are assigned.</li> </ul> <p>Capital Work in Progress was appropriately disclosed in the financial statements at balance date.</p>

## Risk and Assurance Committee - AGENDA

**7.2.1 Appendix 1 – Audit NZ report “Report to the Council on the audit of Whakatāne District Council for the year ended 30 June 2024” (Final)(Cont.)**

Audit risk/issue	Outcome
<b>Non-current asset held for sale - 77 Bunyan Road</b>	
<p>The Council entered into an agreement to Sale land (77 Bunyan Road, Coastlands) which was finalised with an unconditional sale and purchase agreement which remains valid.</p> <p>The sale was piecemeal and as each stage of development was completed, funds were to be released. The Title was to transfer to the purchaser before the next stage of development and after the purchase price for that stage is paid.</p> <p>No block titles have been passed to date and no further funds have been received from the developer during FY 2023 and hence, this was classified as the sale as a non-current asset held for sale with a split between current and non-current in FY 2023.</p> <p>Fair value assessments need to be completed for this property as PBE IFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i> do not apply to non-current assets accounted for by the fair value model in IPSAS 16 <i>Investment Property</i>.</p> <p>An assessment should be prepared over any changes in the assumptions and facts on which previous accounting treatment conclusions have been reached.</p>	<p>Our audit response to this risk included:</p> <ul style="list-style-type: none"> <li>assessing whether the valuations have been performed in accordance with PBE IPSAS 16: Investment Property detailed in the below area of focus “valuation of Investment Property”;</li> <li>ensuring the provision for onerous contract is correctly accounted for;</li> <li>reviewing changes to assumptions and facts on which previous accounting treatment conclusions have been reached; and</li> <li>ensuring that the appropriate disclosures have been made in the financial statements.</li> </ul> <p>We are satisfied with the accounting treatment and related disclosures for non-current asset held for sale (77 Bunyan Road) and the associated onerous contract in Council’s financial statements.</p>
<b>Investment in boat harbour entity</b>	
<p>During 2021/22 Council signed the transformational partnership between the Crown, Te Rāhui Lands Trust, Ngāti Awa Group Holdings Limited and Council to create Te Rāhui Herenga Waka Whakatāne 2021 Limited Partnership for the Whakatāne Boat Harbour Development.</p> <p>Two applications were submitted to the Provincial Growth Fund (PGF) in September 2019. An announcement made on 13 March 2020 confirmed all three applications were successful, securing \$19.6 million for a boat harbour development, \$9.6 million for the riverfront revitalisation project and \$7.8 million for Ngāti Awa’s Kāinga development at the Whakatāne Army Hall.</p>	<p>Our audit response to this risk included:</p> <ul style="list-style-type: none"> <li>obtaining an update on the progress of the boat harbour development from Council and review accounting treatment of investments made in the Boat Harbour Entity; and</li> <li>reviewing associated disclosures ensure that these have been made appropriately in the financial statements.</li> </ul> <p>The boat harbour has been appropriately accounted for using the equity method of accounting in the Council’s financial statements. We were satisfied with the accounting treatment of the investment in</p>

## Risk and Assurance Committee - AGENDA

**7.2.1 Appendix 1 – Audit NZ report “Report to the Council on the audit of Whakatāne District Council for the year ended 30 June 2024” (Final)(Cont.)**

Audit risk/issue	Outcome
Council have made payment of \$5.5 million during the FY 2022/23 with further commitment of \$4 million in 2023/24, this has been accounted for as a financial asset.	the boat harbour entity and its associated disclosures in the financial statements.
<b>Valuation of investment property</b>	
<p>PBE IPSAS 16: <i>Investment Property</i> requires investment properties to be revalued on an annual basis.</p> <p>There are some aspects to the valuation of investment properties that require particular use of judgement in determining their fair value.</p> <p>We understand the District Council has engaged an external valuer to revalue investment properties during the financial year.</p>	<p>Our audit response to this risk included:</p> <ul style="list-style-type: none"> <li>• assessing the valuations have been performed in accordance with PBE IPSAS 16: Investment Property;</li> <li>• assessing the competence and objectivity of the valuer(s) used;</li> <li>• ensuring the valuation approach was in accordance with professional valuation standards and suitable for determining the fair value;</li> <li>• reviewing key assumptions including assessing whether evidence used by the valuer is based on market evidence and applicable industry data;</li> <li>• ensuring the valuation movement was correctly accounted for within the respective assets; and</li> <li>• use of an auditor expert where required.</li> </ul> <p>We were satisfied that the judgements used is appropriate, and valuations are correctly recorded in the Council's financial statements.</p>
<b>“Local Water Done Well” programme</b>	
<p>In February 2024, the Government passed legislation that repealed the affordable waters reform legislation passed into law by the previous Government.</p> <p>The Government intends implementing its “Local Water Done Well” programme through the passing of two further bills through Parliament.</p> <p>The first Bill will set out provisions relating to council service delivery plans and transitional economic regulation. It will also provide for streamlining the establishment of Council Controlled Organisations to deliver water should Councils desire to do so.</p>	<p>Our audit response to this risk included:</p> <ul style="list-style-type: none"> <li>• reviewing the Council's assessment of the impact of the legislative change on the annual report to ensure any accounting or disclosure implications are considered; and</li> <li>• considering whether we may include information in our audit report to draw a reader's attention to Council's disclosure about the programme.</li> </ul> <p>We note the Council has made the appropriate disclosures as part of the annual report.</p>

## Risk and Assurance Committee - AGENDA

**7.2.1 Appendix 1 – Audit NZ report “Report to the Council on the audit of Whakatāne District Council for the year ended 30 June 2024” (Final)(Cont.)**

Audit risk/issue	Outcome
<p>A second Bill will set out provisions relating to long-term requirements for financial sustainability, provide for a complete economic regulation regime, and a new range of structural and financing tools, including a new type of financially independent Council Controlled Organisation.</p> <p>The first and second Bills are expected to be passed by mid-2024 and mid-2025 respectively.</p> <p>Until the content of the Bills is known the impact on the Council and on the 30 June 2024 annual report is unclear.</p> <p>The Council should ensure the annual report includes sufficient disclosure about the impact of the programme (to the extent that the impact is known).</p>	
<b>Drinking water quality performance measure</b>	
<p>Providing safe drinking water is a core function of the Council and reporting how 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>Our audit response to this risk included:</p> <ul style="list-style-type: none"> <li>• updating our knowledge of the systems and controls in place and perform appropriate testing to determine if we can rely on those controls;</li> <li>• working with Council to review the performance information related to Drinking Water Quality and audit the results reported against the agreed measures; and</li> <li>• carrying out additional audit procedures to obtain sufficient appropriate audit evidence for the performance measures.</li> </ul> <p>We are satisfied that the District Council has appropriately reported against the drinking water compliance measures.</p>

## Risk and Assurance Committee - AGENDA

**7.2.1 Appendix 1 – Audit NZ report “Report to the Council on the audit of Whakatāne District Council for the year ended 30 June 2024” (Final)(Cont.)**

Audit risk/issue	Outcome
<p>There are currently no similar performance measures with respect to the new DWQARs. Despite this it is important that the Council includes appropriate performance information about their compliance with the new DWQARs. 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> <p>Taumata Arowai does not currently have an equivalent system in place and does not use independent drinking water assessors.</p>	

**7.2.1 Appendix 1 – Audit NZ report “Report to the Council on the audit of Whakatāne District Council for the year ended 30 June 2024” (Final)(Cont.)**

## 4 Issues identified during the final audit



In this section we detail our key findings during the audit, in order of significance. We also detail our findings in relation to other areas of focus.

### 4.1 RAMM System update for specific assets

During our testing of Work in Progress (WIP), we identified instances where additions for roading assets were not updated in the RAMM system, as the projects were not fully completed. Additionally, we noted that assets capitalised during the year were entered into the RAMM system as batch entries rather than at the specific asset level.

We recommend that management formalise the process of recording all roading WIP additions in the RAMM system promptly and at the specific asset level.

#### **Management comment**

*The establishment of the Infrastructure Project Management Office (PMO) will assist the Transport Team in ensuring prompt, asset level updates are entered in the RAMM system, as works are completed. The Transport Team will work with the Finance Team to explore if there is an ability to record WIP additions in the RAMM system. But to our knowledge the RAMM system does not have such functionality.*

### 4.2 Operating expenditure capitalisation

As part of our testing of additions to Work in Progress (WIP), we identified instances where administrative and catering costs associated with the project were capitalised. These costs, typically considered operational expenses, were included as part of the project's capital expenditure.

We recommend that management scrutinise all additions to WIP to ensure they comply with the requirements of PBE IPSAS 17.

#### **Management comment**

*Accepted: Management will ensure that appropriate expenditure is captured against projects and a process to review this expenditure occurs at the point of capitalisation.*

**7.2.1 Appendix 1 – Audit NZ report “Report to the Council on the audit of Whakatāne District Council for the year ended 30 June 2024” (Final)(Cont.)****4.3 Unreconciled balances in bank reconciliation**

During our testing over bank reconciliation as of year-end, we noted unreconciled transactions in the bank reconciliation caused by timing difference, incorrect reference used by customers, bank charges and direct cash receipts.

We recommend management to review and investigate the unreconciled transactions that are not due to timing differences.

**Management comment**

*Accepted: Management will review and investigate unreconciled transactions and ensure that they are appropriately allocated.*



### 7.2.1 Appendix 1 – Audit NZ report “Report to the Council on the audit of Whakatāne District Council for the year ended 30 June 2024” (Final)(Cont.)

## 5 Public sector audit



The Whakatāne 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 Whakatāne 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 Whakatāne 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 Whakatāne District Council carrying out its activities effectively and efficiently;
- waste being incurred as a result of any act or failure to act by Whakatāne District Council;
- any sign or appearance of a lack of probity as a result of any act or omission, either by the Whakatāne 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 Whakatāne District Council or by one or more of its members, office holders, or employees.

Based on the work done over sensitive expenditure we noted the following findings:

- We noted four instances of where the Mayor's expenditure was not approved by one-up approval.
- We identified three instances where the CEO's expenditure was not one-up approved.
- We noted few instances where expenses were incorrectly coded as CEO's sensitive expenditure.
- We noted one instance where CEO's sensitive expenses on Health and Hospitality expenses were incorrectly coded to travel and accommodation. It is a best practice for Council to code to the appropriate GL codes.
- We have identified instances where expenses incurred by CFO and other KMPs were not one-up approved.
- We also noted five instances the catering expenses was not pre-approved in accordance with Council's sensitive expenditure policy.

**7.2.1 Appendix 1 – Audit NZ report “Report to the Council on the audit of Whakatāne District Council for the year ended 30 June 2024” (Final)(Cont.)**

We recommend management to ensure the sensitive expenditure policy is followed and a one up approval process is adhered to when incurring this type of expenditure.

The prior year recommendations over sensitive expenditure policy are currently still outstanding and cover most of the issues noted above. These are still specifically relevant to the public sector. More commentary has been included in Appendix 1.

### 7.2.1 Appendix 1 – Audit NZ report “Report to the Council on the audit of Whakatāne District Council for the year ended 30 June 2024” (Final)(Cont.)

## 6 Useful publications



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

Description	Where to find it
<b>Performance reporting</b>	
Performance reporting is an essential part of the public sector’s accountability to New Zealanders. Performance reporting is important, but it can also be difficult. This guide is to help those in the public sector who are responsible for preparing performance reports to find and use the many resources the Office of the Auditor-General have made available.	On the Office of the Auditor-General’s website under publications.  Link: <a href="#">A guide to our resources to support better performance reporting</a>
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: <a href="#">The problems, progress, and potential of performance reporting</a>
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: <a href="#">Good practice in reporting about performance — Office of the Auditor-General New Zealand (oag.parliament.nz)</a>
<b>Public accountability</b>	
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: <a href="#">Building a stronger public accountability system for New Zealanders</a>

## Risk and Assurance Committee - AGENDA

**7.2.1 Appendix 1 – Audit NZ report “Report to the Council on the audit of Whakatāne District Council for the year ended 30 June 2024” (Final)(Cont.)**

Description	Where to find it
<b>Managing conflicts of interest involving council employees</b>	
This article discusses findings across four Councils on how conflicts of interest of Council employees, including the chief executive and staff, are managed.	On the Office of the Auditor-General's website under publications. Link: <a href="#">Getting it right: Managing conflicts of interest involving council employees</a>
<b>Model financial statements</b>	
Our model financial statements reflect best practice. They are a resource to assist in improving financial reporting. This includes: <ul style="list-style-type: none"> <li>significant accounting policies are alongside the notes to which they relate;</li> <li>simplifying accounting policy language;</li> <li>enhancing estimates and judgement disclosures; and</li> <li>including colour, contents pages and subheadings to assist the reader in navigating the financial statements.</li> </ul>	Link: <a href="#">Model Financial Statements</a>
<b>Tax matters</b>	
As the leading provider of audit services to the public sector, we have an extensive knowledge of sector tax issues. These documents provide guidance and information on selected tax matters.	On our website under good practice. Link: <a href="#">Tax Matters</a>
<b>Client substantiation file</b>	
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.  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.	On our website under good practice. Link: <a href="#">Client Substantiation File</a>

## Risk and Assurance Committee - AGENDA

**7.2.1 Appendix 1 – Audit NZ report “Report to the Council on the audit of Whakatāne District Council for the year ended 30 June 2024” (Final)(Cont.)**

Description	Where to find it
<b>Sensitive expenditure</b>	
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.	On the Office of the Auditor-General’s website under good practice. Link: <a href="#">Sensitive expenditure</a>
<b>Conflicts of interest</b>	
<p>The Auditor-General has published guidance on conflicts of interest. A conflict of interest is when your duties or responsibilities to a public organisation could be affected by some other interest or duty that you have.</p> <p>The material includes a printable A3 poster, an animated video on predetermination and bias, gifts and hospitality, and personal dealings with a tenderer. There is also an interactive quiz.</p> <p>These can all be used as training resources for your own employees.</p>	<p>On the Office of the Auditor-General’s website under 2019 publications.</p> <p>Link: <a href="#">Conflicts of interest</a></p>
<b>Severance payments</b>	
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>On the Office of the Auditor-General’s website under 2019 publications.</p> <p>Link: <a href="#">Severance payments</a></p>

## Risk and Assurance Committee - AGENDA

**7.2.1 Appendix 1 – Audit NZ report “Report to the Council on the audit of Whakatāne District Council for the year ended 30 June 2024” (Final)(Cont.)**

Description	Where to find it
<b>Good practice</b>	
<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"> <li>• audit committees;</li> <li>• conflicts of interest;</li> <li>• discouraging fraud;</li> <li>• good governance;</li> <li>• service performance reporting;</li> <li>• procurement;</li> <li>• sensitive expenditure; and</li> <li>• severance payments.</li> </ul>	<p>On the Office of the Auditor-General’s website under good practice.</p> <p>Link: <a href="#">Good practice</a></p>
<b>Procurement</b>	
<p>Value for money is an important measure of public sector performance that helps public organisations to strike the right balance between what is spent and what is achieved. In this article, the Auditor-General describes the public sector’s challenge with defining, assessing, the reporting on value for money.</p>	<p>On the Office of the Auditor-General’s website under publications.</p> <p>Link: <a href="#">Value for money – a simply complex problem</a></p>
<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: <a href="#">Strategic suppliers: Understanding and managing the risks of service disruption</a></p> <p><a href="#">Strategic suppliers: Understanding and managing the risks of service disruption - follow-up</a></p> <p><a href="#">Getting the best from panels of suppliers</a></p> <p><a href="#">Local government procurement</a></p>

### 7.2.1 Appendix 1 – Audit NZ report “Report to the Council on the audit of Whakatāne District Council for the year ended 30 June 2024” (Final)(Cont.)

## Appendix 1: Status of previous recommendations

### Open recommendations

Recommendation	First raised	Status
<b>Urgent</b>		
<b>Three Waters valuation - improvement recommendation from the valuer and control deficiency in the asset management system</b>		
We encourage the District Council to evaluate and execute the valuer’s improvement recommendations on Three Waters assets and we recommend that management formalise a process of recording all data in a timely manner into the Three Waters Asset management system (Xivic System) along with the relevant approvals from the designated personnel to ensure accuracy of data input.	2023	<b>Open</b> <b>Management comment - FY24</b> <i>These recommendations will be put through an action register for implementation.</i> <b>Audit NZ comment – FY24</b> The recommendation remains open in the current year.
<b>Property plant and equipment (PPE findings)</b>		
<b>FAR not being updated in a timely manner</b> We also recommend management ensure all fixed asset registers are updated in a timely manner to ensure all year-end adjustments are accurately reflected and depreciation can be more accurately calculated. <b>Capitalisation of work in progress</b> We recommend management to monitor project status regularly so that assets can be capitalised in a timely manner. Capitalisations should not be left to year-end, but rather capitalised when they are brought in to use as required by the accounting standards (PBE IPSAS 17).	2023	<b>Open</b> <b>Management comment - FY24</b> <i>These recommendations will be put through an action register for implementation.</i> <b>Audit NZ comment – FY 24</b> All the recommendations remain open in the current year. We have left the matter as open.

## Risk and Assurance Committee - AGENDA

**7.2.1 Appendix 1 – Audit NZ report “Report to the Council on the audit of Whakatāne District Council for the year ended 30 June 2024” (Final)(Cont.)**

Recommendation	First raised	Status
<p><b>No segregation of duties in posting journals to the Asset Management System</b></p> <p>We recommend the Council to implement a control in place to ensure that all journals posted to the AMS system are prepared and posted by two different individuals to mitigate the risk of misappropriation of assets.</p> <p><b>Supporting documentation for fixed asset additions</b></p> <p>We recommend management to strictly maintain all supporting documentation for fixed asset additions with evidence of approvals.</p>		
<b>Audit process/general audit preparedness and concentration risk in the preparation of financial statements</b>		
<p>Implement internal quality review processes to ensure that a complete, consistent document is presented for audit purposes. Streamline the audit process to ensure it runs smoothly.</p>	2020	<p><b>Open</b></p> <p><b>Management comment - FY24</b></p> <p><i>Delays in LTP adoption, leadership changes and resourcing challenges particularly in the finance team have made QA to date difficult. There is, however, a clear recognition that internal review is a priority and the working relationships and transparency between WDC and Audit New Zealand teams has been vastly improved on previous years. This is primarily due to a more proactive approach to project management and a single point of contact / triage from the WDC end.</i></p> <p><i>These recommendations will be put through an action register for implementation.</i></p> <p><b>Audit NZ comment – FY24</b></p> <p>The recommendation remains open this year. While we commend the improvement in the accuracy of some information provided, there were instances where the schedules and reconciliations provided by management did not align with the financial statements, causing delays in the audit process. The audit team have had to review several versions of the annual report.</p>



## Risk and Assurance Committee - AGENDA

**7.2.1 Appendix 1 – Audit NZ report “Report to the Council on the audit of Whakatāne District Council for the year ended 30 June 2024” (Final)(Cont.)**

Recommendation	First raised	Status
		We recommend that management undertake a detailed quality check of the information provided and perform a thorough quality review of the annual report before sharing it with the audit team.
<b>No dedicated fixed asset registers for Infrastructure assets</b>		
<b>No dedicated fixed asset registers for infrastructure assets</b>  We recommend that a dedicated fixed asset register is maintained by the District Council to provide asset management information to both asset managers and the finance team helping the finance teams extract and prepare PPE information for the annual report in compliance with PBE IPSAS 17.	2021	<b>Open</b>  <b>Audit NZ comment – FY24</b>  Based on the testing performed, we note this issue remains open.  <b>Management comment FY24</b>  <i>Accepted: There are improvements that need to be made around how we are managing projects and assets within Council. This recommendation will be included into a register for tracking and implementing.</i>  <b>Management revised comment - FY23</b>  <i>Accepted with alternate approach: We recognise that the provision of infrastructure assets as part of the audit process needs significant improvement. However, given the significant work involved and investment in infrastructure asset management systems across council that already exist we believe improving the utilisation of these within the audit process rather than trying to implement a duplication of data through the FAR with inherent reconciliation and maintenance issues, will be a more effective solution to address the audit issues while avoiding other unintended consequences.</i>  <b>Management comment - FY22</b>  <i>Whakatāne District Council, in line with most councils utilises a number of specialist systems as asset management systems especially for roading and waters activities. These have strong control environments despite not being in the FMIS. These systems are leveraged for revaluation purpose reflecting their recognised quality. We believe although not specifically familiar with Accounting Standards on asset recognition, the specialist nature of the assets themselves are better leveraged through the specialist</i>

## Risk and Assurance Committee - AGENDA

**7.2.1 Appendix 1 – Audit NZ report “Report to the Council on the audit of Whakatāne District Council for the year ended 30 June 2024” (Final)(Cont.)**

Recommendation	First raised	Status
		<p>team who manage them, specialist technical knowledge that financial accounting team does not have.</p> <p>We recognise that Finance Management Information Systems (FMIS) maintaining a full dedicated fixed asset register in detail is normal practice, but in those instances, they would not normally have the quality and depth of supporting infrastructure assets management systems council has in place.</p> <p>Management believe maintaining a full dedicated fixed asset register within the FMIS would create significant additional work in maintenance, and risk of confusion because of variances between the FMIS and Infrastructural existing asset management systems which are the basis for valuation information. To deliver this recommendation would also require additional compliance resource which is not currently available within council priorities.</p>
<b>Roading assets - improvement recommendation from valuer</b>		
<p>The valuer for roading made several recommendations.</p> <p>In section 6 of the valuation report, the valuer recommendations included:</p> <ul style="list-style-type: none"> <li>Continue to maintain, develop, and improve the asset component register; this includes: <ul style="list-style-type: none"> <li>Discuss and investigate with WDC other assets that may exist in other registers, or be recorded in RAMM, that would benefit from inclusion in the valuation.</li> <li>The confidence grading for the quantity of assets has been assigned based on historical records and the quality of data for calculating lengths, areas, and volumes of assets in the asset register. WDC should continue to validate the accuracy of these ratings, an independent field validation exercise should continue to be completed to compare the</li> </ul> </li> </ul>	2022	<p><b>Open</b></p> <p><b>Management comment - FY24</b></p> <p>These recommendations will be put through an action register for implementation.</p> <p><b>Audit NZ comments – FY 24</b></p> <p>The recommendation remains open for the current year.</p> <p><b>Management comment - FY22</b></p> <p>We acknowledge the recommendations and will be working with the MIS and Roothing team to implement them. Given the delay in timing in delivery of the audit work, these recommendations are likely to be implemented in the 2023/24 year-end.</p> <p><b>Management comment - FY23</b></p> <p>Ongoing - short timeline between 2022 and 2023 audits has meant improvements recognised still need to be implemented in advance of 2024 audit.</p>

## Risk and Assurance Committee - AGENDA

**7.2.1 Appendix 1 – Audit NZ report “Report to the Council on the audit of Whakatāne District Council for the year ended 30 June 2024” (Final)(Cont.)**

Recommendation	First raised	Status
<p><i>data stored in the asset register against assets in the field for the network.</i></p> <ul style="list-style-type: none"> <li><i>Recently certain bridges have seen a significant increase in construction costs and overhead factors. A full review of the bridges captured in this valuation should be undertaken to determine accuracy and currency of existing data.</i></li> </ul> <p><i>Undertake pavement surface analysis to validate the TUL for different top surface categories and pavement uses. This analysis would compare actual lives with those expected to validate/update existing assumptions.</i></p>		
<b>Necessary</b>		
<b>Whakatāne Airport financial system</b>		
<p>As part of our review over the Whakatāne Airport, we noted that despite being a separate entity it does not have a separate financial system and is currently utilising the Council's financial system. That is, the general ledger is combined with the Council's. The combined ledger creates difficulties for the finance team when trying to extract the Airport from the Whakatāne general ledger for reporting purposes.</p> <p>We recommend management utilise a separate accounting system to account for the Whakatāne Airport. If the Airport is to be continued in the Council's general ledger, then it should be properly set-up to separately identify each entity's transactions.</p>	2023	<p><b>Open</b></p> <p><b>Management comment - FY24</b></p> <p><i>These recommendations will be put through an action register for implementation.</i></p> <p><b>Audit NZ comments – FY 24</b></p> <p>The recommendation remains open in the current year.</p>
<b>Review of landfill after care provisions</b>		
<p>We recommend the Council reviews the Ministry of Environment guidelines and ensure the minimum aftercare provision complies with these.</p>	2023	<p><b>Open</b></p> <p><b>Management comment - FY24</b></p> <p><i>These recommendations will be put through an action register for implementation.</i></p> <p><b>Audit NZ comments – FY 24</b></p> <p>The recommendation remains open in the current year.</p>

## Risk and Assurance Committee - AGENDA

**7.2.1 Appendix 1 – Audit NZ report “Report to the Council on the audit of Whakatāne District Council for the year ended 30 June 2024” (Final)(Cont.)**

Recommendation	First raised	Status
<b>Incorrect classification of complaints - SPE mandatory customer satisfaction measure (water supply)</b>		
We recommend management ensures appropriate controls are in place to ensure correct classification of requests for service which would enable accurate calculation of the Council's performance against non-financial performance measures. We also recommend the Council engages further with Palmerstone North City Council's (PNCC) to resolve the issues with the wrap up codes to enable correct classification of events with multiple calls.	2023	<b>Open</b> <b>Management comment - FY24</b> <i>These recommendations will be put through an action register for implementation.</i> <b>Audit NZ comments – FY 24</b> The recommendation remains open in the current year.
<b>Manual journal processes</b>		
Implemented adequate procedures for recording journals with appropriate supporting documentation, including evidence of appropriate approval in the electronic environment.	2020	<b>Open</b> <b>Management comment - FY24</b> <i>These recommendations will be put through an action register for implementation.</i> <b>Audit NZ comments – FY 24</b> The recommendation remains open in the current year. <b>Management comment - FY23</b> <i>Open and ongoing.</i>
<b>High number of staff with “Superuser” access in Ozone</b>		
We recommend a review and reduction of Ozone Superusers in the live Ozone system.  Formal approval processes including assessment of risk should be completed before assigning elevated access privileges.	2020	<b>Open</b> <b>Management comment - FY24</b> <i>These recommendations will be put through an action register for implementation.</i> <b>Audit NZ comments – FY 24</b> The recommendation remains open in the current year. <b>Management comment - FY23</b> <i>Ongoing ERP Initiation Plan has been approved and is now subject to ROI and RFP approved from council in Q3 2023/24 - implementation not expected until 2024-2026.</i>

## Risk and Assurance Committee - AGENDA

**7.2.1 Appendix 1 – Audit NZ report “Report to the Council on the audit of Whakatāne District Council for the year ended 30 June 2024” (Final)(Cont.)**

Recommendation	First raised	Status
		<b>Management comment - FY22</b> <i>Management currently undertaking an ERP replacement program. This aspect will be part of the current state assessment as address accordingly in 2023/24.</i>
<b>Review of network and Ozone user accounts</b>		
Network and Ozone user accounts to be reviewed to ensure they are current and being used.	2017	<b>Open</b> <b>Management comment - FY24</b> <i>These recommendations will be put through an action register for implementation.</i> <b>Audit NZ comments – FY 24</b> The recommendation remains open in the current year. <b>Management comment - FY23</b> <i>Ongoing ERP Initiation Plan has been approved and is now subject to ROI and RFP approved from council in Q3 2023/24 - implementation not expected until 2024-2026.</i> <b>Management comment - FY22</b> <i>Management are current undertaking an ERP replacement program. This aspect will be part of the current state assessment as address accordingly in 2023/24.</i>

## Risk and Assurance Committee - AGENDA

**7.2.1 Appendix 1 – Audit NZ report “Report to the Council on the audit of Whakatāne District Council for the year ended 30 June 2024” (Final)(Cont.)**

Recommendation	First raised	Status
<b>General ledger reconciliations</b>		
All general ledger reconciliations to be prepared and reviewed in a timely manner. This would include having a process to cover staff absences.	2018	<p><b>Open</b></p> <p><b>Management comment - FY24</b></p> <p><i>These recommendations will be put through an action register for implementation.</i></p> <p><b>Audit NZ comments – FY 24</b></p> <p>The recommendation remains open in the current year.</p> <p><b>Management comment - FY23</b></p> <p><i>Ongoing.</i></p> <p><b>Management comment FY22</b></p> <p><i>Can audit please provide an indicative ratio to ensure we have a matter understanding or where this is structure rather than exceptional, recognising a performance standard at 100% would be achievable.</i></p>
<b>Sensitive expenditure policy</b>		
<p>The Council undertakes a review of its sensitive expenditure policy with a view to aligning the policy with the Office of the Auditor-General’s “Controlling sensitive expenditure: Guidelines for public entities”.</p> <p>The following points should be considered in addition to those in previous year:</p> <ul style="list-style-type: none"> <li>processes to distinguish legitimate work expenses from personal expenses on credit cards or rideshare apps;</li> <li>limit for sponsorship of a staff member to those that provide publicity for the organisation and its objectives;</li> <li>assets identified for disposal to staff are valued and subject to a tender or other process that is appropriate to the value of the asset and that maximises the return to the entity; and</li> </ul>	2019	<p><b>Open</b></p> <p><b>Management comment - FY24</b></p> <p><i>These recommendations will be put through an action register for implementation.</i></p> <p><b>Audit NZ comments – FY 24</b></p> <p>The recommendation remains open in the current year. We have identified instances where sensitive expenses were not one-up approved and no pre-approvals were obtained to align with Council’s sensitive expenditure policy. <i>(Refer Section 5 above for details of the findings for the current year).</i></p>

## Risk and Assurance Committee - AGENDA

**7.2.1 Appendix 1 – Audit NZ report “Report to the Council on the audit of Whakatāne District Council for the year ended 30 June 2024” (Final)(Cont.)**

Recommendation	First raised	Status
<ul style="list-style-type: none"> <li>consideration of technology-enabled solutions as opposed to travel in person.</li> </ul>		
<b>Internal audit</b>		
<p>Introduction of an internal audit function be prioritised under the new Organisation Performance and Risk analyst roles.</p> <p>Issues raised in the independent reviews be formally considered and implemented as soon as possible.</p>	2015	<p><b>Open</b></p> <p><b>Management comment - FY24</b></p> <p><i>An internal audit programme has been developed and approved by the Risk and Assurance Committee, and will be implemented when resourcing is allocated.</i></p> <p><b>Audit NZ comment – FY 24</b></p> <p>The recommendation remains open in the current year.</p>
<b>Refundable deposits</b>		
We recommend Council regularly reviews the deposits held and makes any necessary transfers.	2019	<p><b>Open</b></p> <p><b>Management comment - FY24</b></p> <p><i>These recommendations will be put through an action register for implementation.</i></p> <p><b>Audit NZ comments – FY 24</b></p> <p>The recommendation remains open in the current year.</p>
<b>Sensitive expenditure</b>		
We recommend Council ensures sensitive expenditure is incurred in line with Council policy and is appropriately supported and authorised.	2019	<p><b>Open</b></p> <p><b>Management comment - FY24</b></p> <p><i>These recommendations will be put through an action register for implementation.</i></p> <p><b>Audit NZ comments – FY 24</b></p> <p>The recommendation remains open in the current year. We have identified instances where sensitive expenses were not one-up approved and no pre-approvals were obtained to align with Council's sensitive expenditure policy. (Refer Section 5 above for details of the findings for the current year).</p>

## Risk and Assurance Committee - AGENDA

**7.2.1 Appendix 1 – Audit NZ report “Report to the Council on the audit of Whakatāne District Council for the year ended 30 June 2024” (Final)(Cont.)**

Recommendation	First raised	Status
<b>Revaluation of assets</b>		
Improve revaluation procedures.	2017	<b>Open</b> <b>Management comment - FY24</b> <i>These recommendations will be put through an action register for implementation.</i> <b>Audit NZ comments – FY 24</b> The recommendation remains open in the current year.
<b>Funding impact statements</b>		
We recommend Council review their allocation rules and ensure the result of their allocations represent the funding sources and operating applications of each activity fairly and using the correct functionality of the financial component.	2021	<b>Open</b> <b>Management comment - FY24</b> <i>These recommendations will be put through an action register for implementation.</i> <b>Audit NZ comments – FY 24</b> The recommendation remains open in the current year.
<b>PPE – timely capitalisations</b>		
<p>We recommend Council regularly monitors projects sitting in WIP and capitalise those in a timely manner when they are complete.</p> <p><b>Background</b></p> <p>From our testing of PPE additions, we noted that several projects were not capitalised in a timely manner. Depreciation was appropriately backdated to the date when assets were brought into service (approximating the date projects were completed).</p> <p>Project status should be monitored regularly so that assets can be capitalised in a timely manner. Capitalisations should not be left to year-end, but rather capitalised when they are brought in to use as required by the accounting standards (PBE IPSAS 17).</p>	2022	<b>Open</b> <b>Management comment - FY24</b> <i>These recommendations will be put through an action register for implementation.</i> <b>Audit NZ comments – FY 24</b> We have identified instances where the Rooding assets were not updated in the RAMM system on a timely manner. Hence, the recommendation remains open in the current year.



## Risk and Assurance Committee - AGENDA

**7.2.1 Appendix 1 – Audit NZ report “Report to the Council on the audit of Whakatāne District Council for the year ended 30 June 2024” (Final)(Cont.)**

Recommendation	First raised	Status
<b>Breaches of Local Government Act 2004</b>		
<p>We recommend that the District Council take appropriate steps to ensure compliance with relevant laws and regulations.</p> <p><b>Background</b></p> <p>In our work over legislative compliance, we identified that Council does not have the BOPLASS and TOI EDA latest annual report on their website. This is in breach of Section 67(4) of the Local Government Act 2002. We also noted that Whakatāne Airport Authority (WAA) has not prepared and adopted their Statement of Intent (SOI) before 30 June 2022. This is in breach of Section 64(1) of the Local Government Act 2002.</p>	2022	<p><b>Open</b></p> <p><b>Management comment - FY24</b></p> <p><i>These recommendations will be put through an action register for implementation.</i></p> <p><b>Audit NZ comments – FY 24</b></p> <p>The recommendation remains open in the current year.</p>
<b>Related parties - interest declaration register</b>		
<p>We recommend that all interest declarations are kept up to date with all interests disclosed. Council could consider undertaking its own search of public records to ensure all related parties are identified and appropriately managed.</p>	2022	<p><b>Open</b></p> <p><b>Management comment - FY24</b></p> <p><i>These recommendations will be put through an action register for implementation.</i></p> <p><b>Audit NZ comments - FY 24</b></p> <p>The recommendation remains open in the current year.</p>
<b>Fair value of Airport assets</b>		
<p>We recommend the District Council to prepare a fair value assessment for the Whakatāne Airport assets every year and subject these assets to revaluations along with the Council assets.</p>	2022	<p><b>Open</b></p> <p><b>Management comment - FY24</b></p> <p><i>These recommendations will be put through an action register for implementation.</i></p> <p><b>Audit NZ comments – FY 24</b></p> <p>The recommendation remains open in the current year.</p>

## Risk and Assurance Committee - AGENDA

**7.2.1 Appendix 1 – Audit NZ report “Report to the Council on the audit of Whakatāne District Council for the year ended 30 June 2024” (Final)(Cont.)**

Recommendation	First raised	Status
<b>Review of operating commitment schedules</b>		
<p>We recommend management reviews and updates the lease details in a timely manner whenever a lease has been renewed by comparing the signed and updated lease agreement to the previous version.</p> <p>We recommend the Strategic Team Lead or authority from the Finance team performs a QA check and approves the lease schedule on a periodic basis (at least annually) for all the lease renewals in the financial year.</p> <p><b>Background</b></p> <p>From our sample testing on operating commitments (lessor’s interest), we identified variances in the rental amounts between the schedule provided by management and the lease agreements, resulting in an error in the operating commitments balance as at year-end.</p>	2023	<p><b>Open</b></p> <p><b>Management comment - FY24</b></p> <p><i>These recommendations will be put through an action register for implementation.</i></p> <p><b>Audit NZ comments – FY 24</b></p> <p>The recommendation remains open in the current year.</p>
<b>Timely review of bank reconciliations</b>		
<p>We recommend all bank accounts are reconciled regularly and reviewed at the end of each month (financial month end closing period) by the relevant delegated person. This will help maintain the integrity of the financial records and allow for any adjustments to be made in a timely manner.</p> <p><b>Background</b></p> <p>As part of our audit process, we reviewed the bank reconciliations prepared by the Council for its financial year. During our review, we noted an instance where the bank reconciliation for the month of September was not reviewed until the middle of the following month (20 October).</p> <p>Timely review of bank reconciliations is a key control to ensure the accuracy and completeness of financial records. Delays in this process may lead to unidentified errors or discrepancies, which could impact the financial reporting of the organisation.</p>	2023	<p><b>Open</b></p> <p><b>Management comment - FY24</b></p> <p><i>These recommendations will be put through an action register for implementation.</i></p> <p><b>Audit NZ comments – FY 24</b></p> <p>The recommendation remains open in the current year.</p>

## Risk and Assurance Committee - AGENDA

**7.2.1 Appendix 1 – Audit NZ report “Report to the Council on the audit of Whakatāne District Council for the year ended 30 June 2024” (Final)(Cont.)**

Recommendation	First raised	Status
<b>Review and management of receivables not performed in a timely manner</b>		
<p>Our recommendation is for the Council to perform regular reviews of debtor balances (on a periodic basis) and implement a system whereby long outstanding debtor balances are regularly assessed and written off once they have been identified as bad debts. This practice will ensure the accuracy of the Council's financial records and prevent the accumulation of uncollectible receivables.</p> <p>We recommend that the Council reviews their policy of providing for and collecting bad debts.</p> <p><b>Background</b></p> <p>During the audit, we came across a receivable dating back to FY14 that has remained in the accounts for an extended period of time. Despite being outstanding for 10 years, this debtor has not been written off.</p> <p>Upon inquiry, it was confirmed that there is not a regular robust review over these debtors. It appears to be a common occurrence for some debtors to remain in the accounts for years, with little to no likelihood of payments being received.</p> <p>Through our review of the implementation and transition of the Council from PBE IPSAS 29 to PBE IPSAS 41 we note that the Council also needs to establish a clear policy for the provision of bad debts. This will help guide the Council with its collection from debtors.</p>	2023	<p><b>Open</b></p> <p><b>Management comment - FY24</b></p> <p><i>These recommendations will be put through an action register for implementation.</i></p> <p><b>Audit NZ comments – FY 24</b></p> <p>The recommendation remains open in the current year.</p>
<b>Absence of a process for individual customer deposit tracking</b>		
<p>Our recommendation is to implement a system that can track all deposits made at a disaggregated level and put in place processes to maintain the appropriate amounts within this account. Who paid the deposit, date of receipt, and for what purpose. We also recommend that the Council reviews this account and clears out all irrelevant amounts.</p>	2023	<p><b>Open</b></p> <p><b>Management comment - FY24</b></p> <p><i>These recommendations will be put through an action register for implementation.</i></p> <p><b>Audit NZ comments – FY 24</b></p> <p>The recommendation remains open in the current year.</p>

## Risk and Assurance Committee - AGENDA

**7.2.1 Appendix 1 – Audit NZ report “Report to the Council on the audit of Whakatāne District Council for the year ended 30 June 2024” (Final)(Cont.)**

Recommendation	First raised	Status
<p><b>Background</b></p> <p>Arising from our audit we concluded that the Council did not have an efficient system/process to monitor and record customer deposits received at an individual level. This means that each deposit made by a customer is not being tracked separately. This could lead to issues arising in accounting and customer services. Furthermore, we have noted a consistent year-on-year increase in the deposits account.</p> <p>Upon reviewing this account and following discussions with the Council staff, we understand that this account relates to funds that the Council has received but has yet to allocate to the appropriate recipient or account. Some of these transactions date back to 2011. There is a risk that the Council is not appropriately recognising these funds, which are currently sitting within these accounts.</p>		
<b>Lapses in termination of user access on ERP System</b>		
<p>We recommend streamlining the user access termination process to ensure that user access is promptly revoked upon engagement completion/termination. Additionally, we suggest implementing periodic user reviews to verify that access privileges remain appropriate for their roles. These measures will significantly enhance the security of the systems and protect the integrity of the Council data.</p> <p><b>Background</b></p> <p>During our review of the Council's information system, we noted several instances where users remained active on both platforms beyond their listed termination dates. Specifically, one user was found to be active on both Active Directory and at application-level Ozone. Furthermore, we discovered another user active on Active Directory and three more active user profiles on Ozone who were active post-termination.</p>	2023	<p><b>Open</b></p> <p><b>Management comment - FY24</b></p> <p><i>These recommendations will be put through an action register for implementation.</i></p> <p><b>Audit NZ comments – FY 24</b></p> <p>The recommendation remains open in the current year.</p>

## Risk and Assurance Committee - AGENDA

**7.2.1 Appendix 1 – Audit NZ report “Report to the Council on the audit of Whakatāne District Council for the year ended 30 June 2024” (Final)(Cont.)**

Recommendation	First raised	Status
These findings are concerning as they indicate inefficiencies in the current termination process, which could potentially increase the risk of fraudulent activities. Given that Ozone uses Windows for authentication, it is crucial that the termination process on both platforms is synchronised and robust.		

**Implemented or closed recommendations**

Recommendation	First raised	Status
<b>Breaches of Local Government Member Determination</b>		
We have recommended that Council monitors payments made to elected board members to ensure they are within the Local Government Members Determination.	2023	<b>Closed</b> <b>Audit:</b> Based on the work performed we are satisfied that the Council has put in a place a process that will prevent remuneration to exceed the limits set by the Local Government Determination. Accepted as closed.
<b>Rates setting process 2023/2024</b>		
The audit team sought technical advice and noted that the while the issues were not significant for the audit they do however need to be resolved. We recommend management to review these as part of the Long-term plan.	2023	<b>Closed</b> <b>Audit:</b> No further issues have been noted over the Rates Setting process. As part of our audit of the LTP we have noted management have incorporated these findings into the FY24/25 rating resolution cycle. Accepted as closed.
<b>Absence of valid (signed) employment contract</b>		
We recommend that the Council should take all necessary measures to ensure all employees, without exception, have a signed employment contracts in place including acceptance of the employment contracts/increment letters by the individual employees to avoid any future disputes or legal complications.	2023	<b>Closed</b> <b>Audit:</b> No further issues identified with employment contracts. We accept this issue as closed.

## Risk and Assurance Committee - AGENDA

**7.2.1 Appendix 1 – Audit NZ report “Report to the Council on the audit of Whakatāne District Council for the year ended 30 June 2024” (Final)(Cont.)**

Recommendation	First raised	Status
<p><b>Background</b></p> <p>During our audit of the Council’s payroll (input testing), we noted an instance where one employee did not have a signed employment contract in place. We noted the employee, despite not having a signed employment contract, had been actively working for the Council and receiving remuneration. According to the Council’s records, a draft Individual Employment Agreement (IEA) was provided to the employee for review, but it was neither signed nor returned. We consider this situation to be inappropriate and a potential risk to the Council. It is essential that all employment relationships are formalised with a signed contract to avoid any future disputes or legal complications.</p>		
<b>Changes to contract not processed by the payroll team</b>		
<p>We recommend the Council implement controls to ensure timely and accurate communication of all employment contract variations between the HR and payroll teams. This will help prevent future discrepancies in employee pay and maintain the integrity of your payroll system.</p> <p><b>Background</b></p> <p>During the course of our audit testing, we discovered an instance where an employee’s contract was changed to reduce their working hours. This change had not been communicated to the payroll team by the HR department. As a result, the employee continued to be compensated for their previous work week, leading to an overpayment for the entire financial year 2023.</p> <p>This highlights a critical gap in the communication and processing of contract variations between the HR and payroll teams. It is essential that all changes to employment contracts, including variations in working hours, are promptly and accurately reflected in the payroll system to ensure correct remuneration.</p>	2023	<p><b>Closed</b></p> <p><b>Audit:</b> No issues noted with contractual changes not implemented/processed by payroll team. Accepted as closed.</p>

## Risk and Assurance Committee - AGENDA

**7.2.1 Appendix 1 – Audit NZ report “Report to the Council on the audit of Whakatāne District Council for the year ended 30 June 2024” (Final)(Cont.)**

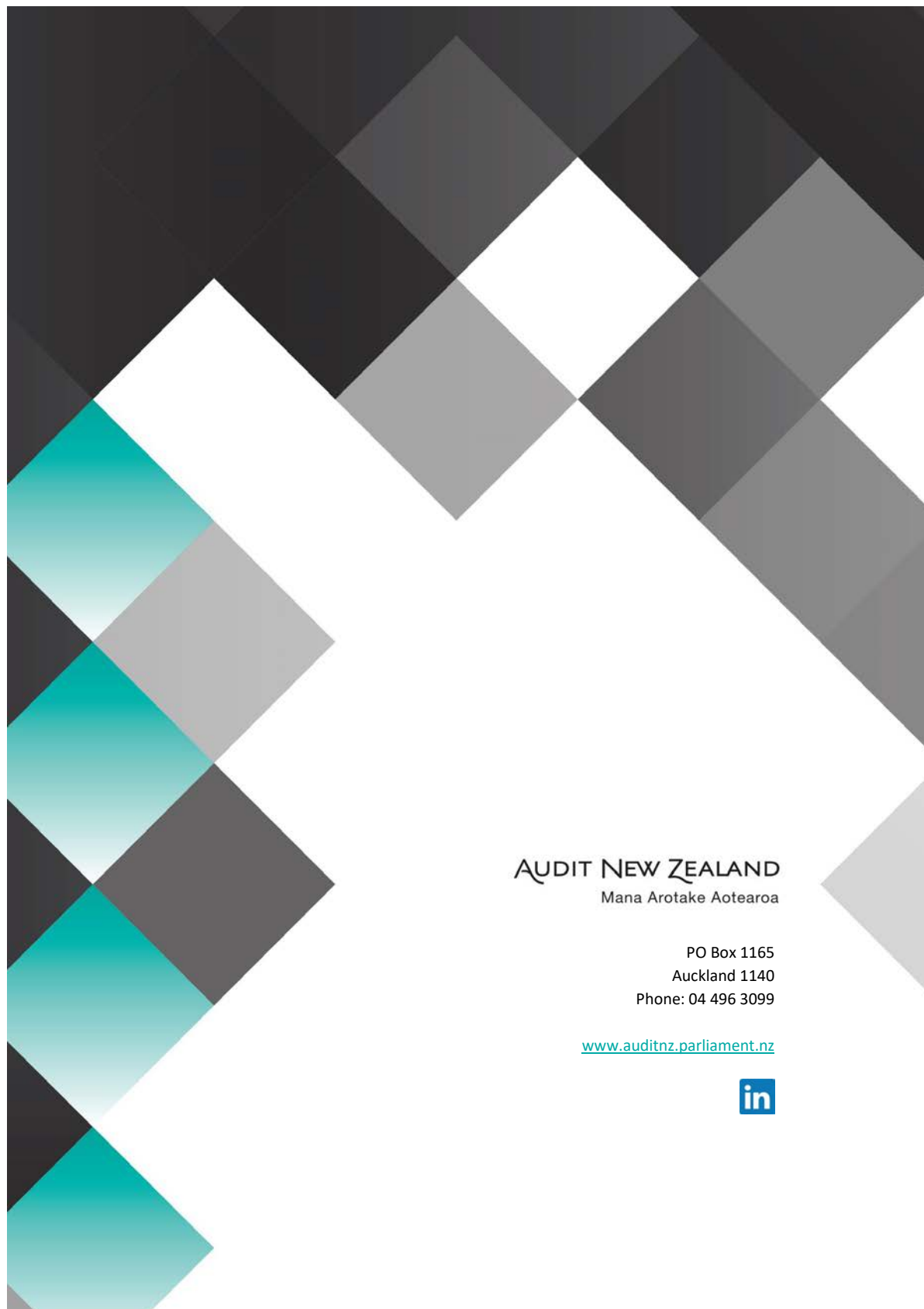
Recommendation	First raised	Status
<b>No formal variation of employment contract</b>		
<p>We recommend implementing a standard procedure for documenting and processing any variations to signed contracts. This could include formal written communication between the Council and the employee, and an amendment to the contract that is signed by both parties.</p> <p><b>Background</b></p> <p>While performing our audit testing on payroll, we observed an instance where an employee, despite having signed an employment contract, was unable to commence their duties on the agreed start date due to the absence of an IRD number. This resulted in a delay in the actual start date. However, it was noted that there was no formal communication exchanged between the Council and the employee to acknowledge and confirm this change resulting in incorrect start date being recorded in the payroll system.</p>	2023	<p><b>Closed</b></p> <p><b>Audit:</b> No issues noted for FY24.</p>
<b>Prior year revenue recognised in the current year</b>		
<p>We recommend that management perform checks on revenue/funds received to ensure it is being recorded and recognised per the accounting policy (and in terms of any supporting contracts) and not only based on when it is received.</p> <p><b>Background</b></p> <p>From our testing of Fees and Charges revenue, we identified funds received for Trade Waste Charges relating to the prior year which were recognised as revenue in FY23.</p>	2023	<p><b>Closed</b></p> <p><b>Audit:</b> No issues noted for FY24.</p>

**7.2.1 Appendix 1 – Audit NZ report “Report to the Council on the audit of Whakatāne District Council for the year ended 30 June 2024” (Final)(Cont.)****Appendix 2: 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 Council of their responsibilities.</p> <p>Our audit engagement letter contains a detailed explanation of the respective responsibilities of the auditor and the 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 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 audits of the annual report of the District Council and the Airport, and the assurance engagement over 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 \$240,412 as detailed in our audit proposal letter.</p> <p>Other fees charged in the period are \$8,000, for the audit of the Debenture Trust deed.</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 Whakatāne 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 Whakatāne District Council or its subsidiaries during or since the end of the financial year.</p>



**7.2.1 Appendix 1 – Audit NZ report “Report to the Council on the audit of Whakatāne District Council for the year ended 30 June 2024” (Final)(Cont.)**



**8 Resolution to Exclude the Public - *Whakataunga kia awere te marea***

**8 Resolution to Exclude the Public - *Whakataunga kia awere te marea***

## 8.1 Resolution to Exclude the Public

### RECOMMENDATION

THAT the Whakatāne District Council **agree** to exclude the public from the following part(s) of the proceedings of this meeting, namely:

1. Legal Proceedings Update Report - June 2025
2. Internal and External Audit Recommendations Update June 2025 Report
3. Boat Harbour Wind Up Report - June 2025

This resolution is made in accordance with section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act (or sections 6, 7 or 9 of the Official Information Act 1982, as the case may be).

Item number and General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for excluding the public	Plain English reason for passing this resolution
<b>Item 1:</b> Legal Proceedings Update Report - June 2025	S7(2)(a) To protect the privacy of natural persons, including that of deceased natural persons  s7(2)(g) Maintain legal professional privilege	s48(1)(a) 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	It is necessary to exclude the public to protect individuals referred to within the report.  This report contains legal advice that should remain confidential between the Council and its legal advisors.
<b>Item 2:</b> Internal and External Audit Recommendations Update June 2025 Report	s 7(2)(j) Prevent the disclosure or use of official information for improper gain or improper advantage	s48(1)(a) 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	Disclosure of the council's organisational weakness and its approach to remedial actions could result in service disruptions which outweighs the public interest.

**8.1 Resolution to Exclude the Public(Cont.)**

Item number and General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for excluding the public	Plain English reason for passing this resolution
<b>Item 3:</b> Boat Harbour Wind Up Report - June 2025	<p>s7(2)(g) Maintain legal professional privilege</p> <p>s7(2)(h) Enable the council to carry out, without prejudice or disadvantage, commercial activities</p> <p>s7(2)(i) To carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p>	<p>s48(1)(a) 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>	<p>This contains legal advice that should remain confidential between the Council and its legal advisors.</p> <p>The financial information presented at a granular level, so there is a need to keep the figures confidential to protect commercial interests.</p> <p>The report contains specific information pertaining to project windup between Council and external parties and putting the information in the public domain could compromise the process.</p>



**1 Confirmation of Minutes - *Te whakaaetanga o ngā meneti o te hui***

**1 Confirmation of Minutes - *Te whakaaetanga o ngā meneti o te hui***

1.1 PX Minutes of the Risk and Assurance Committee Meeting 27 March 2025

**2 Reports - *Ngā Pūrongo***

2.1 Legal Proceedings Update June 2025 report

**2.1.1 Appendix 1 - Legal Spend Analysis**

**2.1.2 Appendix 2 - 11.2 Legal Issues Register**

2.2 Internal and External Audit Recommendations Update

2.3 Boat Harbour Wind Up June 2025 Report

**2.3.1 Appendix 1 Limited Partner response to Project Scope & Feasibility Review (1 May 2025)**

**2.3.2 Appendix 2 Board letter to Limited Partner including Draft Termination Workplan (21 May 2025)**

**2.3.3 Appendix 3 Limited Partner approval of Termination workplan and early decisions required (date tbc)**